SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to _____

Commission file number 1-12830

BioTime, Inc.

(Exact name of registrant as specified in its charter)

California	**94-3127919**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1301 Harbor Bay Parkway, Suite 100
Alameda, California 94502
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(510) 521-3390**

Securities registered pursuant to Section 12(b) of the Act
Title of class **Common Shares, no par value**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o | Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No x

The approximate aggregate market value of voting common shares held by non-affiliates computed by reference to the price at which common shares were last sold as of June 30, 2010 was $123,743,749. Shares held by each executive officer and director and by each person who beneficially owns more than 5% of the outstanding common shares have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of common shares outstanding as of March 1, 2011 was 47,357,360

Documents Incorporated by Reference
Portions of Proxy Statement for 2011 Annual Meeting of Shareholders are incorporated by reference in Part III

BioTime, Inc.

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PART I

Statements made in this Form 10-K that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. Words such as "expects," "may," "will," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions identify forward-looking statements. See Note 1 to Financial Statements.

References to "we" means BioTime, Inc. and its subsidiaries unless the context otherwise indicates.

Item 1. Business

Overview

We are a biotechnology company engaged in two areas of biomedical research and product development. Initially we developed blood plasma volume expanders and related technology for use in surgery, emergency trauma treatment, and other applications. Currently we are focused on regenerative medicine, an emerging field of therapeutic product development based on recent discoveries in stem cell research.

Our lead blood plasma expander product, Hextend®, is a physiologically balanced intravenous solution used in the treatment of hypovolemia, a condition caused by low blood volume, often from blood loss during surgery or injury. Hextend maintains circulatory system fluid volume and blood pressure, and keeps vital organs perfused during surgery and trauma care.

"Regenerative medicine" refers to an emerging field of therapeutic product development that may allow all human cell and tissue types to be manufactured on an industrial scale. Historically speaking, this has never been possible in the past, and was made possible by the first isolation of human embryonic stem ("hES") cells and creation of induced pluripotent stem ("iPS") cells. These cells are called "pluripotent stem cells" because they have the unique property of being able to branch out into each and every kind of cell in the human body such as the cell types that make up the brain, the blood, the heart, the lungs, the liver, and other tissues. Unlike adult-derived stem cells that have limited potential to become different cell types, pluripotent stem cells may have vast potential to supply an array of new regenerative therapeutic products, especially those targeting the large and growing markets associated with age-related degenerative disease. Unlike pharmaceuticals that require a molecular target, therapeutic strategies in regenerative medicine are generally aimed at simply regenerating the disease cells and tissues, and therefore may have broader applicability in clinical practice.

Our efforts include the development and sale of products designed for therapeutic as well as research applications. In the field of regenerative medicine in particular, we offer advanced human stem cell products that can be used by researchers at universities and at companies in the bioscience and biopharmaceutical industries. Research products generally can be marketed without regulatory approval, and are therefore relatively near-term business opportunities, especially when compared to therapeutic products.

During 2010, we added three subsidiaries to our corporate family. In May 2010, we acquired ES Cell International Pte. Ltd. ("ESI"), a Singapore-based company at the forefront of advances in human embryonic stem cell technology and one of the earliest distributors of hES cell lines. In June, we formed OrthoCyte Corporation to develop treatments for orthopedic disorders. Through our acquisition of ESI, we also became a minority shareholder in Cell Cure Neurosciences, Ltd., an Israel-based company developing innovative stem cell treatments for neural and retinal diseases. During October 2010, we became the majority shareholder in Cell Cure Neurosciences through an additional equity investment made in conjunction with investments by two other Cell Cure Neurosciences shareholders.

In December 2010, our subsidiary Embryome Sciences, Inc. was renamed ReCyte Therapeutics, Inc. following an equity financing of $4 million, including a $2.5 million investment by private investors and a $1.5 million investment on our part. We retained an ownership interest of approximately 95% of the outstanding shares of ReCyte Therapeutics. The new equity funding will be used to finance the development of cell-based therapeutic products for cardiovascular and blood diseases. The research product business conducted through Embryome Sciences will instead be conducted by BioTime. Our subsidiary, ESI, markets other stem cell research products such as human embryonic stem cell lines produced under good manufacturing practice ("GMP") - compliant conditions.

In January 2011, we acquired the assets of Cell Targeting, Inc. ("CTI"), a biotechnology company - focused on technologies to "paint" molecules on the surface of cells that cause the cells to adhere to particular tissues, such as those afflicted with disease. CTI and its collaborators have produced several such tissue-specific and disease-specific cell modification agents with the potential to raise cell therapy products to a new level of performance. We will initially provide this technology to our majority-owned subsidiary OncoCyte Corporation for use in the development of genetically modified hES-derived vascular progenitors designed to target and destroy malignant tumors.

In February 2011, we signed an agreement to merge Glycosan BioSystems, Inc. (Glycosan), a Salt-Lake City, Utah based biotechnology company, with OrthoCyte Corporation. Glycosan has been a leader in developing, manufacturing, and marketing proprietary biocompatible hydrogels that mimic the extracellular matrix in which cells reside. We intend to initially use the Glycosan technology in the development of therapeutic products for use in the treatment of osteoarthritis. Glycosan's hydrogels may have other applications when combined with the diverse and scalable cell types our scientists have isolated from hES cells. In addition, we may elect to seek regulatory approval for the use of one Glycosan hydrogel, HyStem-Rx, as a stand alone cell delivery device in countries outside of the United States.

Hextend® and PentaLyte® are registered trademarks of BioTime, Inc., and ESpan™, and ESpy™ are trademarks of BioTime, Inc. ReCyte™ is a trademark of ReCyte Therapeutics, Inc. ACTCellerate™ is a trademark licensed to us by Advanced Cell Technology, Inc.

We were incorporated in 1990 in the state of California. Our principal executive offices are located at 1301 Harbor Bay Parkway, Alameda, California 94502. Our telephone number is (510) 521-3390.

We make available free of charge on or through our Internet website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Our Internet website address is www.biotimeinc.com. Information on our website is not incorporated by reference and does not form a part of this report. Copies of our annual reports on Form 10-K will be furnished without charge to any person who submits a written request directed to the attention of our Secretary, at our offices located at 1301 Harbor Bay Parkway, Alameda, California 94502.

Business Strategy

One of our aims is to develop cell replacement therapies for age-related degenerative disease. The degenerative diseases of aging are an attractive business opportunity because the elderly comprise a large and growing segment of our population, and because many age related diseases appear to be caused by the inherent limited capacity of aged human cells to regenerate damaged tissues in the body. This latter characteristic means that age related diseases may be best treated with cell replacement therapies. The restoration of functionality in tissues through cell replacement therapy may eliminate the high costs associated with years of palliative care.

Our effort in regenerative medicine also includes research on more than 140 purified, scalable, and novel human embryonic progenitor cell types produced from hES cells. This research has included extensive gene expression studies of the unique properties of the cells, as well as conditions that cause the cells to differentiate into many of the cell types in the body. We have filed patent applications on the compositions of these cells, the media in which they can be expanded, and a variety of uses of the cells, including drug discovery and cell replacement therapies. This novel manufacturing technology may provide BioTime with a competitive advantage in producing highly purified, identified, and scalable cell types for potential use in therapy.

We have organized several subsidiaries to undertake our cell replacement therapeutic programs. We will partly or wholly fund these subsidiaries, recruit their management teams, assist them in acquiring technology, and provide general guidance for building the subsidiary companies. We may license patents and technology to the subsidiaries that we do not wholly own under agreements that will entitle us to receive royalty payments from the commercialization of products or technology developed by the subsidiaries. We believe that having subsidiaries that focus on particular disease applications or research products will facilitate the optimization of scientific and commercial collaborations, thereby improving the probability that a subsidiary company will eventually become an industry leader. Due to the expectation of eventual separation of a subsidiary from the parent company, high-quality executives are likely to be more attracted to managing subsidiary companies than to heading divisions within a larger company. The organization of our regenerative medicine business into subsidiaries has also facilitated our ability to obtain financing for our regenerative medicine programs.

The following table shows our subsidiaries, their respective principal fields of business, our percentage ownership, and the country where their principal business is located:

Subsidiary	Field of Business	BioTime Ownership	Country
ReCyte Therapeutics, Inc.	Blood and vascular diseases including coronary artery disease iPS cell banking	95.15%	USA
OncoCyte Corporation	Cancer	74%	USA
OrthoCyte Corporation	Orthopedic diseases, including osteoarthritis	100%	USA
ES Cell International Pte. Ltd.	Stem cell products for research, including clinical GMP cell lines	100%	Singapore
BioTime Asia, Ltd.	Ophthalmologic, skin, musculo-skeletal system, and hematologic diseases. Stem cell products for research	81%	Hong Kong
Cell Cure Neurosciences, Ltd.	Age-related macular degeneration Multiple sclerosis Parkinson’s disease	53.6%	Israel

The joint ownership of subsidiaries with other investors will allow us to fund the expensive development costs of therapeutics in a manner that spreads the costs and risk and reduces our need to obtain more equity financing of our own that could be dilutive to our shareholders. In some cases, the co-investors in our subsidiaries may include other participants in the pharmaceutical or biotechnology industry and their affiliates. An example of this would be our investment in Cell Cure Neurosciences, which was made in concert with investments from Teva Pharmaceutical Industries, Ltd. and HBL-Hadasit Bio-Holdings, Ltd.

Another tenet of our business strategy is the development and sale of advanced human stem cell products and technologies that can be used by researchers at universities and other institutions, at companies in the bioscience and biopharmaceutical industries, and at other companies that provide research products to companies in those industries. By providing products and technologies that will be used by researchers and drug developers at larger institutions and corporations, we believe that we will be able to commercialize products more quickly and inexpensively than would be possible with the development of therapeutic products alone.

Stem Cells and Products for Regenerative Medicine Research

Because hES and iPS cells have the ability to transform into any cell type in the human body (a property called *pluripotency*), they may provide a means of producing a host of new products of interest to medical researchers. It is likely that hES and iPS cells could be used to develop new cell lines designed to rebuild cell and tissue function lost due to degenerative disease or injury that would benefit those performing research in therapeutic product development. hES and iPS cell-derived lines that display novel cell signaling pathways may be used in screening assays for the discovery of new drugs. Since embryonic stem cells can now be derived through the use of iPS cell technology from patients with particular degenerative diseases, stem cells are increasingly likely to be utilized in a wide array of future research programs aim to model disease processes in the laboratory and to restore the function of organs and tissues damaged by degenerative diseases such as heart failure, stroke, Parkinson's disease, macular degeneration, and diabetes, as well as many other chronic conditions.

Human Embryonic Stem Cell Lines for Research Use

During November and December 2010, we signed agreements with the California Institute for Regenerative Medicine ("CIRM") and the University of California system to distribute five research-grade and GMP compliant hES cell lines to California-based researchers. We believe that making the GMP-grade cell lines available to researchers may streamline the translation of basic science into therapies.

Initially, we are providing research-grade cell lines free of charge to CIRM-funded and California-based researchers until April 30, 2011. After that date, researchers will purchase the research-grade cells from us at a price of $2,600 per ampoule.

We plan to make the GMP-grade cell lines, along with certain documentation and complete genomic DNA sequence information, available by November 2011. We will charge a price for the GMP-grade cell lines that covers our production and delivery costs. Although no royalties will be payable to us by researchers who acquire the cell lines for research use, researchers who desire to use the GMP cell lines for therapeutic or diagnostic products, or for any other commercial purposes, may do so only after signing commercialization agreements acceptable to us. Commercialization agreements under this program will entitle us to receive royalties on net sales not to exceed 2% of net sales, reducible to 1.5% if the researcher must pay any other royalties in connection with the commercialization of their product.

Human Embryonic Progenitor Cells

Through our subsidiary ReCyte Therapeutics, Inc. we acquired a license from Advanced Cell Technology, Inc. ("ACT") to use ACTCellerate™ technology, and the rights to market more than 140 novel human cell types made using that process. ACTCellerate™ allows the rapid isolation of novel, highly purified human embryonic progenitor cells ("hEPCs"), which are cells that are intermediate in the developmental process between embryonic stem cells and fully differentiated cells. hEPCs are expected to possess the ability to become a wide array of cell types with potential applications in research, drug discovery, and human regenerative stem cell therapies. hEPCs are relatively easy to manufacture on a large scale and in a purified state, which may make it more advantageous to work with these cells than with hES or iPS cells directly.

- *Commercial Distribution of ACTCellerate™ hEPC lines.*

In 2009, ReCyte Therapeutics entered into an agreement under which Millipore Corporation became a worldwide distributor of ACTCellerate™ hEPC lines. Millipore's initial offering of our ACTCellerate™ products consists of six novel progenitor cell lines and optimized ESpan™ growth media for the in vitro propagation of each progenitor cell line, which are being marketed and distributed on a worldwide basis. The ACTCellerate™ hEPC lines and ESpan™ growth media products distributed by Millipore may also be purchased directly from us on our website Embryome.com. In addition to the products that we are co-marketing with Millipore, we now offer 92 other ACTCellerate™ hEPC lines for sale on *Embryome.com*, and we anticipate adding additional cell lines and related ESpan™ growth media and differentiation kits over time. In 2011, BioTime may also undertake new efforts including collaborations with other companies that provide online biomedical database services to increase awareness of the molecular markers and of its diverse cell types and thereby aggressively market is research product portfolio. This effort may include substantially expanding the content and improving the efficiency of our embryome map database that is available at our website, www.embryome.com.

We also plan to market additional cell types manufactured with our proprietary PureStem™ technology. PureStem™ cell lines are produced by the exogenous expression of specific transcription factors that regulate the differentiation of diverse cell types from hES or iPS cells. This technology when combined with ACTCellerate™ is expected to expand our offering of new human cell types for research and potentially therapeutic applications.

In December 2010, our subsidiary BioTime Asia, Limited signed an agreement with Shanghai Genext Medical Technology Co., Ltd. to sell ACTCellerate™ hEPC lines and related ESpan™ growth media to the medical and biological research communities in China, Taiwan, Hong Kong, and Macau on an exclusive basis. The marketing agreement includes provisions for an initial stocking inventory and annual milestones to maintain exclusivity.

- *CIRM Grant TR-1276*

On April 29, 2009, CIRM awarded us a $4,721,706 grant for a stem cell research project related to our ACTCellerate™ technology. Our grant is titled "Addressing the Cell Purity and Identity Bottleneck through Generation and Expansion of Clonal Human Embryonic Progenitor Cell Lines."

Our CIRM-funded research addresses the need for industrial scale production of purified therapeutic cells. Purity and precise identification of the desired therapeutic cells are essential for cell therapy; because unlike a drug that may persist in the body for a matter of hours or days, a cell can persist in the body for an entire lifetime. Current methodologies for preparing cell therapeutics from hES or iPS cells typically involve complex and difficult derivation processes that result in heterogenous populations of cells, only a portion of which are the intended therapeutic agent. The pluripotency that allows hES cells to differentiate into all types of cells also poses the problem of assuring that all hES cells in a cultured batch differentiate into the desired type of body cell. Contamination of hES or iPS derived cells with the wrong cells could lead to diseases or disorders resulting from normal but inappropriate tissue growth or tumor formation. However, because our hEPCs are clonal, meaning that they are derived from a single cell, they have the potential to grow as a highly purified and identified cell line. For this reason, this CIRM-funded research is of direct benefit to us in manufacturing cell types for both the research markets and potential therapeutic product candidates.

Our grant-funded research includes three major aims, the first of which is to characterize the commercial scalability and stability of clonal hEPC lines. The production of hEPCs for human therapeutic use will require a means of ascertaining whether the cells being used are capable of large-scale expansion in a manner compatible with current commercial cell culture technologies. We have performed long-term stability studies of hEPCs using commercial-type culture processes, and have documented the phenotypic stability of these lines by demonstrating that, even after extensive expansion, lines such as OTX-CP07, a line with the potential to become cartilage, maintains the ability to fully differentiate, as evidenced by the expression of mRNA and protein markers. Importantly, we have shown that hEPCs generally maintain their genotypic stability during culture expansion. Many cell types, including hES cells, tend to gain or lose chromosomes or parts of chromosomes during extended *in vitro* culturing. We have evaluated the genetic karytoype of hEPCs during commercial-scale expansion and have generally observed the maintenance of normal chromosomal content. These results are consistent with our premise that hEPCs represent a stable cellular platform for producing cellular therapeutic products.

Our second major objective covered by the CIRM grant is to define hEPC surface markers for which molecular affinity reagents can be developed that will in turn enable us to purify hEPCs from hES or iPS cultures. We are currently performing research to define a molecular signature of cell-surface markers unique to a given hEPC line. This would then allow us to develop antibodies and other affinity reagents for these markers that could be used to purify the target hEPCs intended for therapy. Our initial approach towards identifying cell-surface markers relies on several independent strategies. We have estimated the expression of cell-surface proteins by microarray analysis of mRNA expression levels. Use of this approach to review cell-surface expression across the entire genome will enable the identification of unique combinations of protein markers that would constitute a unique signature for a specific cell line. We have also begun mapping cell-surface protein expression directly on hEPCs using large collections of commercially available antibodies, and we have begun testing these antibodies as affinity reagents for purifying target hEPCs. Finally, we are working with Mandala Biosciences, LLC to identify peptide reagents that exhibit specificity for cell-surface targets on hEPCs and that could be used directly as affinity reagents. This peptide reagent strategy proposes to map the surface markers on hEPC lines such that a molecular signature specific to a given hEPC line can be identified. The molecular signature will be the key to verifying the correct phenotypic identity of cells intended to be used in therapy, and will facilitate purification of hEPCs from any hES or iPS cell line.

The third objective of the CIRM research project is to evaluate the biological potential of hEPCs using medium-throughput differentiation tests and protocols. We believe that hEPCs represent a biological state midway between the pluripotent hES cell and a fully differentiated adult cell. As such, hEPCs often display the ability to differentiate into multiple cell types, depending on exposure to particular culture conditions, biological inducers and protein factors. Working with our collaborators in the lab of Dr. Evan Snyder at the Sanford-Burnham Medical Research Institute in La Jolla, California, we are applying standardized regimens to hEPCs and then measuring the differentiation of these treated hEPC cultures using microarray-based assessment of mRNA. By reviewing the molecular markers that are induced by the treatment, we can deduce the differentiation fate of the cells. When performed on a large-scale, these “fate space screens” are allowing us to define the biological potential of the ACTCellerate™ cell lines and identify new opportunities for developing cell lines with therapeutic potential.

Ultimately, the overall CIRM funded project is expected to provide well-characterized hEPCs that are precursors of therapeutic cells such as kidney, blood vessel, muscle, cartilage, and skin cells, among other cell types. We are currently in the second year of our CIRM funding for this research project. The CIRM funding for this research project will continue until August 31, 2012. We received the first two quarterly payments from CIRM, totaling $790,192, during the second half of 2009 and four additional quarterly payments, totaling $1,575,523, during the year ended December 31, 2010.

Clinical Grade hES Cell Lines

The development of clinical-grade human therapeutic products requires high standards of quality control. The detailed procedures for all aspects of production and product testing (i.e., aspects that could potentially exert an impact on the safety and quality of a product) are commonly referred to as "Current Good Manufacturing Practice" or "cGMP." The United States Food and Drug Administration ("FDA") enforces cGMP regulations with respect to the manufacturing of human therapeutics for use in the United States, and virtually every country across the globe maintains some analogous standards for quality control in the manufacture of human therapeutic products.

In 2007, ESI announced the world's first hES cell lines derived according to the principles of cGMP. ESI and scientists from Sydney IVF, Australia's leading center for infertility and *in vitro* fertilization ("IVF") treatment, also published a scientific report, *The Generation of Six Clinical-Grade Human Embryonic Stem Cell Lines (Cell Stem Cell 1: 490-494)*. The paper outlined the procedures used to document the production of clinical-grade hES cell lines derived on human feeder cells obtained from an FDA approved source, produced in a licensed cGMP facility, with donor consent and medical screening of donors. Combined with our ACTCellerate technology that allows for the derivation of a wide array of hEPCs with high levels of purity and scalability, and site-specific homeobox gene expression, we believe that ESI's clinical-grade master cell banks may be used to generate clonal clinical-grade embryonic progenitor cell lines- of great interest to the biopharmaceutical industry. We expect that the acquisition of ESI's clinical-grade hES cell bank will save years of development time and thereby accelerate the development of clinical-grade progenitor cells for potential use as research and therapeutic products.

We are currently offering research-grade ESI hES cell lines in the United States under our agreement with CIRM, and we plan to make the clinical-grade lines available in November 2011.

hES Cells Carrying Genetic Diseases

ReCyte Therapeutics, has signed an agreement for the Reproductive Genetics Institute of Chicago, Illinois to source an array of hES cell lines carrying inherited genetic diseases such as cystic fibrosis and muscular dystrophy. Study of these cell lines may enable researchers to better understand the mechanisms involved in causing the disease states, which may in turn expedite the search for potential treatments. We intend to sublicense these cell lines from ReCyte Therapeutics to BioTime in order to offer these hES cell lines for sale online at Embryome.com at a future date.

ESpan™ Cell Growth Media

We are marketing a line of cell-growth media products called ESpan™. These growth media are optimized for the growth of hEPC types. Cells need to be propagated in liquid media, in both the laboratory setting, where basic research on stem cells is performed, and in the commercial sector where stem cells will be scaled up for the manufacture of cell-based therapies or for the discovery of new drugs. We expect that rather than propagating hES cells in large quantities, many end users will instead propagate cells using media optimized for the propagation of hEPCs created from hES cells. Some of our ESpan™ products are currently marketed through Millipore and Genext.

ESpy™ Cell Lines

Additional new products that we have targeted for development are ESpy™ cell lines, which will be derivatives of hES cells and will emit beacons of light. The ability of the ESpy cells to emit light will allow researchers to track the location and distribution of the cells in both in *vitro* and in *vivo* studies.

Subsidiaries Focused on Stem Cell-Based Therapies for Specific Diseases

OncoCyte: Cell-Based Therapies Targeting Cancer.

Formed in 2009, OncoCyte Corporation is developing cellular therapeutics for cancer therapy that will take advantage of the unique biology of vascular endothelial precursor cells. Vascular biology encompasses many potential therapeutic applications, including those for cancer, peripheral vascular disease, and cardiac disease. The goal of our research efforts in OncoCyte is to derive vascular endothelial cells that can be engineered to deliver a toxic payload to the developing blood vessels of a tumor to specifically remove malignant tumors while not affecting nearby normal tissues in the body.

The progression of human solid tumors almost always requires the development of a support network of blood vessels to provide nutrients to the expanding tumor mass. The developing tumor vasculature affords an attractive target for anti-cancer therapeutics. Drugs targeting the growth of blood vessels have shown some efficacy in specific cancer applications. However, there is clear need for additional therapeutic approaches that can be used to treat advanced, metastatic cancers. OncoCyte intends to develop a new class of cellular therapeutics that would specifically target the development of tumor vasculature in advanced cancers as an entry point for the delivery of regulated tumoricidal activities.

OncoCyte is currently working on the development of reproducible protocols to manufacture vascular progenitor cells from hES and iPS cells. OncoCyte has developed a derivation protocol that can produce populations of vascular progenitor cells with levels of purity and efficiency that appear to surpass any results described to date in the published literature. Importantly, OncoCyte's methods appear to be compliant with commercial manufacturing processes. OncoCyte has expanded and banked large numbers of vascular progenitor cells derived from multiple hES cell lines, including clinical-grade stem cells provided by our subsidiary ESI.

In concert with the protocol development, OncoCyte has established a broad range of support assays to monitor and measure vascular progenitor cell differentiation processes. These tools have allowed OncoCyte to begin *in vivo* experiments monitoring the incorporation of endothelial cells into developing mouse vasculature, and most recently, incorporation into the developing vasculature of human tumor xenografts. OncoCyte has also performed research on transgenes that may allow the cells to destroy tumors. In this strategy, the engineered vascular progenitor cells will be injected into the circulation of an animal bearing a human tumor graft. The incorporation of the cells into the tumor, and the safety and efficacy of the cells with respect to tumor-specific destruction will be studied with the aim of supporting potential human clinical trials.

On January 28, 2011, we acquired the assets of Cell Targeting, Inc. ("CTI"), including technology that uses peptides selected for their ability to adhere to diseased tissues. By coating or "painting" these peptides onto the surfaces of therapeutic cells using techniques that do not modify the cell physiology, CTI has produced tissue-specific and disease-specific cell modification agents with the potential to elevate cell therapy products to a new level of performance. We will initially provide this technology to OncoCyte for use in the development of genetically modified hES-derived vascular progenitors designed to target and destroy malignant tumors.

OncoCyte has received $4.0 million in equity financing from private investors. We believe that OncoCyte has sufficient capital to carry out its research and development plan during 2011. We may provide additional financing for OncoCyte, or obtain financing from third parties, based on our evaluation of progress made in its research and development program, any changes to or the expansion of the scope and focus of its research, and our projection of future costs.

We presently own 74% of the OncoCyte common stock outstanding. The other shares of OncoCyte common stock are owned by two private investors. OncoCyte has adopted a stock option plan under which it may issue up to 4,000,000 shares of its common stock to officers, directors, employees, and consultants of OncoCyte and BioTime. As of December 31, 2010, options to purchase 1,000,000 shares of OncoCyte common stock had been granted.

OrthoCyte: Cartilage Repair Using Embryonic Progenitor Cells

OrthoCyte Corporation is our wholly owned subsidiary developing cellular therapeutics for orthopedic disorders. OrthoCyte's lead project is the development of hEPC lines for cartilage repair, including osteoarthritis. OrthoCyte has identified several ACTCellerate™ cell lines that display potential to differentiate into diverse types of cartilage, and these lines are showing promising results in animal preclinical testing for effectiveness of cartilage repair. Our current goal is to demonstrate safety and efficacy of the cells using *in vivo* models of articular disease. If our studies in animal models prove successful, we would plan to initiate an IND filing with the FDA for this application.

Cartilage defects and disease affect our aging population. In particular osteoarthritis and spinal disc degeneration have a significant impact on the mobility and health of an aging population. Current non-surgical treatments tend to target the reduction of pain and inflammation, as opposed to repair of tissue damage and reversal of deterioration. To date, the development of cell-based therapeutics to treat damaged cartilage has met with mixed success. Autologous chondrocytes have been tested as a means of providing cartilage-producing cells, but this approach is hampered by a multi-step process that first requires the harvesting of chondrocytes from donor tissues, followed by *in vitro* culture expansion of the harvested cells. Primary chondrocytes have very limited capacity for *in vitro* expansion and typically lose their biological characteristics within a short period of *in vitro* culture. Mesenchymal stem cells have been tested extensively as a source of cellular therapeutics for cartilage treatment, but success has remained limited, partly as a result of the hypertrophy of these cells inducing bone and fibrous tissue instead of permanent cartilage.

During our initial micro-array assessment of ACTCellerate-generated hEPC lines, we identified several cell lines that displayed molecular markers consistent with the production of permanent human cartilage. We believe that hEPC lines are ideally suited for cartilage applications, due to their inherent biological stability, their capacity for expansion in culture, and their lack of markers of hypertrophy. We have confirmed this chondrogenic potential by directly measuring cartilage production from these cell lines. Moreover, we have demonstrated that these cell lines can be combined with commonly used hydrogel support matrices to formulate a combination product for treating cartilage deficits. OrthoCyte has compiled proprietary animal preclinical data on two therapeutic product candidates designated as OTX-CP03 and OTX-CP07, which were formulated in hydrogel manufactured by Glycosan BioSystems, Inc. ("Glycosan"), and which showed initial evidence of safety and efficacy in animal models of joint disease. In the next 12 months, we intend to demonstrate the utility of hEPCs in advanced *in vivo* models of cartilage repair and will expand the number of available cell lines.

On February 11, 2011, we and OrthoCyte entered into an Agreement and Plan of Merger (the "Merger Agreement") with Glycosan pursuant to which Glycosan agreed to merge with OrthoCyte. Established in 2006, Glycosan has been a leader in developing, manufacturing, and marketing proprietary biocompatible hydrogels that mimic the extracellular matrix (ECM). The ECM is an important and complex mixture of macromolecules that holds cells together in tissues and organs and performs many other important functions. Glycosan's products have the demonstrated ability to support the growth and directed differentiation of stem cells and are designed as implantable, resorbable matrices for tissue engineering, regenerative medicine, and for research applications involving the laboratory culture of human cells. We expect to utilize the Glycosan technology in forthcoming stem cell-based therapeutic products and to continue the marketing of the Glycosan products for research use. We may seek regulatory approval for the use of one Glycosan hydrogel, HyStem-Rx, as a stand-alone cell delivery device in countries outside of the United States.

Glycosan's technology was invented by Glenn D. Prestwich, Ph.D., Presidential Professor of Medicinal Chemistry at the University of Utah, and was assigned to the University of Utah. Glycosan holds a license from the University to use the patents to that technology outside the United States in 27 member states of the European Union, Canada, Australia, and Japan exclusively for all uses except veterinary use, and within the United States exclusively for cosmetics, reagents and platforms for *in vitro* cell and tissue culture, platforms and services for *in vitro* drug toxicology and efficacy testing, in materials for preserving or extending the useful life of human organs and tissues, and for *in vivo* xenograft models using human tissues. Also within the United States, the licensed fields of use include the co-exclusive use of the patent rights to make, use, and sell products and methods in which living tissue or cells are incorporated outside the body into a polymer platform, at a facility other than the "point-of-care" facility, for subsequent implant in patients for therapeutic use.

Glycosan manufactures Extracel, PEGgel, and HyStem hydrogel products for basic laboratory research use, and sells those products directly and through arrangements with distributors in the United States and abroad. Glycosan has recently completed pre-clinical development of HyStem-Rx for potential use as an implantable cell delivery matrix. The formulations and performance of Glycosan's Extracel, Hystem, and HyStem-Rx hydrogels are identical, but HyStem-Rx is manufactured and tested to be of a much higher level of purity. The use of HyStem-Rx as an implantable cell delivery matrix in humans will require approval by the United States FDA and comparable regulatory agencies in foreign countries, which has not yet been obtained. Approval of the device for human therapeutic use might also create an expanded market for the device to other developers of therapeutic tissue transplant products.

We expect that the merger will be completed shortly after March 18, 2011. The obligations of BioTime, OrthoCyte, and Glycosan to consummate the merger are subject to the satisfaction of certain conditions, including approval of the merger by the Glycosan stockholders. Through the merger, Glycosan stockholders will receive, in the aggregate, approximately 332,906 BioTime common shares, and warrants to purchase approximately an additional 206,612 BioTime common shares at an exercise price of $10 per share. The warrants will expire on May 3, 2014.

We presently own a 100% equity interest in OrthoCyte. We plan to provide additional equity capital to OrthoCyte. OrthoCyte has adopted a stock option plan under which it may issue up to 4,000,000 shares of its common stock to officers, directors, employees, and consultants of OrthoCyte and BioTime. As of December 31, 2010, options to purchase 2,300,000 shares of OrthoCyte common stock had been granted.

Cell Cure Neurosciences

Through our acquisition of ESI, we acquired control of ESI's equity interest in Cell Cure Neurosciences, an Israel-based biotechnology company focused on the development of cell therapies for retinal and neural degenerative diseases. In October 2010, we, along with Teva Pharmaceutical Industries, Ltd. ("Teva") and HBL-Hadasit Bio-Holdings ("HBL"), invested $7.1 million in Cell Cure Neurosciences. These funds will be used primarily to develop OpRegen™, a proprietary formulation of embryonic stem cell-derived retinal pigment epithelial ("RPE") cells. OpRegen will address the unmet medical needs of people suffering from age-related macular degeneration (AMD), the leading cause of blindness in the aging population.

The U.S. Centers for Disease Control and Prevention estimate that about 1.8 million people in the United States have advanced-stage AMD, while another 7.3 million have an earlier stage of AMD and are at risk of vision impairment from the disease. Most people are afflicted with the dry form of the disease, for which there is currently no effective treatment. One of the most promising future therapies for age-related AMD is the replacement of the layer of damaged RPE cells that support and nourish the retina. In the past, RPE cells have been obtained from other regions of the diseased eye, or from fetal and adult donor tissue and various cell lines. However, the lack of a reliable and ample supply of healthy RPE cells has hindered the development of RPE transplantation as a therapeutic approach to AMD. RPE cells derived from hES cells may prove to be the best source of RPE cells for transplantation, provided the technology can be developed for producing RPE cells from hES cells in homogeneous, large quantities.

Until now, researchers have had to rely on the spontaneous differentiation of hES cells into RPE cells, but that differentiation occurs in only a few hES cell lines. To achieve the full potential of hES cells for the production of RPE cells, a reliable, driven differentiation method is required. Cell Cure Neurosciences is using a new method developed by scientists at Hadassah University Hospital that drives the differentiation of hES cells into RPE cells. These researchers have shown in a small animal model of AMD that RPE cells produced using this method can preserve vision when transplanted in the subretinal space.

Cell Cure Neurosciences' research and development is conducted at Hadassah University Hospital, through research and consulting agreements with HBL's affiliate Hadasit Medical Research Services and Development, Ltd. ("Hadasit"), under the direction of Professor Benjamin E. Reubinoff, Cell Cure Neurosciences' Chief Scientific Officer; Professor Eyal Banin, Cell Cure Neurosciences' Director of Clinical Affairs; and Professor Tamir Ben Hur.

Cell Cure Neurosciences and Teva have entered into a Research and Exclusive License Option Agreement (the "Teva License Option Agreement") under which Teva has an option to obtain an exclusive worldwide license to complete the clinical development of, and to manufacture, distribute and sell OpRegen™ as well as OpRegen-Plus™. OpRegen-Plus™ is another proprietary product that Cell Cure Neurosciences is developing for the treatment of age-related macular degeneration, but in which the RPE cells are supported on or within a membrane instead of in suspension. OpRegen-Plus™ is at an earlier stage of laboratory development than OpRegen™

If Teva exercises the option, it will pay Cell Cure Neurosciences $1,000,000. Thereafter, Teva will bear all costs and expense of clinical trials and of obtaining regulatory approvals required to market the product. Teva will make the milestone payments to Cell Cure Neurosciences as the clinical development and commercialization of the product progress. Milestone payments will be made upon the first use of the product in a Phase II clinical trial; the first use of the product in a Phase III clinical trial; the first commercial sale of the product in the United States, and the first commercial sale of the product in a European Union country. If all of the milestones are met, Cell Cure Neurosciences will receive a total of $28.5 million in milestone payments, in addition to the $1,000,000 option payment, for the first approved medical indication of OpRegen™. Cell Cure Neurosciences would be entitled to receive certain additional milestone payments upon the first commercial sale of OpRegen™ for each additional medical indication in the United States or a European Union nation. In addition to milestone payments, Teva will pay Cell Cure Neurosciences royalties on the sale of the product, at rates ranging from 6% to 10% of the net sale price of OpRegen™ depending upon the total amount of annual sales. The royalty payments will be reduced by 50% with respect to sales in any country in which a generic equivalent product is being sold by a third party unrelated to Teva.

If Teva exercises its option to license OpRegen-Plus™, Teva and Cell Cure Neurosciences would enter into an additional license agreement on substantially the same terms as the OpRegen™ license, including the milestone payments for the first medical indication of OpRegen-Plus™, additional milestone payments for the first sale of the product for additional indications, royalties on net sales, and a share of any OpRegen-Plus™ sublicense payments the Teva might receive.

If Teva sublicenses its rights to a third party, Teva will pay Cell Cure Neurosciences a share of any payments of cash or other consideration that Teva receives for the sublicense, excluding (i) gross receipts for commercial sales that are subject to royalty payments to Cell Cure Neurosciences; (ii) amounts received from a sublicensee solely to finance research and development activities to be performed by or on behalf of Teva; or (iii) payments received in reimbursement for patent expenses incurred after the grant of the sublicense.

A portion of milestone payments, royalties, and sublicensing payments received by Cell Cure Neurosciences would be shared with BioTime's subsidiary ESI and with Hadasit, which have licensed to Cell Cure Neurosciences certain patents and technology used in the development of OpRegen™ and OpRegen-Plus™. Those patents will be sublicensed to Teva under the Teva Option Agreement.

If Teva exercises its option and commercializes OpRegen™ or OpRegen-Plus™, its obligation to pay royalties on sales of those products will expire on a country by country and indication by indication basis with respect to a product on the later of: (i) fifteen (15) years after the first commercial sale of the product for the applicable indication for use in that country, or (ii) the expiration in that country of all valid patent claims covering the applicable indication for use of the product. The patent expiration dates cannot be presently determined with certainty, but certain patents licensed to Cell Cure Neurosciences by ESI and Hadasit for use in the development of OpRegen™ and OpRegen-Plus™ will expire in 2023 and 2022, respectively.

The Teva License Option Agreement will terminate if (a) Teva does not exercise its option within 60 days after an investigational new drug application filed by Cell Cure Neurosciences becomes effective for a Phase I clinical trial of a product covered by the Teva License Option Agreement, or (b) Teva determines not to continue funding of the research and development of a product after Cell Cure Neurosciences has expended its designated budget plus certain cost over-runs. Teva may also terminate the Teva License Option Agreement at any time by giving Cell Cure Neurosciences 30-day notice. Either party may terminate the license if the other party commits a material breach of its obligations and fails to cure the breach within 45 days after notice from the other party, or if the other party becomes subject to bankruptcy, insolvency, liquidation, or receivership proceedings.

Cell Cure Neurosciences' cell therapy products under development for the treatment of neurodegenerative diseases include (a) neural progenitor cells designed to replace the dopamine producing cells destroyed in Parkinson's disease, and (b) Cell Cure Neurosciences' NeurArrest™ neural cells that target and modulate the immune system's self-destruction of the myelin coating of nerve cells in multiple sclerosis.

Parkinson's is an age-related disease caused by the loss of a certain type of cell in the brain. According to the Parkinson's Disease Foundation, Parkinson's disease affects approximately 1 million people in the United States and more than 4 million people worldwide. The median age for the onset of all forms of Parkinson's disease is 62, and the number of new cases is rising rapidly with the aging of the baby-boomer population. There is currently no cure for the disease.

While not a classic age-related disease, multiple sclerosis is also on the rise and the National Multiple Sclerosis Society estimates that there are about 400,000 persons with multiple sclerosis in the United States. Most people are diagnosed with the disease between the ages of 20 and 50.

To advance its programs for the development of treatments for neurodegenerative diseases such as Parkinson's disease and multiple sclerosis, Cell Cure Neurosciences has entered into an Additional Research Agreement with Hadasit pursuant to which Hadasit will perform research services for Cell Cure Neurosciences over a period of five years. Cell Cure Neurosciences will pay Hadasit $300,000 per year for the research services over the course of the five-year term of the Additional Research Agreement. Hadasit will be entitled to receive a royalty on the sale of any products developed under the agreement and commercialized by Cell Cure Neurosciences. The amount of the royalty will be determined by future agreement between Hadasit and Cell Cure Neurosciences, taking into consideration their respective contributions to the development of the product, or if they fail to agree, the royalty terms will be determined by a third-party expert.

We have entered into a Third Amended and Restated Shareholders Agreement with Cell Cure Neurosciences, Teva, HBL, and ESI pertaining to certain corporate governance matters and rights of first refusal among the shareholders to purchase on a pro rata basis any additional shares that Cell Cure Neurosciences may issue. Under the agreement, the shareholders also granted each other a right of first refusal to purchase any Cell Cure Neurosciences shares that they may determine to sell or otherwise transfer in the future. The number of members on the Cell Cure Neurosciences board of directors will be set at seven , whereby we will be entitled to elect four directors, HBL will be entitled to elect two directors, and Teva will be entitled to elect one director. These provisions were also included in an amendment to Cell Cure Neurosciences' Articles of Association.

ReCyte Therapeutics—Treatment of Blood and Vascular Diseases and Disorders

ReCyte Therapeutics is developing therapeutic products for cardiovascular and blood diseases. The National Academy of Sciences has estimated that a potential 58 million Americans afflicted with cardiovascular disease and 30 million with autoimmune disorders could potentially benefit from stem cell-based therapies. Combined, this target population in the United States is one of the largest and fastest growing markets due to the aging of the baby-boomer population.

ReCyte Therapeutics will directly target these markets by utilizing its proprietary ReCyte™ iPS cell technology to reverse the developmental aging of human cells, then to generate embryonic vascular and blood progenitors from the ReCyte cell lines for therapeutic use in age-related vascular and blood disorders such as coronary disease and heart failure. To accomplish this, ReCyte Therapeutics will begin by developing iPS cells into primitive angioblasts, which are cells believed to be capable of reconstituting and repairing age-related changes in the vascular system. The young angioblasts will be tested in preclinical mouse models of accelerated aging to assess the safety and efficacy of the cells in the repair of ischemic tissue. We anticipate these phases of ReCyte Therapeutics' product development will be conducted over a period of approximately 28 months. However, the development of any therapeutic uses of the cells will require testing and approval by regulatory agencies such as the FDA.

In 2011, ReCyte Therapeutics intends to begin to build a near-term revenue business by offering a service to reverse the developmental aging of human cells, and to generate blood and vascular progenitors, for cell banking purposes. Neither service in the cell banking business is expected to require lengthy FDA approval. To implement these services, ReCyte plans to develop a manufacturing process for the large-scale reprogramming of human skin cells by resetting telomere length and simultaneously resetting the cell's stage of development to the embryonic state. The reversal of the aging of a human cell has been demonstrated in the laboratory and is described in an article entitled "Spontaneous Reversal of Developmental Aging in Normal Human Cells Following Transcriptional Reprogramming" in the peer-reviewed journal *Regenerative Medicine*. The object of this aspect of ReCyte Therapeutics' research and development will be to build a cost-effective manufacturing platform that will be the basis of the cell banking service for reprogrammed human cells and for blood and vascular progenitors generated through ReCyte Therapeutics' technology.

With the capital obtained from a recent $2.5 million private equity financing, ReCyte Therapeutics will also begin preclinical studies to support future clinical trials of this new class of human therapeutics for vascular and blood disorders. These latter therapeutic uses of the cells will require testing and approval by regulatory agencies such as the FDA.

We presently own 95.15% of the ReCyte Therapeutics common stock outstanding. The other shares of ReCyte Therapeutics common stock outstanding are owned by two private investors. ReCyte Therapeutics has adopted a stock option plan under which it may issue up to 4,000,000 shares of its common stock to officers, directors, employees, and consultants of ReCyte Therapeutics and BioTime. As of December 31, 2010, options to purchase 1,000,000 shares of ReCyte Therapeutics common stock had been granted.

BioTime Asia—Therapeutic and Research Products for Certain Asian Markets

BioTime Asia will initially seek to develop the therapeutic products for the treatment of ophthalmologic, skin, musculoskeletal system, and hematologic diseases, including the targeting of genetically modified stem cells to tumors as a novel means of treating currently incurable forms of cancer. BioTime Asia will focus on markets in the People's Republic of China, including Hong Kong and Macau, but it may also offer research products in other Asian countries.

We have engaged the services of Dr. Daopei Lu to aid BioTime Asia in arranging and managing clinical trials of therapeutic stem cell products. Dr. Lu is a world-renowned hematologist and expert in the field of hematopoietic stem cell transplants who pioneered the first successful syngeneic bone marrow stem cell transplant in the People's Republic of China to treat aplastic anemia and the first allogeneic peripheral blood stem cell transplant to treat acute leukemia. Nanshan Memorial Medical Institute Limited ("NMMI"), a private Hong Kong company, has entered into an agreement with us under which NMMI became a minority shareholder in BioTime Asia, acquiring a 19% interest, and agreed to provide BioTime Asia with its initial laboratory facilities and an agreed number of research personnel, and will arrange financing for clinical trials.

We will license to BioTime Asia the rights to use certain stem cell technology, and will sell to BioTime Asia stem cell products for therapeutic use and for resale as research products. To the extent permitted by law, BioTime Asia will license back to us for use outside of the People's Republic of China any new technology that BioTime Asia might develop or acquire.

NMMI may increase its percentage ownership interest in BioTime Asia to up to 39% if (a) NNMI fulfills is contractual obligations to provide research facilities and personnel and loans to fund clinical trials of new therapeutic products, and (b) BioTime Asia achieves certain milestones pertaining to pre-clinical development, successful completion of clinical trials of therapeutic products, and raising additional capital through public or private offerings of BioTime Asia capital stock.

Either we or NMMI may terminate the agreement if (a) certain clinical trial milestones are not met, including the commencement of the first clinical trial of a therapeutic stem cell product within two years, or (b) BioTime Asia's gross sales of products are less than $100,000,000 during any fiscal year after the sixth anniversary of the agreement, or (c) the other party breaches the agreement. We also have the right to purchase NMMI's shares of BioTime Asia if they fail to provide BioTime Asia with the laboratory and research personnel required by their agreement with us.

We presently own 81% of the BioTime Asia common stock outstanding. The other shares of BioTime Asia common stock outstanding are owned by NMMI. BioTime Asia has adopted a stock option plan under which it may issue up to 1,600 ordinary shares to officers, directors, employees, and consultants of BioTime Asia and BioTime. As of December 31, 2010, options to purchase 400 BioTime Asia ordinary shares had been granted.

Licensed Stem Cell Technology and Stem Cell Product Development Agreements

We have obtained the right to use stem cell technology that we believe has great potential in our product development efforts, and that may be useful to other companies that are engaged in the research and development of stem cell products for human therapeutic and diagnostic use.

Wisconsin Alumni Research Foundation

We have entered into a Commercial License and Option Agreement with Wisconsin Alumni Research Foundation ("WARF"). The WARF license permits us to use certain patented and patent pending technology belonging to WARF, as well as certain stem cell materials, for research and development purposes, and for the production and marketing of "research products" and "related products." "Research products" are products used as research tools, including in drug discovery and development. "Related products" are products other than research products, diagnostic products, or therapeutic products. "Diagnostic products" are products or services used in the diagnosis, prognosis, screening or detection of disease in humans. "Therapeutic products" are products or services used in the treatment of disease in humans.

Under the WARF license agreement, we paid WARF a license fee of $225,000 in cash and $70,000 worth of our common shares. A maintenance fee of $25,000 will be due annually on March 2 of each year during the term of the WARF License beginning March 2, 2010. We also paid WARF $25,000 toward reimbursement of the costs associated with preparing, filing, and maintaining the licensed WARF patents.

We will pay WARF royalties on the sale of products and services under the WARF license. The royalty will be 4% on the sale of research products and 2% on the sale of related products. The royalty is payable on sales by us or by any sublicensee. The royalty rate is subject to certain reductions if we also become obligated to pay royalties to a third party in order to sell a product.

We have an option to negotiate with WARF to obtain a license to manufacture and market therapeutic products, excluding products in certain fields of use. The issuance of a license for therapeutic products would depend upon our submission and WARF's acceptance of a product development plan, and our reaching agreement with WARF on the commercial terms of the license such as a license fee, royalties, patent reimbursement fees, and other contractual matters.

The WARF license shall remain in effect until the expiration of the latest expiration date of the licensed patents. However, we may terminate the WARF license prior to the expiration date by giving WARF at least 90 days written notice, and WARF may terminate the WARF license if we fail to make any payment to WARF, fail to submit any required report to WARF, or commit any breach of any other covenant in the WARF license, and we fail to remedy the breach or default within 90 days after written notice from WARF. The WARF license may also be terminated by WARF if we commit any act of bankruptcy, become insolvent, are unable to pay our debts as they become due, file a petition under any bankruptcy or insolvency act, or have any such petition filed against us which is not dismissed within 60 days, or if we offer our creditors any component of the patents or materials covered by the WARF license.

ESI also holds a license from WiCell Research Institute, Inc., an affiliate of WARF, permitting ESI to use certain patents and patent pending technology, as well as certain stem cell materials, for research and development purposes, and for the production and marketing of research products. ESI will pay WiCell a 4% royalty on the sale of products under the WiCell license. The royalty rate is subject to reduction if ESI also become obligated to pay royalties to a third party in order to sell a product. ESI will also pay WiCell 10% of any royalties that ESI receives from any purchaser of a research product sold under an agreement that requires the ESI customer to pay royalties to ESI based on the sale of products produced by the ESI customer using the ESI research product.

ESI may terminate the WiCell license by giving WiCell at least 90 days written notice, and WiCell may terminate the license if ESI fails to make any payment to WiCell, fails to submit any required report to WiCell, or commits any breach of any other covenant in the WiCell license, and ESI fails to remedy the breach or default within 90 days after written notice from WiCell. The WiCell license may also be terminated by WiCell if ESI commits any act of bankruptcy, become insolvent, is unable to pay its debts as they become due, files a petition under any bankruptcy or insolvency act, or has any such petition filed against it which is not dismissed within 60 days, or if ESI offers its creditors any component of the patents or materials covered by the WiCell license.

ACTCellerate™ Technology

We have entered into a license agreement with ACT under which we acquired exclusive world-wide rights to use ACT's "ACTCellerate™" technology for methods to accelerate the isolation of novel cell strains from pluripotent stem cells. The licensed rights include pending patent applications, know-how, and existing cells and cell lines developed using the technology.

The licensed technology is designed to provide a large-scale and reproducible method of isolating clonally purified hEPC lines, many of which may be capable of extended propagation *in vitro*. Initial testing suggests that the technology may be used to isolate at least 140 distinct clones that contain many previously uncharacterized cell types derived from all germ layers that display diverse embryo- and site-specific homeobox gene expression. Despite the expression of many oncofetal genes, none of the human embryonic progenitor cell lines tested led to tumor formation when transplanted into immunocompromised mice. The cell lines studied appear to have a finite replicative lifespan but have longer telomeres than most fetal- or adult-derived cells, which may facilitate their use in the manufacture of purified lineages for research and human therapy. Information concerning the technology was published in the May 2008 edition of the journal *Regenerative Medicine*.

We have the right to use the licensed technology and cell lines for research purpose and for the development of therapeutic and diagnostic products for human and veterinary use. We also have the right to grant sublicenses.

We paid ACT a $250,000 license fee and will pay an 8% royalty on sales of products, services, and processes that utilize the licensed technology. Once a total of $1,000,000 of royalties has been paid, no further royalties will be due.

ACT may reacquire royalty-free, worldwide licenses to use the technology for retinal pigment epithelial cells, hemangioblasts, and myocardial cells, on an exclusive basis, and for hepatocytes, on a non-exclusive basis, for human therapeutic use. ACT will pay us $5,000 for each license that it elects to reacquire.

The term of the licenses from ACT expire on the later of July 9, 2028 or the expiration of the last to expire of the licensed patents. The patent expiration dates cannot be presently determined with certainty because the patents are pending. ACT may terminate the license agreement if we commit a breach or default in the performance of our obligations under the agreement and fail to cure the breach or default within the permitted cure periods. We have the right to terminate the license agreement at any time by giving ACT three months prior notice and paying all amounts due ACT through the effective date of the termination.

iPS Cell Technology

We have entered into a license agreement and a sublicense agreement with ACT under which we acquired worldwide rights to use an array of ACT technology and technology licensed by ACT from affiliates of Kirin Pharma Company, Limited ("Kirin"). The ACT license and Kirin sublicense permit the commercialization of products in human therapeutic and diagnostic product markets.

The licensed technology covers iPS methods to transform cells of the human body, such as skin cells, into an embryonic state in which the cells will be pluripotent. Because iPS technology does not involve human embryos or egg cells, and classical cloning techniques are not employed, the use of iPS technology may eliminate some ethical concerns that have been raised in connection with the procurement and use of human embryonic stem cells in scientific research and product development.

The portfolio of licensed patents and patent applications covers methods to produce iPS cells that do not carry viral vectors or added genes. Other iPS cell technology currently being practiced by other researchers utilizes viruses and genes that are likely incompatible with human therapeutic uses. We believe that technologies that facilitate the reprogramming of human cells to iPS cells without using viruses could be advantageous in the development of human stem cell products for use in medicine.

The Kirin sublicense covers patent application for methods for cloning mammals using reprogrammed donor chromatin or donor cells and methods for altering cell fate. These patent applications relate to technology to alter the state of a cell, such as a human skin cell, by exposing the cell's DNA to the cytoplasm of another reprogramming cell with differing properties. We may use this licensed technology for all human therapeutic and diagnostic applications.

A second series of patent applications licensed non-exclusively from ACT includes technologies for:

- the use of reprogramming cells that over-express RNAs for the genes *OCT4*, *SOX2*, *NANOG*, and *MYC*, and other factors known to be useful in iPS technology
- methods of resetting cell lifespan by extending the length of telomeres
- the use of the cytoplasm of undifferentiated cells to reprogram human cells
- the use of a cell bank of hemizygous O- cells
- methods of screening for differentiation agents
- stem cell-derived endothelial cells modified to disrupt tumor angiogenesis.

We may use this technology in commercializing the patents licensed under the Kirin sublicense.

The ACT license also includes patent applications for other uses. One licensed patent application covers a method of differentiation of morula or inner cell mass cells and a method of making lineage-defective embryonic stem cells. That technology can be used in producing hEPCs without the utilization of hES cell lines. Another licensed patent application covers novel culture systems for *ex vivo* development that contains technology for utilizing avian cells in the production of stem cell products free of viruses and bacteria.

ACT iPS Cell License Provisions

Under the ACT license for iPS cell technology, we paid ACT a $200,000 license fee and we will pay a 5% royalty on sales of products, services, and processes that utilize the licensed technology, and a 20% royalty on any fees or other payments, other than equity investments, research and development costs, and loans and royalties, received by us from sublicensing the ACT technology to third parties. Once a total of $600,000 of royalties has been paid, no further royalties will be due..

We may use the licensed technology and cell lines for research purposes and for the development of therapeutic and diagnostic products for human and veterinary use, excluding (a) human and non-human animal cells for commercial research use, including small-molecule and other drug testing and basic research; and (b) human cells for therapeutic and diagnostic use in the treatment of human diabetes, liver diseases, retinal diseases and retinal degenerative diseases, other than applications involving the use of cells in the treatment of tumors where the primary use of the cells is the destruction or reduction of tumors and does not involve regeneration of tissue or organ function. The exclusions from the scope of permitted uses under the ACT license will lapse if ACT's license with a third party terminates or if the third party no longer has an exclusive license from ACT for those uses. Therefore, our cell lines marketed for research use are produced from hES cell lines (not iPS cells). In the therapeutic arena, our use of the licensed iPS cell technology will be for applications such as the blood and vascular products being developed by ReCyte Therapeutics.

Our license to use some of the ACT iPS technology is non-exclusive, and is limited to use in conjunction with the technology sublicensed from ACT under the Kirin sublicense, and may not be sublicensed to third parties other than subsidiaries and other affiliated entities. We do have the right to grant sublicenses to the other licensed ACT technology.

We will have the right to prosecute the patent applications and to enforce all patents, at our own expense, except that ACT is responsible for prosecuting patent applications for the non-exclusively licensed technology at its own expense. We will have the right to patent any new inventions arising from the use of the licensed patents and technology.

We will indemnify ACT for any products liability claims arising from products made by us and our sublicensees.

The term of the licenses from ACT expire on the later of August 14, 2028 or the expiration of the last to expire of the licensed patents. The patent expiration dates cannot be presently determined with certainty because certain patents are pending, but the latest expiration date of the licensed patents that have issued is 2025. ACT may terminate the license agreement if we commit a breach or default in the performance of our obligations under the agreement and fail to cure the breach or default within the permitted cure periods. We have the right to terminate the license agreement at any time by giving ACT three months prior notice and paying all amounts due ACT through the effective date of the termination.

Kirin Sublicense Provisions

The technology licensed from Kirin relates to methods of reprogramming human and animal cells. Under the Kirin sublicense, we paid ACT a $50,000 license fee and will pay a 3.5% royalty on sales of products, services, and processes that utilize the licensed ACT technology, and 20% of any fees or other payments, other than equity investments, research and development costs, and loans and royalties we may receive from sublicensing the Kirin technology to third parties. We will also pay to ACT or to an affiliate of Kirin, annually, the amount, if any, by which royalties payable by ACT under its license agreement with Kirin are less than the $50,000 annual minimum royalty due. Those payments will be credited against other royalties payable to ACT under the Kirin sublicense.

We may use the sublicensed technology for the development of therapeutic and diagnostic human cell products, including both products made, in whole or in part, of human cells, and products made from human cells. We have the right to grant further sublicenses.

We will indemnify ACT for any products liability claims arising from products made by us and our sublicensees. The licenses will expire upon the expiration of the last to expire of the licensed patents, or May 9, 2016 if no patents are issued. The patent expiration dates cannot be presently determined with certainty because certain patents are pending, but the latest expiration date of the licensed patents that have issued is 2025. ACT may terminate the license agreement if we commit a breach or default in the performance of our obligations under the agreement and fail to cure the breach or default within the permitted cure periods. We have the right to terminate the license agreement at any time by giving ACT three months prior notice and paying all amounts due ACT through the effective date of the termination.

Lifeline Cell Technology, LLC.

We have entered into a Product Production and Distribution Agreement with Lifeline Cell Technology, LLC., for the production and marketing of hEPCs or hEPC lines, and products derived from those hEPCs. The products developed under the agreement with Lifeline will be produced and sold for research purposes such as drug discovery and drug development uses.

The proceeds from the sale of products to certain distributors with which Lifeline has a pre-existing relationship will be shared equally by us and Lifeline, after the deduction of royalties payable to licensors of the technology used, and certain production and marketing costs. The proceeds from products produced for distribution by both us and Lifeline, and products produced by one party at the request of the other party, will be shared in the same manner. Proceeds from the sale of other products, which are produced for distribution by one party, generally will be shared 90% by the party that produced the product for distribution, and 10% by the other party after the deduction of royalties payable to licensors of the technology used. In the case of the sale of these products, the party that produces the product and receives 90% of the sales proceeds will bear all of the production and marketing costs of the product. All of our research products to date were acquired from Advanced Cell Technology, Inc. and were not manufactured in collaboration with Lifeline.

We paid Lifeline $250,000 to facilitate their product production and marketing efforts. We will be entitled to recover that amount from the share of product sale proceeds that otherwise would have been allocated to Lifeline.

Our agreement with Lifeline will expire on the later of June 18, 2028 or the expiration of the last to expire of the patents licensed from WARF, ACT, or Lifeline covered by the agreement. The patent expiration dates cannot be presently determined with certainty because certain patents are pending, but the latest expiration date of the licensed patents that have issued is 2025. Either party may terminate the agreement if the other party commits a breach or default in the performance of its obligations under the agreement and fails to cure the breach or default within the permitted cure periods. We have the right to terminate the agreement at any time if any claim is brought against us alleging that the use of the patents or technology licensed to Lifeline by ACT or licensed to us by WARF, or certain WARF cell lines infringe on the patent or other intellectual property rights of a third party. Lifeline has the right to terminate the agreement at any time if any claim is brought against it alleging that the use of the patents or technology licensed to Lifeline by ReCyte Therapeutics (formerly Embryome Sciences), or licensed to us by WARF, or certain WARF cell lines, infringe on the patent or other intellectual property rights of a third party. Notwithstanding any such notice of termination, the terminating party shall remain obligated to pay all amounts due the other party through the effective date of the termination.

Stem Cell Agreement with Reproductive Genetics Institute

In 2009, we entered into a Stem Cell Agreement with Reproductive Genetics Institute (“RGI”) pursuant to which we obtained the non-exclusive right to acquire RGI’s proprietary stem cell lines. The Stem Cell Agreement grants us rights to market new hES lines selected by us from 294 hES lines derived by RGI. We will initially select 10 RGI hES cell lines, and may add additional cell lines at our option. We will receive starting cultures of the cell lines we select, and will scale up those cell lines for resale as research products. Because our rights are non-exclusive, RGI will retain the right to market and use its stem cell lines for its own account. RGI is a leading fertility center that screens embryos for genetic disorders, such as cystic fibrosis and muscular dystrophy, prior to implantation. The RGI hES lines include both normal cells and 88 cell lines identified as carrying a host of inherited genetic disease genes, some of which we plan to sell as research products to universities and companies in the bioscience and pharmaceutical industries.

We will pay RGI a royalty in the amount of 7% of net sales of RGI-derived cells sold for research purposes such as the use of cells to test potential new drugs or diagnostic products. The Stem Cell Agreement requires us to sell the RGI cells for a minimum price of $7,500 per ampoule of cells. We also agreed to sell to RGI any cells that we derive from RGI stem cells at a price equal to 50% of the lowest price at which we sell those cells to third parties.

We will be marketing the acquired cells for research purposes only. However, the Stem Cell Agreement allows us and RGI to develop therapeutic or diagnostic uses of the cells, subject to approval by a joint steering committee composed of our officers and RGI officers. In the absence of an agreement by the steering committee for a different revenue-sharing arrangement, and provided that we are successful in developing and commercializing one or more of those products for therapeutic or diagnostic uses, we would pay RGI a royalty based on net sales of each product. The royalty rate would be 50% of net sales of the product, minus one-half of any other royalties required to be paid to third parties. None of the RGI cells have been approved by the United States FDA or any equivalent foreign regulatory agency for use in the treatment of disease, and we do not have any specific plans for the development of RGI stem cells for use in the treatment or diagnosis of disease in humans.

Our agreement with RGI is scheduled to terminate on December 31, 2039 but will be automatically extended for an additional ten years, unless we or RGI elect not to extend the term of the agreement. If the initial term of the agreement is extended for ten years, the extended term will be automatically extended for an additional period of ten years, unless we or RGI elect not to extend the term of the agreement for the additional period. RGI may terminate the agreement if we commit a breach or default in the performance of our obligations under the agreement and fail to cure the breach or default within the permitted cure periods. We have the right to terminate the agreement at any time by giving RGI 30-day prior notice and paying all royalties due with respect to the sale of cell products that occurred prior to the date of termination.

Sanford-Burnham Medical Research Institute

Through our acquisition of the assets of CTI, we acquired a royalty-bearing, exclusive, worldwide license from the Sanford-Burnham Medical Research Institute (“SBMRI”) to use certain patents pertaining to homing peptides for preclinical research investigations of cell therapy treatments, and to enhance cell therapy products for the treatment and prevention of disease and injury in conjunction with our own proprietary technology or that of a third party. We have the right to grant sublicenses with notice to SBMRI.

We will pay SBMRI a royalty of 4% on the sale of pharmaceutical products, and 10% on the sale of any research-use products that we develop using or incorporating the licensed technology; and 20% of any payments we receive for sublicensing the patents to third parties. The royalties payable to SBMRI may be reduced by 50% if royalties or other fees must be paid to third parties in connection with the sale of any products. An annual license maintenance fee is payable each year during the term of the license, and after commercial sales of royalty bearing products commence, the annual fee will be credited towards our royalty payment obligations for the applicable year.

We will reimburse SBMRI for 25% of its costs incurred in filing, prosecuting, and maintaining patent protection, subject to our approval of the costs. We will indemnify SBMRI against liabilities that may arise from our use of the licensed patents in the development, manufacture, and sale of products, including any product liability and similar claims that may arise from the use of any therapeutic products that we develop using the SBMRI patents.

Our license will terminate on a product-by-product and country-by-country basis, when the last-to-expire patent expires. The patent expiration dates cannot be presently determined with certainty because certain patents are pending, but the latest expiration date of the licensed patents that have issued is 2025. We may terminate the license agreement by giving SBMRI 60-day notice. SBMRI may terminate the license agreement if we fail to make license or royalty payments or to perform our reporting obligations after applicable cure periods.

Hadasit Research and License Agreement

Cell Cure Neurosciences has entered into an Amended and Restated Research and License Agreement under which it received an exclusive license to use certain of Hadasit's patented technologies for the development and commercialization for hES cell-derived cell replacement therapies for retinal degenerative diseases. Cell Cure Neurosciences paid Hadasit 249,058 New Israeli Shekels as a reimbursement for patent expenses incurred by Hadasit, and pays Hadasit quarterly fees for research and product development services under a related Product Development Agreement.

If Teva exercises its option to license OpRegen or OpRegen-Plus, Cell Cure Neurosciences will pay Hadasit 30% of all payments made by Teva to Cell Cure Neurosciences under the Teva License Option Agreement, other than payments for research, reimbursements of patent expenses, loans or equity investments.

If Teva does not exercise its option and Cell Cure Neurosciences instead commercializes OpRegen or OpRegen-Plus itself or sublicenses the Hadasit patents to a third party for the completion of development or commercialization of OpRegen or OpRegen-Plus, Cell Cure Neurosciences will pay Hadasit a 5% royalty on sales of products that utilize the licensed technology. Cell Cure Neurosciences will also pay sublicensing fees ranging from 10% to 30% of any payments Cell Cure Neurosciences receives from sublicensing the Hadasit patents to companies other than Teva. Commencing in January 2017, Hadasit will be entitled to receive an annual minimum royalty payment of $100,000 that will be credited toward the payment of royalties and sublicense fees otherwise payable to Hadasit during the calendar year. If Cell Cure Neurosciences or a sublicensee other than Teva paid royalties during the previous year, Cell Cure may defer making the minimum royalty payment until December and will be obligated to make the minimum annual payment to the extent that royalties and sublicensing fee payments made during that year are less than $100,000.

If Teva does not exercise its option under the Teva License Option Agreement and instead Cell Cure Neurosciences or a sublicensee other than Teva conducts clinical trials of OpRegen or OpRegen-Plus, Hadasit will be entitled to receive certain payments from Cell Cure Neurosciences upon the first attainment of certain clinical trial milestones in the process of seeking regulatory approval to market a product developed by Cell Cure Neurosciences using the licensed patents. Hadasit will receive $250,000 upon the enrollment of patients in the first Phase I clinical trial, $250,000 upon the submission of Phase II clinical trial data to a regulatory agency as part of the approval process, and $1 million upon the enrollment of the first patient in the first Phase III clinical trial.

The Hadasit license agreement will automatically expire on a country-by-country and product-by-product basis upon the later of the expiration of all of the licensed patents or 15 years following the first sale of a product developed using a licensed patent. The patent expiration dates cannot be presently determined with certainty because the patents are pending. After expiration of the license agreement, Cell Cure Neurosciences will have the right to exploit the Hadasit licensed patents without having to pay Hadasit any royalties or sublicensing fees. Either party may terminate the license agreement if the other party commits a breach or default in the performance of its obligations under the agreement and fails to cure the breach or default within the permitted cure periods.

Plasma Volume Expanders and Related Products

We develop blood plasma volume expanders, blood replacement solutions for hypothermic (low-temperature) surgery, organ preservation solutions, and technology for use in surgery, emergency trauma treatment, and other applications. Our first product, Hextend, is a physiologically balanced blood plasma volume expander used for the treatment of hypovolemia. Hypovolemia is a condition caused by low blood volume, often from blood loss during surgery or from injury. Hextend maintains circulatory system fluid volume and blood pressure and helps sustain vital organs during surgery. Hextend, approved for use in major surgery, is the only blood plasma volume expander that contains lactate, multiple electrolytes, glucose, and a medically approved form of starch called hetastarch. Hextend is sterile, so its use avoids the risk of infection. Health insurance reimbursements and HMO coverage now include the cost of Hextend used in surgical procedures.

Hextend has become the standard plasma volume expander at a number of prominent teaching hospitals and leading medical centers, and is part of the United States Armed Forces Tactical Combat Casualty Care protocol. We believe that as Hextend use proliferates within leading U.S. hospitals, other smaller hospitals will follow their lead, contributing to sales growth.

We are also developing another blood volume replacement product, PentaLyte. It, like Hextend, has been formulated to maintain the patient's tissue and organ function by sustaining the patient's fluid volume and physiological balance. We have completed a Phase II clinical trial of PentaLyte in which PentaLyte was used to treat hypovolemia in cardiac surgery. Our ability to commence and complete additional clinical studies of PentaLyte depends on our cash resources, the costs involved, and licensing arrangements with a pharmaceutical company capable of manufacturing and marketing PentaLyte. We are currently seeking a licensee or co-developer to advance the commercialization of PentaLyte.

Hextend is manufactured and distributed in the United States by Hospira, Inc., and in South Korea by CJ CheilJedang Corp. ("CJ"), under license from us. Summit Pharmaceuticals International Corporation ("Summit") has a license to develop Hextend and PentaLyte in Japan, the People's Republic of China, and Taiwan.

The Market for Plasma Volume Expanders

Approximately 10,000,000 surgeries take place in the United States each year, and blood transfusions are required in approximately 3,000,000 of those cases. Transfusions are also required to treat patients suffering severe blood loss due to traumatic injury. Many more surgical and trauma cases do not require blood transfusions but do involve significant bleeding that can place the patient at risk of suffering from shock caused by the loss of fluid volume (hypovolemia) and physiological balance. Whole blood and packed red cells generally cannot be administered to a patient until the patient's blood has been typed and sufficient units of compatible blood or red cells can be located. Periodic shortages of supply of donated human blood are not uncommon, and rare blood types are often difficult to locate. The use of human blood products also poses the risk of exposing the patient to blood-borne diseases such as AIDS and hepatitis.

Due to the risks and cost of using human blood products, even when a sufficient supply of compatible blood is available, physicians treating patients suffering blood loss are generally not permitted to transfuse red blood cells until the patient's level of red blood cells has fallen to a level known as the "transfusion trigger." During the course of surgery, while blood volume is being lost, the patient is infused with plasma volume expanders to maintain adequate blood circulation. During the surgical procedure, red blood cells are not generally replaced until the patient has lost approximately 45% to 50% of his or her red blood cells, thus reaching the transfusion trigger, at which point the transfusion of red blood cells may be required. After the transfusion of red blood cells, the patient may continue to experience blood volume loss, which will be treated with plasma volume expanders. Even in those patients who do not require a transfusion, physicians routinely administer plasma volume expanders to maintain sufficient fluid volume to permit the available red blood cells to circulate throughout the body and to maintain the patient's physiological balance.

Several units of fluid replacement products are often administered during surgery. The number of units will vary depending upon the amount of blood loss and the kind of plasma volume expander administered. Crystalloid products must be used in larger volumes than colloid products such as Hextend.

Uses and Benefits of Hextend and PentaLyte

Hextend and PentaLyte have been formulated to maintain the patient's tissue and organ function by sustaining the patient's fluid volume and physiological balance. Both products are composed of a hydroxyethyl starch, electrolytes, sugar, and lactate in an aqueous base. Hextend uses a high molecular weight hydroxyethyl starch (hetastarch), whereas PentaLyte uses a lower molecular weight hydroxyethyl starch (pentastarch). The hetastarch is retained in the blood longer than the pentastarch, which may make Hextend the product of choice when a larger volume of plasma expander or blood replacement solution for low-temperature surgery is needed, or when the patient's ability to restore his own blood proteins after surgery is compromised. PentaLyte, with pentastarch, would be eliminated from the blood faster than Hextend and might be used when less plasma expander is needed or where the patient is more capable of quickly restoring lost blood proteins. We believe that by testing and bringing these products to the market, we can increase our market share by providing the medical community with solutions to match patients' needs.

Certain clinical test results indicate that Hextend is effective at maintaining blood calcium levels when used to replace lost blood volume. Calcium can be a significant factor in regulating blood clotting and cardiac function. Clinical studies have also shown that Hextend is better at maintaining the acid-base balance than are saline-based surgical fluids. We expect that PentaLyte will also be able to maintain blood calcium levels and acid-base balance, based upon the fact that the electrolyte formulation of PentaLyte is identical to that of Hextend.

Albumin produced from human plasma is also used as a plasma volume expander, but it is expensive and subject to supply shortages. Additionally, an FDA warning has cautioned physicians about the risk of administering albumin to seriously ill patients.

We have not attempted to synthesize potentially toxic and costly oxygen-carrying molecules such as hemoglobin because the loss of fluid volume and physiological balance may contribute as much to shock as the loss of the oxygen-carrying component of the blood. Surgical and trauma patients are routinely given supplemental oxygen and retain a substantial portion of their own red blood cells. Whole blood or packed red blood cells are generally not transfused during surgery or in trauma care until several units of plasma volume expander have been administered and the patient's blood cell count has fallen to the transfusion trigger threshold. Therefore, the lack of oxygen-carrying molecules in BioTime solutions should not pose a significant contraindication to use.

However, our scientists have conducted laboratory animal experiments in which they have shown that Hextend can be successfully used in conjunction with a hemoglobin-based oxygen carrier solution approved for veterinary purposes to completely replace the animal's circulating blood volume without any subsequent transfusion and without the use of supplemental oxygen. By diluting these oxygen carrier solutions, Hextend may reduce the potential toxicity and costs associated with the use of those products. Once such solutions have received regulatory approval and become commercially available, this sort of protocol may prove valuable in certain markets in the developing world where the blood supply is extremely unsafe. These applications may also be useful in combat situations where logistics make blood use impracticable.

Research and Development Strategy

A significant part of our activities are devoted to research and development, focused primarily on the development of stem cell products and technology. During 2010, 2009, and 2008, we spent $7,892,024, $2,968,987, and $1,725,187, respectively, on research and development. While we utilize our own proprietary technology in both our plasma volume expander and stem cell research and development programs, we presently rely to a significant extent upon technology licensed from others in our stem cell research and development efforts. See “Licensed Stem Cell Technology and Stem Cell Product Development Agreements.”

A portion of our current efforts in the regenerative medicine field are focused on the development and sale of advanced human stem cell products and technology that can be used by researchers at universities and other institutions, at companies in the bioscience and biopharmaceutical industries, and at other companies that provide research products to companies in those industries. By focusing a portion of our resources on products and technology that will be used by researchers and drug developers at larger institutions and corporations, we believe that we will be able to commercialize products in less time and using less capital than will be required to develop therapeutic products.

In our CIRM-funded research project, we will work with hEPCs generated using our ACTCellerate™ embryonic stem cell technology. The hEPCs are relatively easy to manufacture on a large scale and in a purified state, which may make it more advantageous to work with these cells than with hES or iPS cells directly. We will work on identifying antibodies and other cell purification reagents that may aid the production of hEPCs that can be used to develop pure therapeutic cells such as nerve, blood vessel, heart muscle, cartilage, and skin.

Through our subsidiaries, OncoCyte, OrthoCyte, ReCyte Therapeutics, Cell Cure Neurosciences, and BioTime Asia, we will attempt to develop human stem cell products for therapeutic uses. We and ESI will license certain technology to the subsidiaries for their research and development programs. OncoCyte will seek to utilize human embryonic stem cell technology to create genetically modified stem cells capable of homing to specific malignant tumors while carrying genes that can cause the destruction of the cancer cells. OrthoCyte will seek to develop cellular therapeutics for the treatment of orthopedic degenerative diseases and disorders and injuries. ReCyte will seek to develop therapeutic products for cardiovascular and blood diseases and disorders. Cell Cure Neurosciences will seek to develop therapeutic products for retinal and neurological degenerative diseases and disorders. BioTime Asia will initially seek to develop therapeutic products for the treatment of ophthalmologic, skin, musculoskeletal system, and hematologic diseases, including the targeting of genetically modified stem cells to tumors to treat cancer.

We have obtained the rights to use and market stem cell lines developed by other companies. We believe that obtaining rights to these cell lines has jump-started our assemblage of an array of products for stem cell research by our subsidiaries and for sale to researchers at other companies, universities, and other institutions.

During November 2010, we signed an agreement with CIRM to make five research-grade and GMP-compliant hES cell lines available to CIRM-funded and California-based researchers. During December 2010, the University of California system signed an agreement under which the universities in the system may acquire hES cell lines under the same terms of our agreement with CIRM. We believe that making available the GMP-grade cell lines may streamline the translation of basic science to human therapies. If the users of our cell lines eventually sign definitive license agreements with our permission to use those cell lines in commercial products, we will receive a royalty on net sales of their products, without the need on our part to fund any of their research, development, and clinical trial costs, or the costs of producing and marketing the new products.

We may also derive new stem cell lines, and we are working on the development of new products derived from human stem cells such as ESpy cell lines, which will be derivatives of hES cells and will emit beacons of light. The light-emitting property of the ESpy cells will allow researchers to track the location and distribution of the cells in both *in vitro* and *in vivo* studies.

We are also working to develop new growth and differentiation factors that will permit researchers to manufacture specific cell types from embryonic stem cells, and purification tools helpful to researchers involved in the quality control of products used in the field of regenerative medicine.

Licensing and Sale of Plasma Volume Expander Products

Hospira

Hospira has the exclusive right to manufacture and sell Hextend in the United States and Canada under a license agreement with us. Hospira is presently marketing Hextend in the United States. Hospira's license applies to all therapeutic uses other than those involving hypothermic surgery, during which the patient's body temperature reaches temperatures lower than 12°C ("Hypothermic Use"), or those involving the replacement of substantially all of a patient's circulating blood volume ("Total Body Washout").

Hospira pays us a royalty on total annual net sales of Hextend. The royalty rate is 5% plus an additional .22% for each $1,000,000 of annual net sales, up to a maximum royalty rate of 36%. The royalty rate for each year is applied on a total net sales basis. Hospira's obligation to pay royalties on sales of Hextend will expire on a country-by-country basis when all patents protecting Hextend in the applicable country expire and any third party obtains certain regulatory approvals to market a generic equivalent product in that country. The relevant composition patents begin to expire in 2014 and the relevant methods of use patents expire in 2019.

We have the right to convert Hospira's exclusive license to a non-exclusive license or to terminate the license outright if certain minimum sales and royalty payments are not met. In order to terminate the license outright, we would pay a termination fee in an amount ranging from the milestone payments we received to an amount equal to three times the prior year's net sales, depending upon when termination occurs. Hospira has agreed to manufacture Hextend for sale by us in the event that the exclusive license is terminated.

Hospira has certain rights to acquire additional licenses to manufacture and sell our other plasma expander products in their market territory. If Hospira exercises these rights to acquire a license to sell such products for uses other than Hypothermic Use or Total Body Washout, in addition to paying royalties, Hospira will be obligated to pay a license fee based upon our direct and indirect research, development, and other costs allocable to the new product. If Hospira desires to acquire a license to sell any of our products for use in Hypothermic Surgery or Total Body Washout, the license fees and other terms of the license will be subject to negotiation between the parties. For the purpose of determining the applicable royalty rates, net sales of any such new products licensed by Hospira will be aggregated with sales of Hextend. If Hospira does not exercise its right to acquire a new product license, we may manufacture and sell the product ourselves or we may license others to do so.

The foregoing description of the Hospira license is a summary only and is qualified in all respects by reference to the full text of the Hospira license agreement.

CJ

CJ markets Hextend in South Korea under an exclusive license from us. CJ paid us a license fee to acquire their right to market Hextend. CJ also pays us a royalty on sales of Hextend. The royalty will range from $1.30 to $2.60 per 500 ml unit of product sold, depending upon the price approved by Korea's National Health Insurance. CJ is also responsible for obtaining the regulatory approvals required to manufacture and market PentaLyte, including conducting any clinical trials that may be required, and will bear all related costs and expenses.

The foregoing description of the CJ license is a summary only and is qualified in all respects by reference to the full text of the CJ license agreement.

Summit

We have entered into agreements with Summit to develop Hextend and PentaLyte in Japan, the People's Republic of China, and Taiwan. Summit had sublicensed to Maruishi Pharmaceutical Co., Ltd. ("Maruishi") the right to manufacture and market Hextend in Japan, and the right to manufacture and market Hextend and PentaLyte in China and Taiwan. However, Maruishi has withdrawn from the sublicense arrangement with Summit, and Summit has informed us that they intend to seek a replacement sublicensee.

A Phase III clinical trial using Hextend in surgery, funded by Maruishi, was conducted in Japan, but work on the trial has not been completed. Due to the withdrawal of Maruishi from its sublicense agreement, Summit will need to find a replacement sublicensee or other source of funding in order to complete the Phase III clinical study. Successful completion of the clinical study is required in order to seek regulatory approval to market Hextend in Japan.

The revenues from licensing fees, royalties, and net sales, and any other payments made for co-development, manufacturing, or marketing rights to Hextend and PentaLyte in Japan will be shared between BioTime and Summit as follows: 40% to us and 60% to Summit. “Net sales” means the gross revenues from the sale of a product, less rebates, discounts, returns, transportation costs, sales taxes, and import/export duties. Summit paid us fees for the right to co-develop Hextend and PentaLyte in Japan, and Summit has also paid us a share of a sublicense fee payment from Maruishi.

We will pay to Summit 8% of all net royalties that we receive from the sale of PentaLyte in the United States, plus 8% of any license fees that we receive in consideration of granting a license to develop, manufacture, and market PentaLyte in the United States. “Net royalties” means royalty payments received during a calendar year, minus the following costs and expenses incurred during such calendar year: (a) all taxes assessed (other than taxes determined with reference to our net income) and credits given or owed by us in connection with the receipt of royalties on the sale of PentaLyte in the United States, and (b) all fees and expenses payable by us to the United States FDA (directly or as a reimbursement of any licensee) with respect to PentaLyte.

Summit paid us a fee to acquire the China and Taiwan license. We also will be entitled to receive 50% of the royalties and milestone payments payable to Summit by any third-party sublicensee.

The foregoing description of the Summit agreement is a summary only and is qualified in all respects by reference to the full text of the Summit agreements.

Major Customers

During 2010, 2009, and 2008 all of our royalty revenues were generated through sales of Hextend by Hospira in the United States and by CJ in the Republic of Korea. We also earned license fees from CJ and Summit. The following table shows the relative portions of our Hextend and PentaLyte royalty and license fee revenues paid by Hospira, CJ, and Summit that were recognized during the past three fiscal years.

	% of Total Revenues for the Year Ending December 31,		
Licensee	**2010**	**2009**	**2008**
Hospira	68%	73%	81%
CJ	20%	17%	9%
Summit	12%	10%	10%

Royalty Revenues and License Fees by Geographic Area

The principal source of revenues have been from royalties from the sale of our product. During the past three years, we received $945,461, $1,079,950 and $1,289,290 in royalty payments from Hospira and CJ from the sale of Hextend. The following table shows the source of our 2010, 2009, and 2008 royalty and license fee revenues by geographic areas, based on the country of domicile of the licensee:

	Revenues for Year Ending December 31,		
Geographic Area	**2010**	**2009**	**2008**
Domestic	$ 839,740	$ 996,681	$ 1,203,453
Asia	398,625	376,102	277,999
Total Revenues	$ 1,238,365	$ 1,372,783	$ 1,481,452

Manufacturing

Hospira manufactures Hextend for use in the North American market, and CJ manufactures Hextend for use in South Korea. Hospira and CJ have the facilities to manufacture Hextend and other BioTime products in commercial quantities. If Hospira and CJ choose not to manufacture and market other BioTime products, other manufacturers will have to be identified that would be willing to manufacture products for us or any licensee of our products.

Facilities Required—Plasma Volume Expanders

Any products that are used in clinical trials for regulatory approval in the United States or abroad, or that are approved by the FDA or foreign regulatory authorities for marketing have to be manufactured according to GMP at a facility that has passed regulatory inspection. In addition, products that are approved for sale will have to be manufactured in commercial quantities, and with sufficient stability to withstand the distribution process, and in compliance with such domestic and foreign regulatory requirements as may be applicable. The active ingredients and component parts of the products must be of medical grade or themselves be manufactured according to FDA-acceptable "good manufacturing practices."

We do not have facilities to manufacture our plasma volume expander products in commercial quantities, or under GMP. Acquiring a manufacturing facility would involve significant expenditure of time and money for design and construction of the facility, purchasing equipment, hiring and training a production staff, purchasing raw material, and attaining an efficient level of production. Although we have not determined the cost of constructing production facilities that meet FDA requirements, we expect that the cost would be substantial, and that we would need to raise additional capital in the future for that purpose. To avoid the incurrence of those expenses and delays, we are relying on Hospira and CJ for the production of Hextend, but there can be no assurance that satisfactory arrangements will be made for any new products that we may develop.

Facilities Required—Stem Cell Products

We lease a 17,000 square-foot tissue culture facility in Alameda, California. The facility is GMP-capable and has previously been certified as Class 1000 and Class 10,000 laboratory space, and includes cell culture and manufacturing equipment previously validated for use in GMP manufacture of cell-based products. Our subsidiaries ESI, OncoCyte, OrthoCyte, and ReCyte Therapeutics will also conduct their research and development activities at this facility.

ESI leases approximately 1,290 square feet of laboratory space and 590 square feet of office space in the Biopolis, a research and development park in Singapore devoted to the biomedical sciences. We will use this facility as a manufacturing and shipping point for sales in parts of Asia.

Cell Cure Neurosciences leases approximately 290 square feet of office and laboratory space located at Hadasa Ein Carem, in Jerusalem, Israel. Most of Cell Cure Neurosciences' research and development work is conducted by Hadasit at Hadassah University Hospital under contractual arrangements.

Raw Materials

Although most ingredients in the products we are developing are readily obtainable from multiple sources, we know of only a few manufacturers of the hydroxyethyl starches that serve as the primary drug substance in Hextend and PentaLyte. Hospira and CJ presently have a source of supply of the hydroxyethyl starch used in Hextend and PentaLyte and have agreed to maintain a supply sufficient to meet market demand for Hextend in the countries in which they market the product. We believe that we will be able to obtain a sufficient supply of starch for our needs in the foreseeable future, although we do not have supply agreements in place. If for any reason a sufficient supply of hydroxyethyl starch could not be obtained, we or a licensee would have to acquire a manufacturing facility and the technology to produce the hydroxyethyl starch according to good manufacturing practices. We would have to raise additional capital to participate in the development and acquisition of the necessary production technology and facilities, which may not be feasible. The use of a different hydroxyethyl starch could require us or a licensee to conduct additional clinical trials for FDA or foreign regulatory approval to market Hextend with the new starch.

If arrangements cannot be made for a source of supply of hydroxyethyl starch, we would have to reformulate our solutions to use one or more other starches that are more readily available. In order to reformulate our products, we would have to perform new laboratory and clinical testing to determine whether the alternative starches could be used in a safe and effective synthetic plasma volume expander, low-temperature blood substitute, or organ preservation solution. We or our licensees would also have to obtain new regulatory approvals from the FDA and foreign regulatory agencies to market the reformulated product. If needed, such testing and regulatory approvals would require the incurrence of substantial cost and delay, and there is no certainty that any such testing would demonstrate that an alternative ingredient, even if chemically similar to the one currently used, would be safe or effective.

Marketing

Stem Cell Research Products

Our products for use in stem cell research are being offered to researchers at universities and other institutions, at companies in the bioscience and biopharmaceutical industries, and at other companies that provide research products to companies in those industries. By initially focusing our resources on products and technologies that will be used by researchers and drug developers at larger institutions and corporations, we believe that we will be able to commercialize products more quickly, and with less capital, than would be possible were we to develop therapeutic products ourselves.

On July 7, 2009, ReCyte Therapeutics entered into an agreement under which Millipore Corporation became a worldwide distributor of our ACTCellerate™ human progenitor cell lines. The Millipore agreement will be assigned to us by ReCyte Therapeutics during 2011 in connection with Embryome Sciences' change of its name to ReCyte Therapeutics and the change of its business focus to the development of therapeutic products and iPS cell banking. Millipore's initial offering of our research products began during January 2010, with six novel progenitor cell lines and related growth media, which are being marketed and distributed on a worldwide basis. We anticipate that we will jointly launch with Millipore, within the coming 12 months, an additional 29 cell lines and associated ESpan™ growth media for the *in vitro* propagation of each progenitor cell line.

Millipore is our exclusive third-party distributor of the products covered by the agreement, although we retain the right to sell the products to our own customers, and we are presently marketing products online at *Embryome.com.* Our research products are also being offered in the People's Republic of China and other countries in Asia through BioTime Asia. We will provide the products to Millipore on consignment and will be paid on a quarterly basis for products sold. We will receive additional annual payments from Millipore based on a percentage of annual sales, if annual sales exceed certain milestone amounts.

The Millipore agreement will have a term of five years, subject to annual renewal if the parties so elect, and subject to Millipore's right to terminate the agreement at any time upon 60-day notice. Either party may also terminate the agreement in the case of an uncured breach or default by the other party.

The market for our stem cell products may be impacted by the amount of government funding available for research in the development of stem cell therapies.

Plasma Volume Expanders

Hextend is being distributed in the United States by Hospira and in South Korea by CJ under exclusive licenses from us. Hospira also has the right to obtain licenses to manufacture and sell other BioTime products. We have granted CJ the right to market PentaLyte in South Korea, and we have licensed to Summit the right to market Hextend and PentaLyte in Japan, China, and Taiwan, but our licensees will have to first obtain the foreign regulatory approvals required to sell our product in those countries.

Because Hextend is a surgical product, sales efforts must be directed to physicians and hospitals. The Hextend marketing strategy is designed to reach its target customer base through sales calls, through an advertising campaign focused on the use of a plasma-like substance to replace lost blood volume, and on the ability of Hextend to support vital physiological processes.

Hextend competes with other products used to treat or prevent hypovolemia, including albumin, generic 6% hetastarch solutions, and crystalloid solutions. The competing products have been commonly used in surgery and trauma care for many years, and in order to sell Hextend, physicians must be convinced to change their product loyalties. Although albumin is expensive, crystalloid solutions and generic 6% hetastarch solutions sell at low prices. In order to compete with other products, particularly those that sell at lower prices, Hextend will have to be recognized as providing medically significant advantages.

The FDA has required the manufacturers of 6% hetastarch in saline solutions to change their product labeling by adding a warning stating that those products are not recommended for use as a cardiac bypass prime solution, or while the patient is on cardiopulmonary bypass, or in the immediate period after the pump has been disconnected. We have not been required to add that warning to the labeling of Hextend. An article discussing this issue entitled “6% Hetastarch in Saline Linked to Excessive Bleeding in Bypass Surgery” appeared in the December 2002 edition of *Anesthesiology News*. We understand that a number of hospitals have switched from 6% hetastarch in saline to Hextend due to these concerns.

As part of the marketing program, a number of studies have been conducted that show the advantages of receiving Hextend and other BioTime products during surgery. As these studies are completed, the results are presented at medical conferences and articles are written for publication in medical journals. We are also aware of independent studies using Hextend that are being conducted by physicians and hospitals who may publish their findings in medical journals or report their findings at medical conferences. For example, a recent independent study in hemodynamically unstable trauma patients conducted at the University of Miami Ryder Trauma Center reported that initial resuscitation with Hextend was associated with no obvious coagulopathy and reduced mortality compared to fluid resuscitation without Hextend. The outcome of future medical studies and timing of the publication or presentation of the results could have an effect on Hextend sales.

Patents and Trade Secrets

Patents Used in Our Plasma Volume Expander Business

We currently hold 26 issued United States patents with composition and methods-of-use claims covering our proprietary solutions, including Hextend and PentaLyte. The most recent U.S. patents were issued during March 2009. Some of our allowed claims in the United States, which include the composition and methods-of-use of Hextend and PentaLyte, are expected to remain in force until 2014 in the case of the composition patents, and 2019 in the case of the methods-of-use patents. Patents covering certain proprietary solutions have also been issued in several countries of the European Union, Australia, Israel, Russia, South Africa, South Korea, Japan, China, Hong Kong, Taiwan, and Singapore, and we have filed patent applications in other foreign countries for certain products, including Hextend, HetaCool, and PentaLyte. Certain device patents describing our hyperbaric (high-pressure oxygen) chamber and our proprietary microcannula (a surgical tool) have also been issued in the United States and overseas. Both devices have possible indications in clinical medicine, although thus far they have only been used in research. There is no assurance that any additional patents will be issued. Furthermore, the enforcement of patent rights often requires litigation against third party infringers, and such litigation can be costly to pursue.

Patents Used in Our Regenerative Medicine and Stem Cell Business

In addition to patenting our own technology and that of our subsidiaries, we and our subsidiaries have licensed patents and patent applications for certain stem cell technology, hEPC lines, and hES cell lines from other companies. See “Licensed Stem Cell Technologies and Stem Cell Product Development Agreements.”

In Europe, the European Patent Convention prohibits the granting of European patents for inventions that concern "uses of human embryos for industrial or commercial purposes." The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to hES cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, we do not yet know whether or to what extent we will be able to obtain patent protection for our hES cell technologies in Europe.

General Risks Related to Obtaining and Enforcing Patent Protection

There is a risk that any patent applications that we file and any patents that we hold or later obtain could be challenged by third parties and be declared invalid or infringing on third party claims. A patent interference proceeding may be instituted with the U.S. Patent and Trademark Office ("PTO") when more than one person files a patent application covering the same technology, or if someone wishes to challenge the validity of an issued patent. At the completion of the interference proceeding, the PTO will determine which competing applicant is entitled to the patent, or whether an issued patent is valid. Patent interference proceedings are complex, highly contested legal proceedings, and the PTO's decision is subject to appeal. This means that if an interference proceeding arises with respect to any of our patent applications, we may experience significant expenses and delay in obtaining a patent, and if the outcome of the proceeding is unfavorable to us, the patent could be issued to a competitor rather than to us. In addition to interference proceedings, the PTO can re-examine issued patents at the request of a third party seeking to have the patent invalidated. This means that patents owned or licensed by us may be subject to re-examination and may be lost if the outcome of the re-examination is unfavorable to us.

Oppositions to the issuance of patents may be filed under European patent law and the patent laws of certain other countries. As with the U.S. PTO interference proceedings, these foreign proceedings can be very expensive to contest and can result in significant delays in obtaining a patent or can result in a denial of a patent application.

The enforcement of patent rights often requires litigation against third-party infringers, and such litigation can be costly to pursue. Even if we succeed in having new patents issued or in defending any challenge to issued patents, there is no assurance that our patents will be comprehensive enough to provide us with meaningful patent protection against our competitors.

In addition to relying on patents, we rely on trade secrets, know-how, and continuing technological advancement to maintain our competitive position. We have entered into intellectual property, invention, and non-disclosure agreements with our employees, and it is our practice to enter into confidentiality agreements with our consultants. There can be no assurance, however, that these measures will prevent the unauthorized disclosure or use of our trade secrets and know-how, or that others may not independently develop similar trade secrets and know-how or obtain access to our trade secrets, know-how, or proprietary technology.

Competition

We and our subsidiaries face substantial competition in both our blood plasma expander business and our regenerative medicine and stem cell business. That competition is likely to intensify as new products and technologies reach the market. Superior new products are likely to sell for higher prices and generate higher profit margins once acceptance by the medical community is achieved. Those companies that are successful at being the first to introduce new products and technologies to the market may gain significant economic advantages over their competitors in the establishment of a customer base and track record for the performance of their products and technologies. Such companies will also benefit from revenues from sales that could be used to strengthen their research and development, production, and marketing resources. All companies engaged in the medical products industry face the risk of obsolescence of their products and technologies as more advanced or cost-effective products and technologies are developed by their competitors. As the industry matures, companies will compete based upon the performance and cost-effectiveness of their products.

Plasma Volume Expanders

Our plasma volume expander solutions will compete with products currently used to treat or prevent hypovolemia, including albumin, other colloid solutions, and crystalloid solutions presently manufactured by established pharmaceutical companies, and with human blood products. Some of these products–crystalloid solutions in particular–are commonly used in surgery and trauma care, and they sell at low prices. In order to compete with other products, particularly those that sell at lower prices, our products will have to be recognized as providing medically significant advantages. Like Hextend, the competing products are being manufactured and marketed by established pharmaceutical companies with large research facilities, technical staffs, and financial and marketing resources. B.Braun presently markets Hespan, an artificial plasma volume expander containing 6% hetastarch in saline solution. Hospira and Baxter International manufacture and sell a generic equivalent of Hespan. As a result of the introduction of generic plasma expanders and new proprietary products, competition in the plasma expander market has intensified, and wholesale prices have declined. Hospira, which markets Hextend in the United States, is also the leading seller of generic 6% hetastarch in saline solution, and recently obtained the right to sell Voluven®, a plasma volume expander containing a 6% low molecular weight hydroxyethyl starch in saline solution. Sanofi-Aventis, Baxter International, and Alpha Therapeutics sell albumin, and Hospira, Baxter International, and B.Braun sell crystalloid solutions.

To compete with new and existing plasma expanders, we have developed products that contain constituents that may prevent or reduce the physiological imbalances, bleeding, fluid overload, edema, poor oxygenation, and organ failure that can occur when competing products are used. To compete with existing organ preservation solutions, we have developed solutions that can be used to preserve all organs simultaneously and for long periods of time.

A number of other companies are known to be developing hemoglobin and synthetic red blood cell substitutes and technologies. Our products have been developed for use either before red blood cells are needed or in conjunction with the use of red blood cells. In contrast, hemoglobin and other red blood cell-substitute products are designed to remedy hypoxia and similar conditions that may result from the loss of oxygen-carrying red blood cells. Those products would not necessarily compete with our products, unless oxygenating molecules were included in solutions that could replace fluid volume and prevent or reduce the physiological imbalances as effectively as can be achieved with our products. Generally, red blood cell substitutes are more expensive to produce and potentially more toxic than Hextend and PentaLyte.

Products for Stem Cell Research

The stem cell industry is characterized by rapidly evolving technology and intense competition. Our competitors include major multinational pharmaceutical companies, specialty biotechnology companies, and chemical and medical products companies operating in the fields of regenerative medicine, cell therapy, tissue engineering, and tissue regeneration. Many of these companies are well established and possess technical, research and development, financial, and sales and marketing resources significantly greater than ours. In addition, certain smaller biotech companies have formed strategic collaborations, partnerships, and other types of joint ventures with larger, well-established industry competitors that afford the smaller companies' potential research and development as well as commercialization advantages. Academic institutions, governmental agencies, and other public and private research organizations are also conducting and financing research activities, which may produce products directly competitive to those we are developing.

We believe that some of our competitors are trying to develop hES cell-, iPS cell-, and hEPC-based technologies and products that may compete with our potential stem cell products based on efficacy, safety, cost, and intellectual property positions. We are aware that ACT has obtained approval from the FDA to commence clinical trials of a hES cell product designed to treat age-related macular degeneration. If the ACT product is proven to be safe and effective, it may reach the market ahead of Cell Cure Neuroscience's OpRegen, which is not yet in clinical trials. We are also aware that Geron Corp. is working on stem cell-derived treatments for cancer and cartilage repair and its intended products may be in more advanced stages of development than ours.

We may also face competition from companies that have filed patent applications relating to the cloning or differentiation of stem cells. Such companies include ACT, which has had claims allowed on a patent for RPE. We may be required to seek licenses from these competitors in order to commercialize certain products proposed by us, and such licenses may not be granted.

Government Regulation

FDA and Foreign Regulation

The FDA and foreign regulatory authorities will regulate our proposed products as drugs, biologicals, or medical devices, depending upon such factors as the use to which the product will be put, the chemical composition, and the interaction of the product with the human body. In the United States, products, such as plasma volume expanders that are intended to be introduced into the body will be regulated as drugs, while tissues and cells intended for transplant into the human body will be regulated as biologicals, and both plasma volume expanders and tissue and cell therapeutic products will be reviewed by the FDA staff responsible for evaluating biologicals.

Our domestic human drug and biological products will be subject to rigorous FDA review and approval procedures. After testing in animals, an Investigational New Drug Application ("IND") must be filed with the FDA to obtain authorization for human testing. Extensive clinical testing, which is generally done in three phases, must then be undertaken at a hospital or medical center to demonstrate optimal use, safety, and efficacy of each product in humans. Each clinical study is conducted under the auspices of an independent Institutional Review Board ("IRB"). The IRB will consider, among other things, ethical factors, the safety of human subjects, and the possible liability of the institution. The time and expense required to perform this clinical testing can far exceed the time and expense of the research and development initially required to create the product. No action can be taken to market any therapeutic product in the United States until an appropriate New Drug Application ("NDA") has been approved by the FDA. FDA regulations also restrict the export of therapeutic products for clinical use prior to NDA approval.

Even after initial FDA approval has been obtained, further studies may be required to provide additional data on safety or to gain approval for the use of a product as a treatment for clinical indications other than those initially targeted. In addition, use of these products during testing and after marketing could reveal side effects that could delay, impede, or prevent FDA marketing approval, resulting in FDA-ordered product recall, or in FDA-imposed limitations on permissible uses.

Obtaining regulatory approval of HyStem-Rx or a similar implantable matrix for tissue transplant or stem cell therapy will require the preparation of a Device Master File containing details on the basic chemistry of the product manufacturing and production methods, analytical controls to assure that the product meets its release specification, and data from analytical assay and process validations, ISO 10993 biocompatibility testing, and if stem cell line cultures involved, safety and toxicology investigations of those cultures. Preparation of a Device Master File and completion of ISO biocompatibility testing represents a majority of the expenses associated with the regulatory application process in Europe. Clinical trials may also be required on pre-approval or post-approval basis in Europe. The procedures for obtaining FDA approval for sale in the United States are likely to be stringent, and the cost greater, than would be the case in an application for approval in Europe.

The FDA and comparable foreign regulatory agencies regulate the manufacturing process of pharmaceutical products, medical devices, and human tissue and cell products, requiring that they be produced in compliance with GMP (see "Manufacturing"). The regulatory agencies also regulate the content of advertisements used to market pharmaceutical products and medical devices. Generally, claims made in advertisements concerning the safety and efficacy of a product, or any advantages of a product over another product, must be supported by clinical data filed as part of an NDA or an amendment to an NDA, and statements regarding the use of a product must be consistent with the approved labeling and dosage information for that product.

Sales of pharmaceutical products outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Even if FDA approval has been obtained, approval of a product by comparable regulatory authorities of foreign countries must be obtained prior to the commencement of marketing the product in those countries. The time required to obtain such approval may be longer or shorter than that required for FDA approval.

The United States government and its agencies have until recently refused to fund research which involves the use of human embryonic tissue. President Bush issued Executive Orders on August 9, 2001 and June 20, 2007 that permitted federal funding of research on hES cells using only the limited number of hES cell lines that had already been created as of August 9, 2001. On March 9, 2009, President Obama issued an Executive Order rescinding President Bush's August 9, 2001 and June 20, 2007 Executive Orders. President Obama's Executive Order also instructed the National Institutes of Health to review existing guidance on human stem cell research and to issue new guidance on the use of hES cells in federally funded research, consistent with President's new Executive Order and existing law. The U.S. National Institutes of Health ("NIH") has adopted new guidelines that went into effect July 7, 2009. The central focus of the new guidelines is to assure that hES cells used in federally funded research were derived from human embryos that were created for reproductive purposes, were no longer needed for this purpose, and were voluntarily donated for research purposes with the informed written consent of the donors. Those hES cells that were derived from embryos created for research purposes rather than reproductive purposes, and other hES cells that were not derived in compliance with the guidelines, are not eligible for use in federally funded research. A lawsuit, *Sherley v. Sebelius*, is now pending challenging the legality of the new NIH guidelines. In that litigation, a United States District Court issued a temporary injunction against the implementation of the new NIH guidelines, but the District Court's ruling has been stayed during the pendency of an appeal. The ultimate resolution of that lawsuit could determine whether the federal government may fund research using hES cells, unless new legislation is passed expressly permitting or prohibiting such funding.

In addition to President Obama's Executive Order, a bipartisan bill has been introduced in the United States Senate that would allow Federal funding of hES research. The Senate bill is identical to one that was previously approved by both Houses of Congress but vetoed by President Bush. The Senate Bill provides that hES cells will be eligible for use in research conducted or supported by federal funding if the cells meet each of the following guidelines: (1) the stem cells were derived from human embryos that have been donated from *in vitro* fertilization clinics, were created for the purposes of fertility treatment, and were in excess of the clinical need of the individuals seeking such treatment; (2) prior to the consideration of embryo donation and through consultation with the individuals seeking fertility treatment, it was determined that the embryos would never be implanted in a woman and would otherwise be discarded, and (3) the individuals seeking fertility treatment donated the embryos with written informed consent and without receiving any financial or other inducements to make the donation. The Senate Bill authorizes the NIH to adopt further guidelines consistent with the legislation.

California State Regulations

The state of California has adopted legislation and regulations that require institutions that conduct stem cell research to notify, and in certain cases obtain approval from, a Stem Cell Research Oversight Committee ("SCRO Committee") before conducting the research. Advance notice, but not approval by the SCRO Committee, is required in the case of *in vitro* research that does not derive new stem cell lines. Research that derives new stem cell lines, or that involves fertilized human oocytes or blastocysts, or that involves clinical trials or the introduction of stem cells into humans, or that involves introducing stem cells into animals, requires advanced approval by the SCRO Committee. Clinical trials may also entail approvals from an institutional review board ("IRB") at the medical center at which the study is conducted, and animal studies may require approval by an Institutional Animal Care and Use Committee.

All human pluripotent stem cell lines that will be used in our research must be acceptably derived. To be acceptably derived, the pluripotent stem cell line must have either:

- Been listed on the National Institutes of Health Human Embryonic Stem Cell Registry, or
- Been deposited in the United Kingdom Stem Cell Bank, or
- Been derived by, or approved for use by, a licensee of the United Kingdom Human Fertilisation and Embryology Authority, or
- Been derived in accordance with the Canadian Institutes of Health Research Guidelines for Human Stem Cell Research under an application approved by the National Stem Cell Oversight Committee, or
- Been derived under the following conditions:

  (a) Donors of gametes, embryos, somatic cells, or human tissue gave voluntary and informed consent.

  (b) Donors of gametes, embryos, somatic cells, or human tissue did not receive valuable consideration. This provision does not prohibit reimbursement for permissible expenses as determined by an IRB.

  (c) A person may not knowingly, for valuable consideration, purchase or sell gametes, embryos, somatic cells, or human tissue for research purposes. This provision does not prohibit reimbursement for permissible expenditures as determined by an IRB or SCRO Committee. "Permissible expenditures" means necessary and reasonable costs directly incurred as a result of persons, not including human subjects or donors, providing gametes, embryos, somatic cells, or human tissue for research purposes. Permissible expenditures may include but are not limited to costs associated with processing, quality control, storage, or transportation of materials.

(d) Donation of gametes, embryos, somatic cells, or human tissue was overseen by an IRB (or, in the case of foreign sources, an IRB equivalent).

(e) Individuals who consented to donate stored gametes, embryos, somatic cells, or human tissue were not reimbursed for the cost of storage prior to the decision to donate.

California regulations also require that certain records be maintained with respect to stem cell research and the materials used, including:

- A registry of all human stem cell research conducted, and the source(s) of funding for this research.
- A registry of human pluripotent stem cell lines derived or imported, to include, but not necessarily limited to:

(a) The methods utilized to characterize and screen the materials for safety;

(b) The conditions under which the materials have been maintained and stored;

(c) A record of every gamete donation, somatic cell donation, embryo donation, or product of somatic cell nuclear transfer that has been donated, created, or used;

(d) A record of each review and approval conducted by the SCRO Committee.

California Proposition 71

During November 2004, California State Proposition 71 (“Prop. 71”), the California Stem Cell Research and Cures Initiative, was adopted by state-wide referendum. Prop. 71 provides for a state-sponsored program designed to encourage stem cell research in the State of California, and to finance such research with State funds totaling approximately $295 million annually for 10 years beginning in 2005. This initiative created CIRM, which will provide grants, primarily but not exclusively, to academic institutions to advance both hES cell research and adult stem cell research. During April 2009, we were awarded a $4,721,706 research grant from CIRM. We believe that Prop. 71 funding for research in the use of hES cells for various diseases and conditions will contribute to the demand for stem cell research products.

Employees

As of December 31, 2010, we employed thirty-one persons on a full-time basis and five persons on a part-time basis. Twelve full-time employees, including one employed by ESI and two by Cell Cure Neurosciences, hold Ph.D. Degrees in one or more fields of science.

Item 1A. Risk Factors

Our business is subject to various risks, including those described below. You should consider the following risk factors, together with all of the other information included in this report, which could materially adversely affect our proposed operations, our business prospects, and financial condition, and the value of an investment in our business. There may be other factors that are not mentioned here or of which we are not presently aware that could also affect our business operations and prospects.

Risks Related to Our Business Operations

We have incurred operating losses since inception and we do not know if we will attain profitability

Our net losses for the fiscal years ended December 31, 2010, 2009 and 2008 were $10,103,872, $5,144,499, and $3,780,895, respectively, and we had an accumulated deficit of $64,011,947, $52,769,891, and $47,625,392 as of December 31, 2010, 2009, and 2008, respectively. Since inception, we have primarily financed our operations through the sale of equity securities, licensing fees, royalties on product sales by our licensees, and borrowings. Also, we have recently been awarded a research grant from the California Institute of Regenerative Medicine for a particular project. Ultimately, our ability to generate sufficient operating revenue to earn a profit depends upon our success in developing and marketing or licensing our products and technology.

We will spend a substantial amount of our capital on research and development but we might not succeed in developing products and technologies that are useful in medicine

- We are attempting to develop new medical products and technologies.
- Many of our experimental products and technologies have not been applied in human medicine and have only been used in laboratory studies *in vitro* or in animals. These new products and technologies might not prove to be safe and efficacious in the human medical applications for which they were developed.
- The experimentation we are doing is costly, time consuming, and uncertain as to its results. We incurred research and development expenses amounting to $7,892,024, $2,968,987, and $1,725,187 during the fiscal years ended December 31, 2010, 2009 and 2008, respectively.
- If we are successful in developing a new technology or product, refinement of the new technology or product and definition of the practical applications and limitations of the technology or product may take years and require the expenditure of large sums of money.

- Future clinical trials of new therapeutic products will be very expensive and will take years to complete. We may not have the financial resources to fund clinical trials on our own and we may have to enter into licensing or collaborative arrangements with larger, well-capitalized pharmaceutical companies in order to bear the cost. Any such arrangements may be dilutive to our ownership or economic interest in the products we develop, and we might have to accept a royalty payment on the sale of the product rather than receiving the gross revenues from product sales.

Our success depends in part on the uncertain growth of the stem cell industry, which is still in its infancy

- The success of our business of selling products for use in stem cell research depends on the growth of stem cell research, without which there may be no market or only a very small market for our products and technology. The likelihood that stem cell research will grow depends upon the successful development of stem cell products that can be used to treat disease or injuries in people or that can be used to facilitate the development of other pharmaceutical products. The growth in stem cell research also depends upon the availability of funding through private investment and government research grants.

- There can be no assurance that any safe and efficacious human medical applications will be developed using stem cells or related technology.

- Government-imposed restrictions and religious, moral, and ethical concerns with respect to use of embryos or human embryonic stem cells in research and development could have a material adverse effect on the growth of the stem cell industry, even if research proves that useful medical products can be developed using human embryonic stem cells.

Sales of our products to date have not been sufficient to generate an amount of revenue sufficient to cover our operating expenses

- Hextend is presently the only plasma expander product that we have on the market, and it is being sold only in the United States and South Korea. The royalty revenues that we have received from sales of Hextend have not been sufficient to pay our operating expenses. This means that we need to successfully develop and market or license additional products and earn additional revenues in sufficient amounts to meet our operating expenses.

- We will receive additional license fees and royalties if our licensees are successful in marketing Hextend and PentaLyte in Japan, Taiwan, and China, but they have not yet obtained the regulatory approvals required to begin selling those products.

- We are also beginning to bring our first stem cell research products to the market, but there is no assurance that we will succeed in generating significant revenues from the sale of those products.

Sales of our plasma volume expander products may be adversely impacted by the availability of competing products

- Hextend and our other plasma expander products will compete with other products that are commonly used in surgery and trauma care and sell at lower prices.

- In order to compete with other products, particularly those that sell at lower prices, our products will have to provide medically significant advantages.

- Physicians and hospitals may be reluctant to try a new product due to the high degree of risk associated with the application of new technologies and products in the field of human medicine.

- Competing products are being manufactured and marketed by established pharmaceutical companies. For example, B. Braun/McGaw presently markets Hespan, an artificial plasma volume expander, and Hospira and Baxter International, Inc. manufacture and sell a generic equivalent of Hespan.

- There also is a risk that our competitors may succeed at developing safer or more effective products that could render our products and technologies obsolete or noncompetitive.

We might need to issue additional equity or debt securities in order to raise additional capital needed to pay our operating expenses

- We plan to continue to incur substantial research and product development expenses, largely through our subsidiaries, and we and our subsidiaries will need to raise additional capital to pay operating expenses until we are able to generate sufficient revenues from product sales, royalties, and license fees.

- It is likely that additional sales of equity or debt securities will be required to meet our short-term capital needs, unless we receive substantial revenues from the sale of our new products or we are successful at licensing or sublicensing the technology that we develop or acquire from others and we receive substantial licensing fees and royalties.

- Sales of additional equity securities by us or our subsidiaries could result in the dilution of the interests of present shareholders.

The amount and pace of research and development work that we and our subsidiaries can do or sponsor, and our ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of our pharmaceutical products, depends upon the amount of money we have

- At December 31, 2010, we had $33,324,924 of cash and cash equivalents on hand. There can be no assurance that we or our subsidiaries will be able to raise additional funds on favorable terms or at all, or that any funds raised will be sufficient to permit us or our subsidiaries to develop and market our products and technology. Unless we and our subsidiaries are able to generate sufficient revenue or raise additional funds when needed, it is likely that we will be unable to continue our planned activities, even if we make progress in our research and development projects.

- We have already curtailed the pace and scope of our plasma volume expander development efforts due to the limited amount of funds available, and we may have to postpone other laboratory research and development work unless our cash resources increase through a growth in revenues or additional equity investment or borrowing.

Our business could be adversely affected if we lose the services of the key personnel upon whom we depend

Our stem cell research program is directed primarily by our Chief Executive Officer, Dr. Michael West. The loss of Dr. West's services could have a material adverse effect on us.

Risks Related to Our Industry

We will face certain risks arising from regulatory, legal, and economic factors that affect our business and the business of other pharmaceutical development companies. Because we are a small company with limited revenues and limited capital resources, we may be less able to bear the financial impact of these risks than is the case with larger companies possessing substantial income and available capital.

If we do not receive FDA and other regulatory approvals we will not be permitted to sell our pharmaceutical products

The pharmaceutical products that we and our subsidiaries develop cannot be sold until the FDA and corresponding foreign regulatory authorities approve the products for medical use. The need to obtain regulatory approval to market a new product means that:

- We will have to conduct expensive and time-consuming clinical trials of new products. The full cost of conducting and completing clinical trials necessary to obtain FDA approval of a new product cannot be presently determined, but could exceed our current financial resources.

- We will incur the expense and delay inherent in seeking FDA and foreign regulatory approval of new products, even if the results of clinical trials are favorable. For example, 12 months elapsed between the date we filed our application to market Hextend in the United States and the date on which our application was approved. Approximately 36 months elapsed between the date we filed our application for approval to market Hextend in Canada, and the date on which our application was approved, even though we did not have to conduct any additional clinical trials.

- Data obtained from preclinical and clinical studies is susceptible to varying interpretations that could delay, limit, or prevent regulatory agency approvals. Delays in the regulatory approval process or rejections of NDAs may be encountered as a result of changes in regulatory agency policy.

- Because the therapeutic products we are developing with hES and iPS technology involve the application of new technologies and approaches to medicine, the FDA or foreign regulatory agencies may subject those products to additional or more stringent review than drugs or biologicals derived from other technologies.

- A product that is approved may be subject to restrictions on use.

- The FDA can recall or withdraw approval of a product if problems arise.

- We will face similar regulatory issues in foreign countries.

Government-imposed restrictions and religious, moral, and ethical concerns about the use of hES cells could prevent us from developing and successfully marketing stem cell products

- Government-imposed restrictions with respect to the use of embryos or human embryonic stem cells in research and development could limit our ability to conduct research and develop new products.

- Government-imposed restrictions on the use of embryos or hES cells in the United States and abroad could generally constrain stem cell research, thereby limiting the market and demand for our products. During March 2009, President Obama lifted certain restrictions on federal funding of research involving the use of hES cells, and in accordance with President Obama's Executive Order, the NIH has adopted new guidelines for determining the eligibility of hES cell lines for use in federally funded research. The central focus of the proposed guidelines is to assure that hES cells used in federally funded research were derived from human embryos that were created for reproductive purposes, were no longer needed for this purpose, and were voluntarily donated for research purposes with the informed written consent of the donors. The hES cells that were derived from embryos created for research purposes rather than reproductive purposes, and other hES cells that were not derived in compliance with the guidelines, are not eligible for use in federally funded research. A lawsuit, *Sherley v. Sebelius*, is now pending, challenging the legality of the new NIH guidelines. In that litigation, a United States District Court issued a temporary injunction against the implementation of the new NIH guidelines, but the District Court's ruling has been stayed during the pendency of an appeal. The ultimate resolution of that lawsuit could determine whether the federal government may fund research using hES cells, unless new legislation is passed expressly permitting or prohibiting such funding.

- California law requires that stem cell research be conducted under the oversight of a SCRO committee. Many kinds of stem cell research, including the derivation of new hES cell lines, may only be conducted in California with the prior written approval of the SCRO. A SCRO could prohibit or impose restrictions on the research that we plan to do.

- The use of hES cells gives rise to religious, moral, and ethical issues regarding the appropriate means of obtaining the cells and the appropriate use and disposal of the cells. These considerations could lead to more restrictive government regulations or could generally constrain stem cell research, thereby limiting the market and demand for our products.

If we are unable to obtain and enforce patents and to protect our trade secrets, others could use our technology to compete with us, which could limit opportunities for us to generate revenues by licensing our technology and selling products

- Our success will depend in part on our ability to obtain and enforce patents and maintain trade secrets in the United States and in other countries. If we are unsuccessful at obtaining and enforcing patents, our competitors could use our technology and create products that compete with our products, without paying license fees or royalties to us.

- The preparation, filing, and prosecution of patent applications can be costly and time consuming. Our limited financial resources may not permit us to pursue patent protection of all of our technology and products throughout the world.

- Even if we are able to obtain issued patents covering our technology or products, we may have to incur substantial legal fees and other expenses to enforce our patent rights in order to protect our technology and products from infringing uses. We may not have the financial resources to finance the litigation required to preserve our patent and trade secret rights.

There is no certainty that our pending or future patent applications will result in the issuance of patents

- We have filed patent applications for technology that we have developed, and we have obtained licenses for a number of patent applications covering technology developed by others, that we believe will be useful in producing new products, and which we believe may be of commercial interest to other companies that may be willing to sublicense the technology for fees or royalty payments. In the future, we may also file additional new patent applications seeking patent protection for new technology or products that we develop ourselves or jointly with others. However, there is no assurance that any of our licensed patent applications, or any patent applications that we have filed or that we may file in the future covering our own technology, either in the United States or abroad, will result in the issuance of patents.

- In Europe, the European Patent Convention prohibits the granting of European patents for inventions that concern “uses of human embryos for industrial or commercial purposes.” The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to human embryonic stem cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, we do not yet know whether or to what extent we will be able to obtain patent protection for our human embryonic stem cell technologies in Europe.

The process of applying for and obtaining patents can be expensive and slow

- The preparation and filing of patent applications, and the maintenance of patents that are issued, may require substantial time and money.

- A patent interference proceeding may be instituted with the U.S. PTO when more than one person files a patent application covering the same technology, or if someone wishes to challenge the validity of an issued patent. At the completion of the interference proceeding, the PTO will determine which competing applicant is entitled to the patent, or whether an issued patent is valid. Patent interference proceedings are complex, highly contested legal proceedings, and the PTO's decision is subject to appeal. This means that if an interference proceeding arises with respect to any of our patent applications, we may experience significant expenses and delay in obtaining a patent, and if the outcome of the proceeding is unfavorable to us, the patent could be issued to a competitor rather than to us.

- Oppositions to the issuance of patents may be filed under European patent law and the patent laws of certain other countries. As with the U.S. PTO interference proceedings, these foreign proceedings can be very expensive to contest and can result in significant delays in obtaining a patent or can result in a denial of a patent application.

Our patents may not protect our products from competition

We or our subsidiaries have patents in the United States, Canada, the European Union countries, Australia, Israel, Russia, South Africa, South Korea, Japan, Hong Kong, and Singapore, and have filed patent applications in other foreign countries for our plasma volume expander products.

- We might not be able to obtain any additional patents, and any patents that we do obtain might not be comprehensive enough to provide us with meaningful patent protection.

- There will always be a risk that our competitors might be able to successfully challenge the validity or enforceability of any patent issued to us.

- In addition to interference proceedings, the U.S. PTO can re-examine issued patents at the request of a third party seeking to have the patent invalidated. This means that patents owned or licensed by us may be subject to re-examination and may be lost if the outcome of the re-examination is unfavorable to us.

We may be subject to patent infringement claims that could be costly to defend, which may limit our ability to use disputed technologies, and which could prevent us from pursuing research and development or commercialization of some of our products

The success of our business depends significantly on our ability to operate without infringing patents and other proprietary rights of others. If the technology that we use infringes a patent held by others, we could be sued for monetary damages by the patent holder or its licensee, or we could be prevented from continuing research, development, and commercialization of products that rely on that technology, unless we are able to obtain a license to use the patent. The cost and availability of a license to a patent cannot be predicted, and the likelihood of obtaining a license at an acceptable cost would be lower if the patent holder or any of its licensees is using the patent to develop or market a product with which our product would compete. If we could not obtain a necessary license, we would need to develop or obtain rights to alternative technologies, which could prove costly and could cause delays in product development, or we could be forced to discontinue the development or marketing of any products that were developed using the technology covered by the patent.

If we fail to meet our obligations under license agreements, we may lose our rights to key technologies on which our business depends

Our business depends on several critical technologies that are based in part on technology licensed from third parties. Those third-party license agreements impose obligations on us, including payment obligations and obligations to pursue development of commercial products under the licensed patents or technology. If a licensor believes that we have failed to meet our obligations under a license agreement, the licensor could seek to limit or terminate our license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation, our ability to carry out the development and commercialization of potential products, and our ability to raise any capital that we might then need, could be significantly and negatively affected. If our license rights were restricted or ultimately lost, we would not be able to continue to use the licensed technology in our business.

The price and sale of our products may be limited by health insurance coverage and government regulation

Success in selling our pharmaceutical products may depend in part on the extent to which health insurance companies, HMOs, and government health administration authorities such as Medicare and Medicaid will pay for the cost of the products and related treatment. Presently, most health insurance plans and HMOs will pay for Hextend when it is used in a surgical procedure that is covered by the plan. However, until we actually introduce a new product into the medical marketplace, we will not know with certainty whether adequate health insurance, HMO, and government coverage will be available to permit the product to be sold at a price high enough for us to generate a profit. In some foreign countries, pricing or profitability of health care products is subject to government control, which may result in low prices for our products. In the United States, there have been a number of federal and state proposals to implement similar government controls, and new proposals are likely to be made in the future.

Risks Pertaining to Our Common Shares

Ownership of our common shares will entail certain risks associated with the volatility of prices for our shares and the fact that we do not pay dividends.

Because we are engaged in the development of pharmaceutical and stem cell research products, the price of our stock may rise and fall rapidly

- The market price of our shares, like that of the shares of many biotechnology companies, has been highly volatile.
- The price of our shares may rise rapidly in response to certain events, such as the commencement of clinical trials of an experimental new drug, even though the outcome of those trials and the likelihood of ultimate FDA approval remain uncertain.
- Similarly, prices of our shares may fall rapidly in response to certain events such as unfavorable results of clinical trials or a delay or failure to obtain FDA approval.
- The failure of our earnings to meet analysts' expectations could result in a significant rapid decline in the market price of our common shares.

Current economic and stock market conditions may adversely affect the price of our common shares

The stock market has been experiencing extreme price and volume fluctuations which have affected the market price of the equity securities without regard to the operating performance of the issuing companies. Broad market fluctuations, as well as general economic and political conditions, may adversely affect the market price of the common shares.

Because we do not pay dividends, our stock may not be a suitable investment for anyone who needs to earn dividend income

We do not pay cash dividends on our common shares. For the foreseeable future, we anticipate that any earnings generated in our business will be used to finance the growth of our business and will not be paid out as dividends to our shareholders. This means that our stock may not be a suitable investment for anyone who needs to earn income from their investments.

Securities analysts may not initiate coverage or continue to cover our common shares, and this may have a negative impact on the market price of our shares

The trading market for our common shares will depend, in part, on the research and reports that securities analysts publish about our business and our common shares. We do not have any control over these analysts. There is no guarantee that securities analysts will cover our common shares. If securities analysts do not cover our common shares, the lack of research coverage may adversely affect the market price of those shares. If securities analysts do cover our shares, they could issue reports or recommendations that are unfavorable to the price of our shares, and they could downgrade a previously favorable report or recommendation, and in either case our share price could decline as a result of the report. If one or more of these analysts does not initiate coverage, ceases to cover our shares or fails to publish regular reports on our business, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

You may experience dilution of your ownership interests because of the future issuance of additional shares of common and preferred shares by us and our subsidiaries

In the future, we may issue our authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present shareholders. We are currently authorized to issue an aggregate of 76,000,000 shares of capital stock consisting of 75,000,000 common shares and 1,000,000 "blank check" preferred shares. As of March 1, 2011, there were 47,357,360 common shares outstanding; 3,320,590 common shares reserved for issuance upon the exercise of outstanding options under our employee stock option plans; and 649,000 shares reserved for issuance upon the exercise of common share purchase warrants. No preferred shares are presently outstanding.

The operation of some of our subsidiaries has been financed in part through the sale of capital stock in those subsidiaries to private investors. Sales of additional subsidiary shares could reduce our ownership interest in the subsidiaries, and correspondingly dilute our shareholder's ownership interests in our consolidated enterprise. Our subsidiaries also have their own stock option plans and the exercise of subsidiary stock options or the sale of restricted stock under those plans would also reduce our ownership interest in the subsidiaries, with a resulting dilutive effect on the ownership interest of our shareholders in our consolidated enterprise.

We and our subsidiaries may issue additional common shares or other securities that are convertible into or exercisable for common shares in order to raise additional capital, or in connection with hiring or retaining employees or consultants, or in connection with future acquisitions of licenses to technology or rights to acquire products in connection with future business acquisitions, or for other business purposes. The future issuance of any such additional common shares or other securities may create downward pressure on the trading price of our common shares.

We may also issue preferred shares having rights, preferences, and privileges senior to the rights of our common shares with respect to dividends, rights to share in distributions of our assets if we liquidate our company, or voting rights. Any preferred shares may also be convertible into common shares on terms that would be dilutive to holders of common shares. Our subsidiaries may also issue their own preferred shares with a similar dilutive impact on our ownership of the subsidiaries.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

Our offices and laboratory facilities are located at 1301 Harbor Bay Parkway, in Alameda, California, where we occupy approximately 17,000 square feet of office and research laboratory space. The facility is GMP-capable and has previously been certified as Class 1000 and Class 10,000 laboratory space, and includes cell culture and manufacturing equipment previously validated for use in GMP manufacture of cell-based products. We will use the facility for the production of hEPCs and hEPC lines, and products derived from those hEPC lines.

Base monthly rent for this facility was $23,340 during 2010, and will be $27,086 during 2011. In addition to base rent, we pay a pro rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the leased premises are located.

We also currently pay $5,050 per month for the use of approximately 900 square feet of office space in New York City, which is made available to us by one of our directors at his cost for use in conducting meetings and other business affairs.

ESI leases approximately 1,290 square feet of laboratory space and 590 square feet of office space in the Biopolis, a research and development park in Singapore devoted to the biomedical sciences. ESI paid approximately $6,200 as base monthly rent for the laboratory space and $1,450 as base monthly rent for the office space. In addition to base rent, ESI pays a pro rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the leased premises are located. Cell Cure Neurosciences leases approximately 290 square feet of office and laboratory space located at Hadasa Ein Carem, in Jerusalem, Israel. Base monthly rent for this facility is approximately $9,600. In addition to base rent, Cell Cure Neurosciences pays a pro rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the leased premises are located.

Item 3. Legal Proceedings

We are not presently involved in any material litigation or proceedings, and to our knowledge no such litigation or proceedings are contemplated.

Item 4. [Reserved]

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

BioTime common shares were traded on the American Stock Exchange from August 31, 1999 until July 14, 2005; were quoted on the OTC Bulletin Board ("OTCBB") under the symbol BTIM from July 15, 2005 until October 29, 2009; and were relisted on the NYSE Amex on October 30, 2009. On October 12, 2010, BioTime changed its ticker symbol to BTX.

The following table sets forth the range of high and low closing prices for our common shares for the fiscal years ended December 31, 2009 and 2010 based on transaction data as reported by the OTCBB and NYSE Amex:

Quarter Ended	High	Low
March 31, 2009	2.55	1.25
June 30, 2009	3.00	1.57
September 30, 2009	6.40	2.30
December 31, 2009	6.35	3.59
March 31, 2010	8.42	4.27
June 30, 2010	8.20	5.25
September 30, 2010	6.50	4.02
December 31, 2010	9.94	4.73

Over-the-counter market quotations may reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not necessarily represent actual transactions.

As of January 12, 2011, there were 13,729 holders of the common shares based on the share position listing.

The following table shows certain information concerning the options and warrants outstanding and available for issuance under all of our compensation plans and agreements as of December 31, 2010:

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options, Warrants, and Rights		Weighted Average Exercise Price of the Outstanding Options, Warrants, and Rights	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans
BioTime Equity Compensation Plans Approved by Shareholders	3,320,590	$	1.51	1,842,168
BioTime Equity Compensation Plans Not Approved by Shareholders*	249,000	$	7.46	-

*We have granted 249,000 warrants to certain consultants for providing services to us. These warrants were issued without registration under the Securities Act of 1933, as amended, in reliance upon the exemption provided by Section 4(2) thereunder.

The following table shows certain information concerning the options outstanding and available for issuance under all of the compensation plans and agreements for our subsidiary companies as of December 31, 2010:

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options, Warrants, and Rights		Weighted Average Exercise Price of the Outstanding Options, Warrants, and Rights	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans
OrthoCyte Equity Compensation Plans Approved by Shareholders**	2,300,000	$	0.08	1,700,000
OncoCyte Equity Compensation Plans Approved by Shareholders**	1,000,000	$	0.67	3,000,000
ReCyte Therapeutics Equity Compensation Plans Approved by Shareholders**	1,000,000	$	2.05	3,000,000
BioTime Asia Equity Compensation Plans Approved by Shareholders**	400	$	.01	1,200
Cell Cure Neurosciences Compensation Plans Approved by Shareholders**	23,978	$	8.58	1,860

**BioTime is the majority shareholder.

Additional information concerning our stock option plan and the stock options of our subsidiaries may be found in Note 11 to the Consolidated Financial Statements.

Dividend Policy

We have never paid cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future, but intend to retain our capital resources for reinvestment in our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements and other factors as the Board of Directors deems relevant.

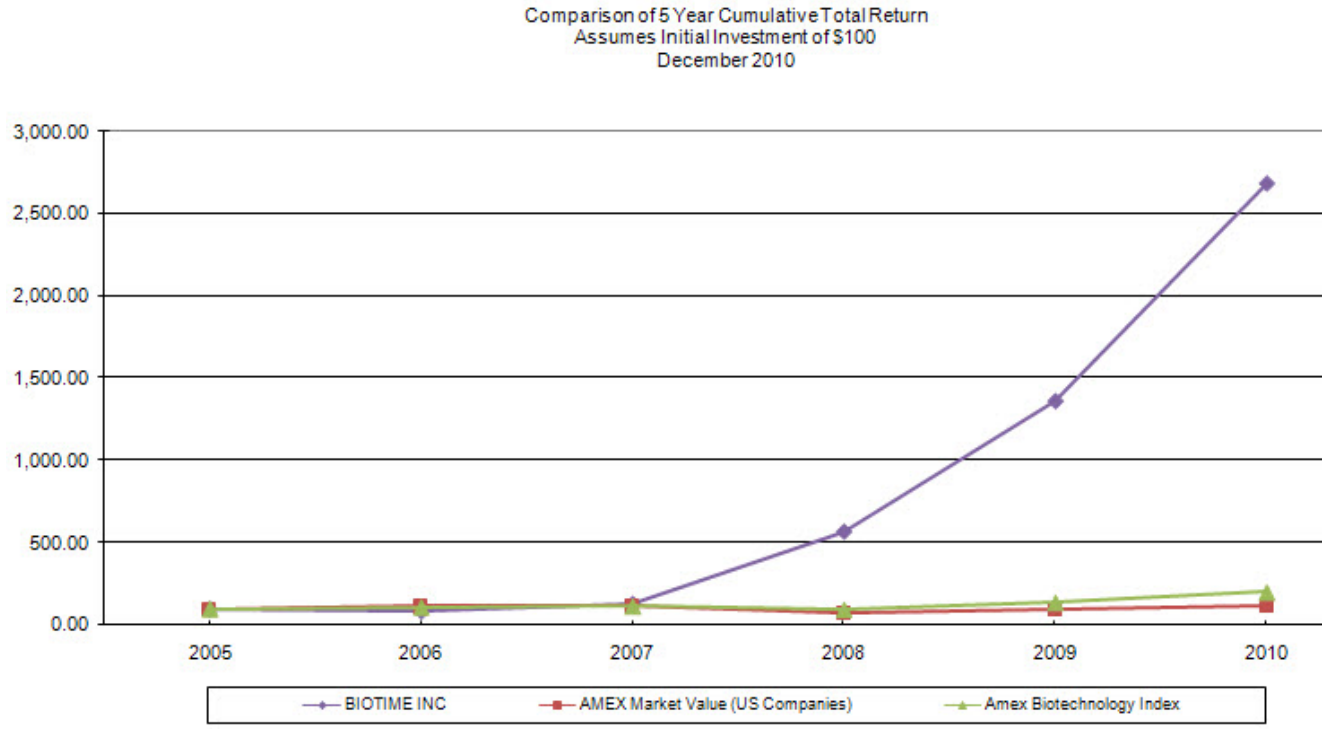
Performance Measurement Comparison (1)

The following graph compares total stockholder returns of BioTime, Inc. for the last five fiscal years beginning December 31, 2005 to two indices: the NYSE Amex Market Value – U.S. Companies (Amex Market Value) and the NYSE Amex Biotechnology Index (Amex Biotechnology Index). The total return for our stock and for each index assumes the reinvestment of dividends, although we have never declared dividends on BioTime stock, and is based on the returns of the component companies weighted according to their capitalizations as of the end of each quarterly period. The NYSE Amex Market Value tracks the aggregate price performance of equity securities of U.S. companies listed therein. The NYSE Amex Biotechnology Index represents biotechnology companies, trading on NYSE Amex under the Standard Industrial Classification (SIC) Code Nos. 283 (Drugs) and 382 (Laboratory Apparatus and Analytical, Optical) main categories (2834:Pharmaceutical Preparations; 2835: Diagnostic Substances; 2836: Biological Products; 3826: Laboratory Analytical Instruments; and 3829: Measuring & Controlling Devices). BioTime common stock trades on the NYSE Amex and is a component of the NYSE Amex Market Value – US Companies.

Comparison of Five-Year Cumulative Total Return on Investment

		2005	2006	2007	2008	2009	2010
BioTime, Inc.	Return %		-14.51	54.74	331.63	138.98	96.93
	Cum $	100.00	85.49	132.29	571.01	1,364.60	2,687.29
AMEX Market Value (US Companies)	Return %		16.12	3.62	-36.25	22.31	26.85
	Cum $	100.00	116.12	120.33	76.71	93.82	119.01
Amex Biotechnology Index	Return %		10.76	4.26	-17.71	45.56	45.23
	Cum $	100.00	110.76	115.48	95.03	138.32	200.89

BioTime, Inc., the Amex Market Value and Amex Biotechnology Index (2)



(1) This Section is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of BioTime under the Securities Act of 1933, or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

(2) Shows the cumulative total return on investment assuming an investment of $100 in each of BioTime, Inc., the Amex Market Value and Amex Biotechnology Index on December 31, 2005. The cumulative total return on BioTime stock has been computed based on a price of $0.31 per share, the price at which BioTime's shares closed on December 30, 2005.

Item 6. Selected Financial Data

	Year Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
Consolidated Statements of Operations Data:					
REVENUES:					
License fees	$ 292,904	$ 292,832	$ 277,999	$ 255,549	$ 172,371
Royalty from product sales	945,461	1,079,951	1,203,453	776,679	933,478
Grant income	2,336,325	546,795	-	13,893	56,166
Sales of research products	105,610	5,590	22,340	-	-
Total revenues	3,680,300	1,925,168	1,503,792	1,046,121	1,162,015
EXPENSES:					
Research and development	(7,892,024)	(2,968,987)	(1,725,187)	(967,864)	(1,422,257)
General and administrative	(5,640,409)	(2,476,447)	(2,601,237)	(1,300,630)	(1,491,622)
Total expenses	(13,532,433)	(5,445,434)	(4,326,424)	(2,268,494)	(2,913,879)
Loss from operations	(9,852,133)	(3,520,266)	(2,822,632)	(1,222,373)	(1,751,864)
OTHER INCOME (EXPENSES):					
Interest expense	(124,300)	(1,653,755)	(965,781)	(232,779)	(156,535)
Modification cost of warrants	(2,142,201)	-	-	-	-
Other (expense)/income, net	(68,573)	30,112	7,518	16,926	43,778
Total other expenses, net	(2,335,074)	(1,623,643)	(958,263)	(215,853)	(112,757)
NET LOSS	(12,187,207)	(5,143,909)	(3,780,895)	$ (1,438,226)	$ (1,864,621)
Net loss/(income) attributable to the noncontrolling interest	1,002,589	(590)	-	-	-
Net loss attributable to BioTime, Inc.	(11,184,618)	(5,144,499)	(3,780,895)	(1,438,226)	(1,864,621)
Foreign currency translation gain	897,338	-	-	-	-
COMPREHENSIVE NET LOSS	$ (10,287,280)	$ (5,144,499)	$ (3,780,895)	$ (1,438,226)	$ (1,864,621)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.28)	$ (0.18)	$ (0.16)	$ (0.06)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:BASIC AND DILUTED	40,266,311	29,295,608	23,749,933	22,853,278	22,538,003

	December 31,				
	2010	2009	2008	2007	2006
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 33,324,924	$ 12,189,081	$ 12,279	$ 9,501	$ 561,017
Total assets	53,272,659	13,433,071	1,035,457	110,082	650,507
Long-term liabilities	1,367,045	1,223,823	2,003,754	1,763,489	1,900,080
Accumulated deficit	(64,319,541)	(52,769,891)	(47,625,392)	(43,844,497)	(42,406,271)
Total equity/(deficit)	$ 49,425,657	$ 11,046,989	$ (4,346,814)	$ (3,046,389)	$ (1,865,221)

We entered the regenerative medicine and stem cell research fields during the fourth quarter of 2007. Prior to that time, our research and product development efforts focused exclusively on our blood plasma volume expander products, particularly Hextend and PentaLyte.

Our consolidated statement of operations data and balance sheet data for the year ended December 31, 2010 reflect our acquisition of ESI and a majority interest in Cell Cure Neurosciences during the year. See Notes 12, 13, and 19 to Consolidated Financial Statements.

Grant income and research and development expenses during 2009 and 2010 reflect our receipt of research grant payments from CIRM during 2009 and 2010, and from the United States Qualifying Therapeutic Discovery Project during 2010.

We did not amortize deferred license fees during the years ended December 31, 2008 and 2009 on the basis that sales of products under the licenses had not yet begun. Because BioTime has modified its procedure for amortizing deferred license fees for the year ended December 31, 2010, we have recorded in research and development expenses for 2010 an additional $121,200, representing the amortization amounts not previously recorded in 2008 and 2009. See Notes 2 and 8 to Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Plasma Volume Expander Products

Our operating revenues have been derived almost exclusively from royalties and licensing fees related to our plasma volume expander products, primarily Hextend. Hextend has become the standard plasma volume expander at a number of prominent teaching hospitals and leading medical centers and is part of the Tactical Combat Casualty Care protocol. We believe that as the decision to use Hextend proliferates within leading U.S. hospitals, other smaller hospitals will follow this trend, contributing to sales growth.

Under our license agreements, Hospira and CJ will report sales of Hextend and pay us the royalties and license fees due on account of such sales after the end of each calendar quarter. We recognize such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place.

Royalties on sales of Hextend that occurred during the fourth quarter of 2009 through the third quarter of 2010 are reflected in our financial statements for the year ended December 31, 2010. We received $839,740 in royalties from Hextend sales by Hospira during 2010. Royalties for 2010 decreased 16% from $996,681 in royalties from Hospira on Hextend sales in 2009, largely due to a decrease in sales to the military. In addition, we received royalties from CJ in the amount of $105,781 for the period ended December 31, 2010, representing a 27% increase from $83,197 in royalties received for the period ended December 31, 2009.

Based on sales of Hextend that occurred during the fourth quarter of 2010, we received royalties of $187,621 from Hospira and $28,365 from CJ during the first quarter of 2011. Total royalties of $215,986 for the quarter decreased 26% from royalties of $293,373 received during the same period last year. These royalties will be reflected in our financial statements for the first quarter of 2011.

The decrease in royalties received from Hospira based on sales during the third and fourth quarters of 2010 is generally due to a decrease in sales to the United States Armed Forces, which was partially offset by an increase in sales to hospitals. Purchases by the Armed Forces generally take the form of intermittent, large-volume orders, and cannot be predicted with certainty. Hospira has reported that the Armed Forces have shifted the primary point of use of Hextend from the field to the hospital level, which may account for some decrease in overall sales. This change was made due to the fact that too much of the product was being distributed to ground troops for inclusion in field packs and was going unused beyond the expiration date, so a different pattern of distribution was deemed advisable.

During the year ended December 31, 2006, we received $500,000 from Summit for the right to co-develop Hextend and PentaLyte in Japan, China, and Taiwan. A portion of the cash payment is a partial reimbursement of BioTime's development costs of Hextend and a portion is a partial reimbursement of BioTime's development costs of PentaLyte. This payment is reflected on our balance sheet as deferred revenue.

Stem Cells and Products for Regenerative Medicine Research

We are marketing our stem cell products for research through our website *Embryome.com.* By an agreement with us, Millipore Corporation became a worldwide distributor of certain ACTCellerate™ hEPC lines and related ESpan™ growth media. We made our initial delivery of six hEPC lines to Millipore during January 2010, and these lines are being marketed and distributed on a worldwide basis. The companies anticipate jointly launching an additional 29 cell lines and associated optimized ESpan™ growth media for the *in vitro* propagation of each progenitor cell line within the coming 12 months. The ACTCellerate™ hEPC lines and ESpan™ growth media products distributed by Millipore may also be purchased directly from us on our website *Embryome.com.* In addition to the products that we are co-marketing with Millipore, we now offer 92 other ACTCellerate™ hEPC lines for sale on *Embryome.com*, and we anticipate adding additional cell lines and related ESpan™ growth media and differentiation kits over time. We are also offering ACTCellerate™ hEPCs and ESpan™ growth media in Asia through BioTime Asia's distribution agreement with Genext.

We have acquired from RGI an array of hES cell lines carrying inherited genetic diseases such as cystic fibrosis and muscular dystrophy. Study of these cell lines will enable researchers to better understand the mechanisms involved in causing their corresponding disease states, which may in turn expedite the search for potential treatments. We intend to offer these hES cell lines for sale online at *Embryome.com*.

We are in the process of launching our first products for stem cell research and cannot yet predict the amount of revenue that may be generated by these new products. We did not receive significant revenues from stem cell product sales during 2010.

We have also targeted for development ESpy cell lines, which will be derivatives of hES cells that will emit beacons of light. These light-emitting cells will allow researchers to track the location and distribution of the cells in both *in vitro* and *in vivo* studies. As new products are developed, they will become available for purchase on *Embryome.com*.

Research and Development Programs in Regenerative Medicine and Stem Cell Research

We entered the fields of stem cell research and regenerative medicine during October 2007. From that time through 2009, our activities in those fields included acquiring rights to market stem cell lines, pursuing patents, planning future products and research programs, applying for research grants, identifying the characteristics of various acquired progenitor and stem cell lines, negotiating a product distribution agreement, organizing new subsidiaries to address particular fields of product development, and planning and launching our first product development programs.

The following table summarizes the most significant achievements in our primary research and development programs in stem cell research and regenerative medicine, and the amount we spent on those programs during the last fiscal year.

Company	Program	Status	2010 R & D Expenses
Embryome Sciences (1) and ESI	ACTCellerate™ cell lines/ growth media/reagent kits for stem cell research GMP hES cell lines	Nearly 300 products for stem cell research are now being offered, including ACTCellerate™ hEPCs, ESpan™ cell line optimal growth media, and reagent cell differentiation kits. We plan to add additional cell lines, growth media, and differentiation kits with characterization of new hEPCs ESI has developed and offers for sale GMP hES cell lines for research purposes.	$ 1,560,000
Embryome Sciences(1)	CIRM-funded research project addressing the need for industrial-scale production of purified therapeutic cells	Conducted long-term stability studies of hEPCs using commercial-type culture processes to demonstrate phenotypic stability and genotypic stability during culture expansion. Attempting to define a molecular signature of cell surface markers that would be unique to a given hEPC cell line to permit development of reagents to those markers that can be used to purify the target hEPCs intended for therapy. Mapping cell surface protein expression directly on hEPCs using large collections of commercially available antibodies and have begun testing those antibodies as affinity reagents for purifying target hEPCs. Identifying peptide reagents that show specificity for cell surface targets on hEPCs and could thus be used directly as affinity reagents.	$ 2,162,400
OncoCyte(2)	Vascular endothelial cells that can be engineered to deliver a toxic payload to the developing blood vessels of a tumor	Developed a derivation protocol that can reproducibly produce populations of endothelial-type cells with levels of purity and efficiency far above those reported in the published literature. Established broad range of support assays to monitor and measure vascular endothelial cell differentiation process. Initiated *in vivo* experiments monitoring incorporation of endothelial cells into developing mouse vasculature and into the developing vasculature of human tumor xenografts. Completed initial development of a toxic payload transgene system which includes a pro-drug converting enzyme (TK) and paired pro-drug (gangcyclovir)	$ 1,305,600

Company	Program	Status	2010 R & D Expenses
OrthoCyte(3)	Cartilage repair using embryonic progenitor cells	Identified several cell lines that displayed molecular markers consistent with the production of human cartilage. Confirmed chondrogenic potential by directly measuring cartilage production from those lines. Demonstrated that those cell lines can be combined with commonly used support matrices to formulate a combination product for treating cartilage deficits.	$ 709,500
ReCyte Therapeutics	Therapeutic products for cardiovascular and blood diseases utilizing its proprietary ReCyte™ iPS technology.	Evaluating effects of telomere length on growth potential of iPS cells and iPS-derived progenitor lines.	$ 558,000
BioTime	Hextend – Blood plasma volume expanders	Hextend is currently marketed to hospitals and physicians in the USA and Korea. Activities include complying with all regulatory requirements and promotional activities.	$ 541,200
BioTime Asia	Distributing ACTCellerate hEPC lines growth media and reagents	Initial sales of cell lines, growth media, and differentiation kits, to customers in Asia.	$ 190,500
Cell Cure Neurosciences(4)	OpRegen™ and OpRegen-Plus™ for treatment of age related macular degeneration	Conducted animal model studies to establish proof of concept. Developed directed differentiation as efficient method for short culture period to produce a supply of RPE cells. Granted Teva Pharmaceutical Industries, Ltd. an option to complete clinical development of, and to manufacture, distribute, and sell, OpRegen™ and OpRegen-Plus™	$ 864,800

(1) Embryome Sciences was organized during December 2007 and acquired its ACTCellerate™ technology during July 2008. During late December 2010, Embryome Sciences changed its name to ReCyte Therapeutics, Inc. in conjunction with a change of its business focus to the research and development of therapeutic products to treat blood and vascular diseases and disorders. Embryome Sciences' research products business and ACTCellerate™ hEPC research and development projects, including related patent and technology rights, are being assigned to BioTime or other BioTime subsidiaries.

(2) OncoCyte was organized during October 2009 and received $4,000,000 of initial capital from private investors.

(3) OrthoCyte was organized during June 2010.

(4) We acquired our interest in Cell Cure Neurosciences during 2010. Cell Cure Neurosciences received $7,100,000 of additional equity financing during October 2010 from us and two of its other principal shareholders.

The inherent uncertainties of developing new products for stem cell research and for medical use make it impossible to predict the amount of time and expense that will be required to complete the development and commence commercialization of new products. There is no assurance that we or any of our subsidiaries will be successful in developing new technologies or stem cell products, or that any technology or products that may be developed will be proven safe and effective for treating diseases in humans, or will be successfully commercialized. Most of our potential therapeutic products are at a very early stage of preclinical development. Before any clinical trials can be conducted by us or any of our subsidiaries, the company seeking to conduct the trials would have to compile sufficient laboratory test data substantiating the characteristics and purity of the stem cells, conduct animal studies, and then obtain all necessary regulatory and clinical trial site approvals, after which a team of physicians and statisticians would need to be assembled to perform the trials. Clinical trials will be costly to undertake and will take years to complete. See our discussion of the risks inherent in our business and the impact of government regulation on our business in the “Risk Factors” section and “Business” section of this report.

We believe each of our subsidiaries has sufficient capital to carry out its current research and development plan during 2011. We may provide additional financing for our subsidiaries, or obtain financing from third parties, based on the following: our evaluation of progress made in their respective research and development programs, any changes to or the expansion of the scope and focus of their research, and our projection of future costs. See “Liquidity and Capital Resources” for a discussion of our available capital resources, our potential need for future financing, and possible sources of capital.

Research and Development Expenses

The following table shows the approximate percentages of our total research and development expenses of $7,892,024 allocated to our primary research and development projects during the year ended December 31, 2010:

Company	Program	Percent
Embryome Sciences and ESI	ACTCellerate hPECs, GMP hES cell lines, and related research products	20%
Embryome Sciences	CIRM sponsored ACTCellerate technology	27%
OncoCyte	Cancer therapy	17%
OrthoCyte	Orthopedic therapy	9%
ReCyte Therapeutics	IPS and vascular therapy	7%
BioTime	Hextend	7%
BioTime Asia	Stem cell products for research	2%
Cell Cure Neurosciences	OpRegen,™ OpRegen-Plus,™ and neurological disease therapies	11%

Critical Accounting Policies

Revenue recognition – We comply with SEC Staff Accounting Bulletin guidance on revenue recognition. Royalty and license fee revenues consist of product royalty payments and fees under license agreements and are recognized when earned and reasonably estimable. We recognize revenue in the quarter in which the royalty report is received rather than the quarter in which the sales took place. When we are entitled to receive up-front nonrefundable licensing or similar fees pursuant to agreements under which we have no continuing performance obligations, the fees are recognized as revenues when collection is reasonably assured. When we receive up-front nonrefundable licensing or similar fees pursuant to agreements under which we do have continuing performance obligations, the fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, we amortize nonrefundable fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestone payments, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended, and (c) collection of the payment is reasonably assured. Grant income is recognized as revenue when earned.

Patent costs – Costs associated with obtaining patents on products or technology developed are expensed as general and administrative expenses when incurred. This accounting is in compliance with guidance promulgated by the Financial Accounting Standards Board (“FASB”) regarding goodwill and other intangible assets.

Research and development – We comply with FASB requirements governing accounting for research and development costs. Research and development costs are expensed when incurred, and consist principally of salaries, payroll taxes, research and laboratory fees, and license fees paid to acquire patents or licenses to use patents and other technology from third parties.

Stock-based compensation – We have adopted accounting standards governing share-based payments, which require the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees, including employee stock options, based on estimated fair values. We utilize the Black-Scholes Merton option pricing model. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and the actual and projected employee stock option exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the United States Treasury rates in effect during the corresponding period of grant. Although the fair value of employee stock options is determined in accordance with recent FASB guidance, changes in the subjective assumptions can materially affect the estimated value. In management's opinion, the existing valuation models may not provide an accurate measure of the fair value of employee stock options because the option-pricing model value may not be indicative of the fair value that would be established in a willing buyer/willing seller market transaction.

Impairment of long-lived assets – Our long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the estimated fair value of the assets.

Deferred license and consulting fees – Deferred license and consulting fees consist of $1,979,036 attributable to the value of warrants issued to third parties for services and to the minority shareholder in BioTime Asia for its participation in the organization of that company, and $1,095,000 in deferred license fees paid to acquire rights to use the proprietary technologies of third parties. The value of the warrants is being amortized over the lives of the warrants, and deferred license fees over the estimated useful lives of the licensed technologies or licensed research products. The estimation of the useful life any technology or product involves a significant degree of inherent uncertainty, since the outcome of research and development or the commercial life of a new product cannot be known with certainty at the time that the right to use the technology or product is acquired. We will review its amortization schedules for impairments that might occur earlier than the original expected useful lives. See also Note 8 to the Consolidated Financial Statements.

Principles of consolidation – Our consolidated financial statements include the accounts of our wholly-owned subsidiaries, OrthoCyte and ESI, the accounts of ReCyte Therapeutics, a subsidiary of which we owned approximately 95% of the outstanding shares of common stock as of December 31, 2010; the accounts of OncoCyte, a subsidiary of which we owned approximately 74% of the outstanding shares of common stock as of December 31, 2010; the accounts of BioTime Asia, a subsidiary of which we owned approximately 81% of the outstanding shares as of December 31, 2010, and the accounts of Cell Cure Neurosciences, a subsidiary in which we owned approximately 54% of the outstanding shares as of December 31, 2010. All material intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States and with the accounting and reporting requirements of Regulation S-X of the SEC.

Results of Operations

Under our license agreements with Hospira and CJ, our licensees report sales of Hextend and pay us the royalties and license fees due on account of such sales within 90 days after the end of each calendar quarter. We recognize such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place, as we do not have sufficient sales history to accurately predict quarterly sales. For example, royalties on sales made during the fourth quarter of 2010 were not recognized until the first quarter of fiscal year 2011.

Year Ended December 31, 2010 and Year Ended December 31, 2009

Our royalty revenues for the year ended December 31, 2010 consist of royalties on sales of Hextend made by Hospira and CJ during the period beginning October 1, 2009 and ending September 30, 2010. Royalty revenues recognized for that period were $945,521 compared with $1,079,951 recognized for the year ended December 31, 2009. This 12% decrease in royalties is attributable to a decrease in Hextend sales in the United States, which was slightly offset by an increase in sales in the Republic of Korea. The decrease in sales in the U.S. market is primarily due to a decrease in sales to the U.S. Armed Forces. Purchases by the Armed Forces generally take the form of intermittent, large-volume orders, and cannot be predicted with certainty. Hospira has reported that the Armed Forces have shifted primary point of use of Hextend from the field to the hospital level, which may account for some decrease in overall sales. This change was made due to the fact that too much of the product was being distributed to ground troops for inclusion in field packs and was going unused beyond the expiration date, so a different pattern of distribution was deemed advisable.

We recognized as revenue $292,904 and $292,832 of license fees from CJ and Summit during 2010 and 2009, respectively. The license fees were received from CJ during April 2003 and July 2004, and from Summit during December 2004 and April and October of 2005, but full recognition of the license fees has been deferred, and is being recognized over the life of the contract, which has been estimated to last until approximately 2019 based on the current expected life of the governing patent covering our products in Korea and Japan. See Note 2 to the Consolidated Financial Statements.

We received four quarterly payments totaling $1,575,523 from our research grant from CIRM during the year ended December 31, 2010. Because grant income is recognized as revenue when earned, and these amounts received covered the period of March 1, 2010 through February 28, 2011, only $1,313,746 earned during the 2010 fiscal year was recognized in our consolidated financial statements. Total grant income recognized during the year amounted to $1,577,143, which includes $263,397 of a payment received in 2009 but that was recognized as revenues in 2010.

We received $476,724 of the $733,438 grant awarded to us under the U.S. Government's Qualifying Therapeutic Discovery Project ("QTDP"). The remainder of the award was received in February 2011. The QTDP was part of the Patient Protection and Affordable Care Act signed into law on March 23, 2010. The grants awarded BioTime were for the maximum amount allowed for three of our programs: orthopedic product development, our ACTCellerate™ platform, and our ReCyte™ iPS program.

Research and development expenses increased to $7,892,024 for the year ended December 31, 2010, from $2,968,987 for the year ended December 31, 2009. For 2010, research and development expenses also included $1,938,130 of research and development expense incurred by ESI and Cell Cure Neurosciences, of which $776,682 is derived from the amortization of patent technology related to our acquisition of those subsidiaries during the year. Also, during the year ended December 31, 2010, BioTime modified its procedure for amortizing deferred license fees. As a result, research and development expenses for 2010 include an additional $121,200, representing amortization of deferred license fees not previously recorded in 2008 and 2009. Aside from those expenses, the increase in research and development expense during 2010 is primarily attributable to an increase of $804,308 in employee compensation and related costs allocated to research and development expense, an increase of $221,578 in scientific consulting fees, an increase of $291,260 in stock-based compensation allocated to research and development expense, an increase of $97,392 of travel and related costs allocated to research and development expenses, an increase of $788,371 in outside research and laboratory costs, and an increase of $580,524 in expenditures made to cover laboratory expenses and supplies. The increase in the amount we spent on research and development during 2010 reflects in part the greater amount of grant payments we received during 2010 compared to 2009. Research and development expenses include laboratory study expenses, patent and technology license fees, salaries, rent, insurance, and science-related consultants' fees.

General and administrative expenses increased to $5,640,409 for the year ended December 31, 2010 from $2,476,447 for the year ended December 31, 2009. For 2010, general and administrative expenses also included $435,909 of general and administrative expense incurred by ESI and Cell Cure Neurosciences, which we acquired during the year. The increase is further attributable to increase of $895,106 in employee compensation, bonuses and related costs allocated to general and administrative expense, $483,688 in stock appreciation rights compensation liability, an increase of $358,343 in cash and stock-based compensation paid to our independent directors, an increase of $344,484 in legal fees and general and administrative patent expenses, an increase of $133,369 in accounting fees and an increase of $113,986 in investor and public relations expenses. General and administrative expenses include salaries allocated to general and administrative accounts, consulting fees other than those paid for science-related consulting, expenditures for patent costs, trademark expenses, insurance costs allocated to general and administrative expenses, stock exchange-related costs, depreciation expense, shipping expenses, marketing costs, and other miscellaneous expenses.

Year Ended December 31, 2009 and Year Ended December 31, 2008

Our royalty revenues for the year ended December 31, 2009 consist of royalties on sales of Hextend made by Hospira and CJ during the period beginning October 1, 2008 and ending September 30, 2009. Royalty revenues recognized for that period were $1,079,951, compared with $1,203,453 recognized for the year ended December 31, 2008. This 10% decrease in royalties is attributable to a decrease in Hextend sales in the United States, which was slightly offset by an increase in sales in the Republic of Korea. The decrease in sales in the U.S. market is primarily due to a decrease in sales to the U.S. Armed Forces. Purchases by the Armed Forces generally take the form of intermittent, large-volume orders, and cannot be predicted with certainty. Royalties from sales of Hextend by CJ were included in license fees during 2008.

We received the first two quarterly payments, totaling $790,192, from our research grant from CIRM in the second half of 2009. Because grant income is recognized as revenue when earned, and the amounts received covered the period of September 1, 2009 through February 28, 2010, only $546,795 earned through December 31, 2009 was recognized in our consolidated financial statements.

We recognized as revenue $292,832 and $277,999 of license fees from CJ and Summit during 2009 and 2008, respectively. The license fees were received from CJ during April 2003 and July 2004, and from Summit during December 2004 and April and October of 2005, but full recognition of the license fees has been deferred, and is being recognized over the life of the contract, which has been estimated to last until approximately 2019 based on the current expected life of the governing patent covering our products in Korea and Japan. Royalties of $70,993 from Hextend sales by CJ were included in license fees during 2008. See Note 2 to the Consolidated Financial Statements.

Research and development expenses increased to $2,968,987 for the year ended December 31, 2009, from $1,725,187 for the year ended December 31, 2008. The increase is primarily attributable to our entry into the stem cell field, and includes increases of approximately $337,000 in salaries and other payroll-related expenses charged to research and development, $62,000 in employee bonus amounts allocated to research and development, $120,000 in rent charged to research and development, $264,000 in laboratory expense and laboratory supplies, $189,000 in outside research expenses, $123,000 in expense associated with stock-based compensation allocated to research and development, $63,000 in scientific consulting fees, and $81,000 in fringe-benefit costs allocated to research and development expense. The increase in the amount we spent on research and development during 2009 reflects in part our receipt of research grant payments from CIRM. Research and development expenses during 2009 and 2008 included laboratory study expenses, salaries, rent, insurance, and science-related consultants' fees.

General and administrative expenses decreased to $2,476,447 for the year ended December 31, 2009 from $2,601,237 for the year ended December 31, 2008. This change reflects decreases of approximately $158,000 in general and administrative consulting expenses, $96,000 in stock-based compensation expenses charged to general and administrative expense, and $954,000 in stock appreciation rights compensation expenses. These decreases were offset to some extent by increases of approximately $228,000 in stock-based compensation paid to our independent directors, $129,000 in cash compensation paid to our independent directors, $82,000 in stock-related expenses, $50,000 in annual report and meeting expenses, $81,000 in investor/public relations expenses, $30,000 in rent allocated to general and administration expenses, $64,000 in travel and entertainment expenses, $91,000 in legal expenses, $77,000 in outside services expenses, $41,000 in salaries and other payroll-related expenses, $48,000 in employee bonus amounts allocated to general and administrative expense, $36,000 in accounting expenses, $35,000 in taxes allocated to general and administrative expense, and $48,000 in patent expenses. General and administrative expenses include salaries allocated to general and administrative accounts, consulting fees other than those paid for science-related consulting, expenditures for patent costs, trademark expenses, insurance costs allocated to general and administrative expenses, stock exchange-related costs, depreciation expense, shipping expenses, marketing costs, and other miscellaneous expenses. Stock-based compensation increased during 2009 in large part due to our common shares trading at prices higher than the prices that prevailed during 2008.

Interest and Other Income (Expense)

Our interest expense decreased by approximately $1.6 million during 2010, primarily due to full repayment of our borrowings under the various lines of credit in 2009. See Note 7 to the Consolidated Financial Statements.

During 2010 we recognized $2,142,201 in costs for the modification of stock purchase warrants that expired on November 1, 2010. We offered a discounted exercise price of $1.818 per share to the holders of the warrants with an original strike price of $2.00 per share. The warrant discount offer commenced on June 18, 2010, and expired at 5:00 p.m., New York time, on August 18, 2010.

Taxes

At December 31, 2010 we had a cumulative net operating loss carryforward of approximately $56,000,000 for federal income tax purposes and $28,000,000 for state income tax purposes. Our effective tax rate differs from the statutory rate because we have recorded a 100% valuation allowance against our deferred tax assets, as we do not consider realization to be more likely than not.

Liquidity and Capital Resources

At December 31, 2010, we had $33,324,924 of cash and cash equivalents on hand. We may need to obtain additional debt or equity capital in order to finance our operations. Since inception, we have primarily financed our operations through the sale of equity securities, licensing fees, royalties on product sales by our licensees, and borrowings. The amount of revenue that may be earned through the licensing and sale of our products and technology, the timing of the receipt of license fee and royalty payments, and the future availability and terms of equity financing, are uncertain. Although we have recently been awarded research grants from CIRM and QTDP for particular projects, and our subsidiary Cell Cure Neurosciences has received research grants from the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor in Israel, we must finance our other research and operations with funding from other sources.

We presently have issued and outstanding 649,00 common share purchase warrants, of which 350,000 are exercisable at a price of $10.00 per share, 199,000 at $3.00 per share, and the remaining 100,000 at $0.68 per share. These warrants expire on various dates ranging from September 2012 to May 2014. None of the warrants are publicly traded.

The unavailability or inadequacy of financing or revenues to meet future capital needs could force us to modify, curtail, delay, or suspend some or all aspects of our planned operations. Sales of additional equity securities could result in the dilution of the interests of present shareholders.

Cash generated by operations

During 2010, we received $3,230,000 of cash in our operations. Our sources of that cash were $839,740 of royalty revenues from Hospira, $105,721 of royalty revenues from CJ, a $25,746 research grant payment from the NIH, a $476,724 payment from a QTDP research grant, and a $1,575,522 research grant payment from CIRM.

Cash used in operations

During 2010, our total research and development expenditures were $7,892,000 and our general and administrative expenditures were $5,640,400. Net loss for the year ended December 31, 2010 amounted to $11,184,600. Net cash used in operating activities during this period amounted to $7,732,900. The difference between the net loss and net cash used in operating activities during 2010 was primarily attributable to $638,700 in stock-based compensation paid to employees and consultants, amortization of $790,100 in intangible assets, $455,000 in options issued as independent director compensation, $520,200 amortization of deferred consulting fees, $227,200 amortization of deferred license fees, $138,600 in depreciation expense, $2,142,200 in costs for the modification of warrants, and a $258,500 share in the net loss of Cell Cure Neurosciences. This overall difference was offset to some extent by amortization of $293,000 in deferred license revenues, $256,700 in grants receivable, $392,800 in prepaid expenses and other current assets, and net loss of $1,002,600 allocable to the noncontrolling interest in our subsidiaries.

Cash flows from investing activities

During the year ended December 31, 2010, $4,605,800 was used for investing activities. The primary components of this cash were approximately $4,100,000, invested in Cell Cure Neurosciences shares, $220,800 used in the purchase of equipment, $215,000 used to pay license fees, and $80,000 used in the acquisition of ESI.

Cash generated by financing activities

During the year ended December 31, 2010, $25,767,500 in net cash was provided from our financing activities. During this period, we received $606,000 in connection with the exercise of 526,410 options, $22,861,500 in connection with the exercise of 12,240,357 warrants, and $2,300,000 from issuance of ReCyte common shares.

Contractual obligations

As of December 31, 2010, our contractual obligations for the next five years and thereafter were as follows:

	Principal Payments Due by Period				
Contractual Obligations (1)	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Operating leases (2)	$ 2,139,567	$ 507,773	$ 877,583	$ 722,811	$ 31,400

(1) This table does not include payments to key employees that could arise if they were involuntary terminated or if their employment terminated following a change in control.

(2) Includes the lease of our principal office and laboratory facilities in Alameda, California, and leases of the offices and laboratory facilities of our subsidiaries ESI and Cell Cure Neurosciences.

Future capital needs

We will depend upon revenue from the sale of our research products, royalties from the sale of Hextend by Hospira and CJ, and our research grants from CIRM and QTDP as our principal sources of revenues for the near future. Our product sales and royalty revenues will be supplemented by any license fees that we may receive if we enter into new commercial license agreements for our products or technology. Millipore and Genext began marketing some of our hEPC lines an ESpan™ growth media during 2010, but it is too early to predict future revenues from the sale of our stem cell research products by them.

The amount and pace of research and development work that we can do or sponsor, and our ability to commence and complete the clinical trials that are required in order for us to obtain FDA and foreign regulatory approval of products, depend upon the amount of money we have. We curtailed the pace and scope of our plasma volume expander development efforts due to the limited amount of funds available. Future research and clinical study costs are not presently determinable due to many factors, including the inherent uncertainty of these costs and the uncertainty as to timing, source, and amount of capital that will become available for these projects.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Risk

We are exposed to some foreign exchange currency risks because we have subsidiaries that are located in foreign countries. We do not engage in foreign currency hedging activities. Because we translate foreign currencies into United States dollars for reporting purposes, currency fluctuations have an impact on our financial results. We believe that our exposure to currency exchange fluctuation risk is mitigated by the fact that our foreign subsidiaries pay their financial obligations almost exclusively in their local currency. As of December 31, 2010, currency exchange rates did not have a material impact on our intercompany transactions with our foreign subsidiaries. However, a weakening of the dollar against the foreign exchange used in the home countries of our foreign subsidiaries could increase our cost of providing additional financing to our foreign subsidiaries in the future. Conversely, a strengthening of the dollar would decrease our cost of making additional investments in those subsidiaries. Much of the foreign currency translation gain recognized as of December 31, 2010 is derived from the translation of the subsidiary accounts for consolidation purposes.

Credit Risk

We place most of our cash in United States banks and we invest some of our cash in interest bearing instruments issued by United States banks or the United States Treasury. Deposits with banks may temporarily exceed the amount of insurance provided on such deposits. We monitor the cash balances in our accounts and adjust the cash balances as appropriate, but if the amount of a deposit at any time exceeds the federally insured amount at a bank, the uninsured portion of the deposit could be lost, in whole or in part, if the bank were to fail.

Our foreign subsidiaries deposit their cash in local banks, but if the amount of a deposit at any time exceeds the amount at a bank under the national banking insurance laws, the uninsured portion of the deposit could be lost, in whole or in part, if the bank were to fail.

Interest Rate Risk

We invest a portion of our cash in interest-bearing securities issued by the United States Treasury. The primary objective of our investments is to preserve principal and liquidity while earning a return on our invested capital, without incurring significant risks. The market value of fixed-rate instruments will decline if interest rates rise. Due in part to this factor, our future investment income may fall short of expectations due to changes in market conditions and in interest rates, or we may suffer losses in principal if forced to sell securities which may have declined in fair value due to changes in interest rates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

BioTime, Inc.

We have audited the accompanying consolidated balance sheets of BioTime, Inc. and Subsidiaries (collectively, the “Company”) as of December 31, 2010, and the related consolidated statements of operations, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2010. We have also audited the Company’s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit over internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BioTime, Inc. and Subsidiaries as of December 31, 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Rothstein Kass & Company, P.C.
Roseland, New Jersey
March 10, 2011

Item 8. Financial Statements and Supplementary Data

BIOTIME, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 33,324,924	$ 12,189,081
Inventory	45,470	38,384
Prepaid expenses and other current assets	2,202,284	138,547
Total current assets	35,572,678	12,366,012
Equipment, net	710,766	131,133
Deferred license and consulting fees	1,550,410	880,000
Deposits	51,900	55,926
Intangible assets, net	15,386,905	-
TOTAL ASSETS	$ 53,272,659	$ 13,433,071
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,929,874	$ 530,958
Deferred grant income	261,777	263,397
Deferred license revenue, current portion	288,306	367,904
Total current liabilities	2,479,957	1,162,259
LONG-TERM LIABILITIES		
Deferred license revenue, net of current portion	1,048,757	1,223,823
Other long term liabilities	318,288	-
Total long-term liabilities	1,367,045	1,223,823
Commitments and contingencies		
EQUITY		
Preferred Shares, no par value, authorized 1,000,000 shares; none issued	-	-
Common Shares, no par value, authorized 75,000,000 shares; issued and outstanding shares; 44,777,701 and 33,667,659 in 2010 and 2009, respectively	101,135,428	59,722,318
Contributed capital	93,972	93,972
Accumulated other comprehensive income	897,338	-
Accumulated deficit	(63,954,509)	(52,769,891)
Total shareholders' equity	38,172,229	7,046,399
Noncontrolling interest	11,253,428	4,000,590
Total equity	49,425,657	11,046,989
TOTAL LIABILITIES AND EQUITY	$ 53,272,659	$ 13,433,071

See Notes to the Consolidated Financial Statements.

BIOTIME, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2010	**2009**	**2008**
REVENUES:			
License fees	$ 292,904	$ 292,832	$ 277,999
Royalties from product sales	945,461	1,079,951	1,203,453
Grant income	2,336,325	546,795	-
Sale of research products	105,610	5,590	22,340
Total revenues	3,680,300	1,925,168	1,503,792
EXPENSES:			
Research and development	(7,892,024)	(2,968,987)	(1,725,187)
General and administrative	(5,640,409)	(2,476,447)	(2,601,237)
Total expenses	(13,532,433)	(5,445,434)	(4,326,424)
Loss from operations	(9,852,133)	(3,520,266)	(2,822,632)
OTHER INCOME (EXPENSES):			
Interest expense	(124,300)	(1,653,755)	(965,781)
Modification cost of warrants	(2,142,201)	-	-
Other (expense)/income, net	(68,573)	30,112	7,518
Total other expenses, net	(2,335,074)	(1,623,643)	(958,263)
NET LOSS	(12,187,207)	(5,143,909)	(3,780,895)
Net loss/(income) attributable to the noncontrolling interest	1,002,589	(590)	-
NET LOSS ATTRIBUTABLE TO BIOTIME, INC.	(11,184,618)	(5,144,499)	(3,780,895)
Foreign currency translation gain	897,338	-	-
COMPREHENSIVE LOSS	$ (10,287,280)	$ (5,144,499)	$ (3,780,895)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.28)	$ (0.18)	$ (0.16)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:BASIC AND DILUTED	40,266,311	29,295,608	23,749,933

See Notes to the Consolidated Financial Statements.

BIOTIME, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Shares						
	Number of Shares	Amount	Contributed Capital	Accumulated Deficit	Noncontrolling Interest	Accumulated other comprehensive income	Total Equity/(Deficit)
BALANCE AT JANUARY 1, 2008	23,034,374	$ 40,704,376	$ 93,972	$ (43,844,497)	$ -	$ -	$ (3,046,389)
Common shares issued for new loans and extension of line of credit	580,410	273,200					273,200
Common shares issued for conversion of line of credit and accrued interest	1,112,014	1,442,409					1,442,409
Shares granted for services	225,000	137,250					137,250
Common shares issued for cash	100,000	100,000					100,000
Exercise of options	25,000	8,000					8,000
Stock options granted for compensation		134,518					134,518
Warrants issued for lines of credit		225,951					225,951
Warrants issued for services		159,142					159,142
NET LOSS				(3,780,895)			(3,780,895)
BALANCE AT DECEMBER 31, 2008	25,076,798	$ 43,184,606	$ 93,972	$ (47,625,392)	$ -	$ -	$ (4,346,814)
Sale of OncoCyte subsidiary shares to noncontrolling interest					4,000,000		4,000,000
Common shares issued for new loans and extension of line of credit	153,206	304,181					304,181
Common shares issued for conversion of line of credit and accrued interest	2,493,374	4,134,424					4,134,424
Shares granted for services	135,000	229,500					229,500
Shares granted for licensing fees	65,278	120,000					120,000
Common shares issued for cash	4,400,000	8,000,000					8,000,000
Exercise of options	535,832	848,449					848,449
Warrants exercised	808,171	1,616,342					1,616,342
Warrants issued for line of credit		398,548					398,548
Warrants issued for services		93,304					93,304
Stock options granted for compensation		488,564					488,564
Beneficial conversion feature		304,400					304,400
NET LOSS				(5,144,499)	590		(5,143,909)
BALANCE AT DECEMBER 31, 2009	33,667,659	$ 59,722,318	$ 93,972	$ (52,769,891)	$ 4,000,590	$ -	$ 11,046,989
Sale of ReCyte subsidiary shares to noncontrolling interest					2,300,000		2,300,000
Noncontrolling interest in Cell Cure					5,894,255		5,894,255
Common shares issued as part of acquisition of ESI	1,383,400	11,011,864					11,011,864
Common shares retired as payment for exercise of options	(40,125)	(249,978)					(249,978)
Exercise of options	526,410	855,977					855,977
Warrants exercised	12,240,357	22,861,458					22,861,458
Warrants issued as part of acquisition of ESI		1,778,727					1,778,727
Warrants issued for services		1,979,036					1,979,036
Modification cost of warrants		2,142,202					2,142,202
Stock options granted for compensation		1,033,824					1,033,824
Stock options granted for compensation in subsidiary					61,172		61,172
Foreign currency translation gain						897,338	897,338
NET LOSS				(11,184,618)	(1,002,589)		(12,187,207)
BALANCE AT DECEMBER 31, 2010	47,777,701	$ 101,135,428	$ 93,972	$ (63,954,509)	$ 11,253,428	$ 897,338	$ 49,425,657

See Notes to the Consolidated Financial Statements.

BIOTIME, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2010	**2009**	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss attributable to BioTime, Inc.	$ (11,184,618)	$ (5,144,499)	$ (3,780,895)
Adjustments to reconcile net loss attributable to BioTime, Inc to net cash used in operating activities:			
Depreciation and amortization of capital leased assets	138,659	34,591	16,745
Loss on sale or write-off of equipment	993	1,159	-
Write off of expired inventory	4,008	-	-
Bad debt expense	-	2,538	-
Reclassification of licensing fees expensed in prior year	-	(10,000)	-
Amortization of intangible assets	790,117	-	-
Amortization of deferred consulting fees	520,212	102,059	19,409
Amortization of deferred license fees	227,167	-	-
Amortization of deferred finance cost on lines of credit	-	782,542	321,514
Amortization of deferred rent	21,029	(3,339)	-
Amortization of deferred license revenues	(292,904)	(292,904)	(277,999)
Amortization of deferred grant revenues	(1,620)	(20,000)	-
Stock-based compensation	638,709	260,840	113,710
Options issued as independent director compensation	455,022	227,724	20,808
Stock appreciation rights compensation liability	-	(483,688)	470,537
Common shares issued for services	-	-	137,250
Warrants issued for outside services	-	93,304	52,393
Warrants issued for exchange offer interest expense	-	190,845	-
Modification cost of warrants	2,142,201	-	-
Beneficial conversion feature on notes and interest		304,400	330,394
Share in net loss of associated company	258,493	-	-
Net (loss)/income allocable to noncontrolling interest	(1,002,589)	590	
Changes in operating assets and liabilities:			
Accounts receivable, net	(77,907)	(349)	754
Grant receivable	(256,714)	-	-
Inventory	(11,094)	(38,384)	-
Prepaid expenses and other current assets	(392,820)	(146,200)	57,115
Accounts payable and accrued liabilities	254,090	(419,456)	699,539
Interest on lines of credit	-	(40,108)	114,938
Deferred revenues	36,682	75,000	105,840
Deferred rent	-	-	(6,297)
Deferred grant revenues	-	263,397	-
Net cash used in operating activities	(7,732,884)	(4,259,938)	(1,604,245)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments of license fees	(215,000)	-	(750,000)
Purchase of equipment	(220,771)	(61,276)	(109,872)
Cash acquired, net of cash paid for Cell Cure shares	3,733,110	-	-
Note and related interest accrued converted to Cell Cure shares	(252,608)	-	-
Cash acquired, net of cash paid for acquisition of ESI	142,766	-	-
Cash proceeds from sale of equipment	6,000	-	-
Security deposit received/(paid)	3,922	15,050	(50,000)
Net cash provided by/(used in) investing activities	3,197,419	(46,226)	(909,872)

	Year Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of lines of credit	-	(263,825)	(16,085)
Borrowings under lines of credit	-	2,310,000	2,424,980
Deferred debt cost	-	(28,000)	-
Proceeds from exercises of stock options	605,998	848,449	-
Proceeds from exercises of warrants	22,861,458	1,616,342	-
Proceeds from issuance of common shares	-	8,000,000	108,000
Proceeds from sale of common shares of subsidiary	2,300,000	4,000,000	-
Net cash provided by financing activities	25,767,456	16,482,966	2,516,895
Effect of exchange rate changes on cash and cash equivalents	(96,148)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	21,135,843	12,176,802	2,778
CASH AND CASH EQUIVALENTS:			
At beginning of year	12,189,081	12,279	9,501
At end of year	$ 33,324,924	$ 12,189,081	$ 12,279
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during year for interest	$ 1,315	$ 415,330	$ 157,620
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES :			
Common shares issued as part of acquisition of ESI	$ 11,011,864	-	-
Common shares issued for conversion of line of credit and accrued interest	$ -	$ 4,134,424	$ 1,442,409
Common shares issued for new loans and extension of line of credit	$ -	$ 304,181	$ 273,200
Common shares issued for accounts payable	$ -	$ 229,500	-
Common shares issued for deferred license fees	$ -	$ 120,000	-
Common shares retired for exercise of options	$ 249,979	-	-
Warrants issued as part of acquisition of ESI	$ 1,778,727	-	-
Warrants issued for services	$ 1,979,037	-	-
Warrants issued for line of credit	$ -	$ 398,548	$ 225,951
Rights to exchange promissory notes for stock feature on notes payable	$ -	$ 304,400	-

See Notes to the Consolidated Financial Statements.

BIOTIME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

General–- BioTime is a biotechnology company engaged in two areas of biomedical research and product development. BioTime has historically developed blood plasma volume expanders and related technology for use in surgery, emergency trauma treatment and other applications. Beginning in 2007, BioTime entered the field of regenerative medicine, and focused on human embryonic stem ("hES") cell and induced pluripotent stem ("iPS") cell technology. Regenerative medicine refers to therapies based on stem cell technology that are designed to rebuild cell and tissue function lost due to degenerative disease or injury. hES and iPS cells provide a means of manufacturing every cell type in the human body and therefore show considerable promise for the development of a number of new therapeutic products. BioTime plans to develop stem cell products for research and therapeutic use through its subsidiaries. OncoCyte Corporation ("OncoCyte") is developing therapies to treat cancer. ES Cell International Pte. Ltd. ("ESI"), a Singapore private limited company develops and sells hES products for research use. BioTime Asia, Limited ("BioTime Asia"), a Hong Kong company, sells products for research use and may develop therapies to treat cancer, neurological, and orthopedic diseases. OrthoCyte Corporation ("OrthoCyte") is developing therapies to treat orthopedic disorders, diseases and injuries. ReCyte Therapeutics, Inc., formerly known as Embryome Sciences, Inc. ("ReCyte Therapeutics"), is developing therapies to treat vascular and blood diseases and disorders.

At December 31, 2010, BioTime and its subsidiary, ESI through a step acquisition effected in October, 2010, held, in the aggregate, more than 50% of the shares of Cell Cure Neurosciences Ltd. ("Cell Cure Neurosciences"), an Israel-based biotechnology company focused on developing stem cell-based therapies for retinal and neurological disorders, including the development of retinal pigment epithelial cells for the treatment of macular degeneration, and treatments for multiple sclerosis. See Note 13 for additional information about BioTime's acquisition of its interest in Cell Cure Neurosciences.

BioTime is focusing a portion of its efforts in the field of regenerative medicine on the development and sale of advanced human stem cell products and technology that can be used by researchers at universities and other institutions, at companies in the bioscience and biopharmaceutical industries, and at other companies that provide research products to companies in those industries. Products for the research market generally can be sold without regulatory (FDA) approval, and are therefore relatively near-term business opportunities when compared to therapeutic products.

BioTime's operating revenues have been derived almost exclusively from royalties and licensing fees related to the sale of its plasma volume expander products, primarily Hextend®. BioTime began to make its first stem cell research products available during 2008, but has not yet generated significant revenues from the sale of those products. BioTime's ability to generate substantial operating revenue depends upon its success in developing and marketing or licensing its plasma volume expanders and stem cell products and technology for medical and research use. On April 29, 2009, the California Institute of Regenerative Medicine ("CIRM") awarded BioTime a $4,721,706 grant for a stem cell research project related to its ACTCellerate technology. The CIRM grant covers the period of September 1, 2009 through August 31, 2012. During 2010, BioTime received four quarterly payments from CIRM totaling $1,575,523. During 2010, BioTime received $476,724 of a $733,438 grant awarded under the U.S. Government's Qualifying Therapeutic Discovery Project ("QTDP").

The consolidated balance sheets as of December 31, 2010 and 2009, the consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008, the consolidated statements of changes in equity for the years ended December 31, 2010, 2009 and 2008, and the consolidated statements of cash flows for the years ended December 31, 2010, 2009 and 2008 have been prepared by BioTime's management in accordance with instructions from Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at December 31, 2010 have been made.

Principles of consolidation – BioTime's consolidated financial statements include the accounts of its subsidiaries. The following table reflects BioTime's ownership of the outstanding shares of its subsidiaries.

Subsidiary	BioTime Ownership	Country
ReCyte Therapeutics, Inc. (formerly Embryome Sciences, Inc.)	95.15%	USA
OncoCyte Corporation	74%	USA
OrthoCyte Corporation	100%	USA
ES Cell International Pte., Ltd.	100%	Singapore
BioTime Asia, Limited	81%	Hong Kong
Cell Cure Neurosciences, Ltd.	53.6%	Israel

All material intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States and with the accounting and reporting requirements of Regulation S-X of the Securities and Exchange Commission ("SEC"). As of December 31, 2010, we consolidated OncoCyte, ReCyte Therapeutics, ESI, Cell Cure Neurosciences, and BioTime Asia as we have the ability to control their operating and financial decisions and policies through our ownership, and we reflect the non-controlling interest as a separate element of equity on our consolidated balance sheet.

Certain significant risks and uncertainties - BioTime's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include but are not limited to, the following: the results of clinical trials of BioTime's pharmaceutical products; BioTime's ability to obtain United States FDA and foreign regulatory approval to market its pharmaceutical products; BioTime's ability to develop new stem cell research products and technologies; competition from products manufactured and sold or being developed by other companies; the price and demand for BioTime products; BioTime's ability to obtain additional financing and the terms of any such financing that may be obtained; BioTime's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in BioTime's products; and the availability of reimbursement for the cost of BioTime's pharmaceutical products (and related treatment) from government health administration authorities, private health coverage insurers, and other organizations.

2. Summary of Significant Accounting Policies

Use of estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition – BioTime complies with SEC Staff Accounting Bulletin guidance on revenue recognition. Royalty and license fee revenues consist of product royalty payments and fees under license agreements and are recognized when earned and reasonably estimable. BioTime recognizes revenue in the quarter in which the royalty report is received, rather than the quarter in which the sales took place. When BioTime is entitled to receive up-front nonrefundable licensing or similar fees pursuant to agreements under which BioTime has no continuing performance obligations, the fees are recognized as revenues when collection is reasonably assured. When BioTime receives up-front nonrefundable licensing or similar fees pursuant to agreements under which BioTime does have continuing performance obligations, the fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, BioTime amortizes nonrefundable fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestone payments, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended, and (c) collection of the payment is reasonably assured. Grant income is recognized as revenue when earned.

Cash and cash equivalents – BioTime considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts - Trade accounts receivable and grants receivable are presented in the prepaid expenses and other current assets line item of the consolidated balance sheet. Total trade receivables amounted to $125,000 and grants receivable amounted to $543,000 as of December 31, 2010. These amounts are deemed fully collectible; as such BioTime did not recognize any allowance for doubtful accounts as of December 31, 2010. BioTime evaluates the collectability of its receivables based on a variety of factors, including the length of time receivables are past due and significant one-time events and historical experience. An additional reserve for individual accounts is recorded when BioTime becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted.

Concentrations of credit risk – Financial instruments that potentially subject BioTime to significant concentrations of credit risk consist primarily of cash and cash equivalents. BioTime limits the amount of credit exposure of cash balances by maintaining its accounts in high credit quality financial institutions. Cash equivalent deposits with financial institutions may occasionally exceed the limits of insurance on bank deposits; however, BioTime has not experienced any losses on such accounts.

Equipment – Equipment is stated at cost. Equipment is being depreciated using the straight-line method over a period of 36 to 84 months. See Note 4.

Inventory – Inventories are stated at the lower of cost or market. Cost, which includes amounts related to materials, labor, and overhead, is determined in a manner which approximates the first-in, first-out (“FIFO”) method.

Deferred costs – Certain costs incurred in obtaining a line of credit were deferred and have been completely amortized as of December 31, 2009.

Patent costs – Costs associated with obtaining patents on products or technology developed are expensed as general and administrative expenses when incurred. This accounting is in compliance with guidance promulgated by the Financial Accounting Standards Board (the "FASB") regarding goodwill and other intangible assets.

Research and development – BioTime complies with FASB requirements governing accounting for research and development costs. Research and development costs are expensed when incurred, and consist principally of salaries, payroll taxes, research and laboratory fees, and license fees paid to acquire patents or licenses to use patents and other technology from third parties.

Comprehensive Loss - In countries in which BioTime operates, and the functional currency is other than the U.S. dollar, assets and liabilities are translated using published exchange rates in effect at the consolidated balance sheet date. Revenues and expenses and cash flows are translated using an approximate weighted average exchange rate for the year. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income. As of December 31, 2010, accumulated other comprehensive income includes income of $897,338, which is entirely from foreign currency translation.

Income taxes – BioTime accounts for income taxes in accordance with FASB requirements, which prescribe the use of the asset and liability method, whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. Effective January 1, 2007, BioTime adopted the provisions of a FASB Interpretation on accounting for uncertainty in income taxes. The FASB guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. BioTime recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of December 31, 2010 and 2009. Management is currently unaware of any tax issues under review

Stock-based compensation – BioTime adopted accounting standards governing share-based payments, which require the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees, including employee stock options based on estimated fair values. In March 2005, the SEC issued additional guidelines which provide supplemental implementation guidance for valuation of share-based payments. BioTime has applied the provisions of this guidance in such valuations as well. Consistent with those guidelines, BioTime has continued to utilize the Black-Scholes Merton option pricing model which was previously used for BioTime's *pro forma* financial statements. BioTime's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by BioTime's stock price as well as by assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, BioTime's expected stock price volatility over the term of the awards, and the actual and projected employee stock option exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. Although the fair value of employee stock options is determined in accordance with recent FASB guidance, changes in the subjective assumptions can materially affect the estimated value. In management's opinion, the existing valuation models may not provide an accurate measure of the fair value of BioTime's employee stock options because the option-pricing model value may not be indicative of the fair value that would be established in a willing buyer/willing seller market transaction.

Impairment of long-lived assets – BioTime's long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an impairment indicator is present, BioTime evaluates recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the estimated fair value of the assets.

Deferred license and consulting fees – Deferred license and consulting fees consist of $1,979,036 attributable to the value of warrants issued to third parties for services and to the minority shareholder in BioTime Asia for consulting services, and $1,095,000 in deferred license fees paid to acquire rights to use the proprietary technologies of third parties. The value of the warrants is being amortized over the period the services are being provided, and the license fees are being amortized over the estimated useful lives of the licensed technologies or licensed research products. See Note 8.

Loss per share – Basic net loss per share is computed by dividing net loss available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted net loss per share reflects the weighted-average number of common shares outstanding plus the potential effect of dilutive securities or contracts which are convertible to common shares, such as options, warrants, convertible debt, and preferred stock (using the treasury stock method) and shares issuable in future periods, except in cases where the effect would be anti-dilutive. Diluted loss per share for the years ended December 31, 2010, 2009, and 2008 excludes any effect from 3,320,590 options and 649,000 warrants, 3,602,000 options and 12,264,345 warrants, and 3,538,332 options and 8,344,534 warrants, respectively, as the inclusion of those options and warrants would be antidilutive.

Fair value of financial instruments – The fair value of BioTime's assets and liabilities, which qualify as financial instruments under FASB guidance regarding disclosures about fair value of financial instruments, approximate the carrying amounts presented in the accompanying consolidated balance sheets.

Reclassification – Certain prior year amounts have been reclassified to conform to the current year presentation.

Effect of recently issued and recently adopted accounting pronouncements – In April 2010, the FASB issued an Accounting Standards Update ("ASU") which provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Research or development arrangements frequently include payment provisions whereby a portion or all of the consideration is contingent upon milestone events such as successful completion of phases in a study or achieving a specific result from the research or development efforts. The amendments in this standard provide guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. This standard is effective for fiscal years and interim periods within those years beginning on or after June 15, 2010, with early adoption permitted. This standard became effective for BioTime on January 1, 2011. BioTime's management is currently evaluating the impact that the adoption of this standard will have on BioTime's consolidated financial condition, results of operations, and disclosures.

In December 2010, the FASB issued ASU 2010-29, *Business Combinations — Disclosure of Supplementary Pro Forma Information for Business Combinations* , ("ASU 2010-29"), that amends ASC Subtopic 805-50, *Business Combinations — Disclosures* , and requires public entities that are required to present comparative financial statements to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendment also requires public entities to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. BioTime adopted the provisions of ASU 2010-29. The adoption of these provisions did not have a material impact on BioTime's consolidated financial statements.

3. Inventory

At December 31, 2010, ReCyte Therapeutics, in which BioTime owns approximately a 95% interest, held $29,600 of inventory of finished products on-site at its corporate headquarters in Alameda, California. At that same date, $15,870 of inventory of finished products was held by a third party on consignment. At December 31, 2009, ReCyte Therapeutics held $23,030 of inventory of finished products at its corporate headquarters and $15,353 of inventory of finished products was held by a third party on consignment. The inventory held by ReCyte Therapeutics is being transferred to BioTime or another BioTime subsidiary in connection with the change in focus of the subsidiary's business from the production and sale of products for the research market to the development of therapeutic products to treat vascular and blood disease and disorders.

4. Equipment

Equipment, furniture and fixtures at December 31, 2010 and 2009 are as follows:

	2010	2009
Equipment, furniture and fixtures	$ 876,708	$ 185,424
Accumulated depreciation	$ (165,942)	$ (54,291)
Equipment net of accumulated depreciation	$ 710,766	$ 131,133

Depreciation expense amounted to $138,659 and $34,591 for the years ended December 31, 2010 and 2009, respectively.

5. Intangible assets

Intangible assets at December 31, 2010 are as follows:

Intangible assets	$ 16,208,116
Accumulated amortization	(821,211)
Equipment, net	$ 15,386,905

BioTime amortizes its intangible assets over an estimated period of 10 years on a straight line basis.

Amortization of intangible assets for periods subsequent to December 31, 2010 are as follows:

Year Ended December 31,	Amortization Expense
2011	$ 1,548,828
2012	1,548,828
2013	1,548,828
2014	1,548,828
2015	1,548,828
Thereafter	6,937,496
Total	$ 14,681,636

BioTime recognized $790,117 in amortization expense of intangible assets in 2010. The difference between the amortization expense recognized in the consolidated statement of operations and the accumulated amortization of $821,211 per the consolidated balance sheet is entirely attributed to foreign currency rates. See Note 12 and 13.

6. Accounts Payable and Accrued Liabilities

At December 31, 2010 and 2009, accounts payable and accrued liabilities consists of the following:

	December 31, 2010	December 31, 2009
Accounts Payable	$ 1,036,145	$ 277,720
Accrued bonuses	367,822	-
Other accrued liabilities	525,907	253,238
	$ 1,929,874	$ 530,958

7. Lines of Credit

BioTime had a Revolving Line of Credit Agreement (“Credit Agreement”) with certain private lenders that was collateralized by a security interest in BioTime’s right to receive royalty and other payments under its license agreement with Hospira, Inc. BioTime was permitted to borrow up to $3,500,000 under the Credit Agreement. Following an amendment to the Credit Agreement in April 2009, the maturity date of this Revolving Line of Credit was extended to December 1, 2009 with respect to $2,669,282 in principal amount of loans. BioTime also received a total of $2,310,000 of new loans under the amended Credit Agreement during the period January 1 through May 19, 2009. Lenders who agreed to extend the maturity date of their outstanding loans to December 1, 2009 and lenders who made new loans received from BioTime a total of 112,310 common shares having an aggregate market value (based on closing price of the shares on the OTC Bulletin Board) equal to six percent (6%) of the lender’s loan commitment, as consideration for the extension of the term of their loans or for making new loans. BioTime also repaid $210,718 of principal and accrued interest on loans that matured on April 15, 2009 and were not extended. In addition, from January 1 through April 15, 2009, certain lenders exercised their right to exchange loans totaling $624,415 of principal, plus accrued interest, for an aggregate of 423,936 BioTime common shares.

On August 20, 2009, BioTime completed an exchange offer with the holders of its revolving credit notes through which BioTime issued 1,989,515 common shares and warrants to purchase 100,482 common shares in exchange for notes in the aggregate principal amount of $3,349,259. BioTime also paid interest in the aggregate amount of $294,351 on the revolving credit notes tendered in the exchange offer. The warrants issued in the exchange offer were exercisable at a price of $2.00 per share and any of those warrants that were not exercised expired on October 31, 2010.

A revolving credit note in the principal amount of $150,000 and associated accrued interest of $9,850 was converted into equity by the note holder upon maturity at December 1, 2009. Under the terms of the Credit Agreement, BioTime issued 79,925 common shares on that date to pay off both the principal loan amount and accrued interest. As of December 31, 2009, all loans, including both principal and accrued interest, made to BioTime under the Credit Agreement had been paid in full, the Credit Agreement has expired, and no further loans may be made under its terms.

8. Royalty Obligation and Deferred License Fees

BioTime amortizes deferred license fees over the estimated useful lives of the licensed technologies or licensed research products. BioTime is applying a 10 year estimated useful life to the technologies and products that it is currently licensing. The estimation of the useful life any technology or product involves a significant degree of inherent uncertainty, since the outcome of research and development or the commercial life a new product cannot be known with certainty at the time that the right to use the technology or product is acquired. BioTime will review its amortization schedules for impairments that might occur earlier than the original expected useful lives.

BioTime did not amortize deferred license fees during the years ended December 31, 2008 and 2009 on the basis that sales of products under the licenses had not yet begun. Because BioTime has modified its procedure for amortizing deferred license fees for the year ended December 31, 2010, certain differences resulted in BioTime's research and development expenses, total expenses, and net loss for the year ended December 31, 2010 as compared to the years ended December 31, 2008 and 2009. BioTime treated those differences as a correction of an error totaling $35,800 for 2008, and $85,400 for 2009. BioTime does not believe that those differences were material to its results of operations for those prior years. Because BioTime did not record the effect of that error in its financial statements for the years ended December 31, 2008 and 2009 due to the immaterial impact on those financial statements, it has recorded in research and development expenses for 2010 an additional $121,200, representing the amortization amounts not previously recorded in 2008 and 2009.

On January 3, 2008, BioTime entered into a Commercial License and Option Agreement with Wisconsin Alumni Research Foundation ("WARF"). The WARF license permits BioTime to use certain patented and patent pending technology belonging to WARF, as well as certain stem cell materials, for research and development purposes, and for the production and marketing of products used as research tools, including in drug discovery and development. BioTime or Embryome Sciences will pay WARF royalties on the sale of products and services using the technology or stem cells licensed from WARF. The royalty will range from 2% to 4%, depending on the kind of products sold. The royalty rate is subject to certain reductions if BioTime also becomes obligated to pay royalties to a third party in order to sell a product. In March 2009, BioTime amended its license agreement with WARF. The amendment increased the license fee from the original $225,000 to $295,000, of which $225,000 was paid in cash and $70,000 was paid by delivering BioTime common shares having a market value of $70,000 as of March 2, 2009. The amendment extended until March 2, 2010 the dates for payment of the $215,000 balance of the cash license fee and $20,000 in remaining reimbursement of costs associated with preparing, filing, and maintaining the licensed patents. The commencement date for payment of an annual $25,000 license maintenance fee was also been extended to March 2, 2010. The licensing fees were included in deferred license fees in BioTime's consolidated balance sheet as of December 31, 2009, and less the amortized portion, in BioTime's consolidated balance sheet as of December 31, 2010.

On June 24, 2008, BioTime, along with its subsidiary, ReCyte Therapeutics, entered into a Product Production and Distribution Agreement with Lifeline Cell Technology, LLC for the production and marketing of human embryonic progenitor cells ("hEPC") or hEPC lines, and products derived from those hEPCs. The products developed under the agreement with Lifeline will be produced and sold for research purposes such as drug discovery and drug development uses. ReCyte Therapeutics paid Lifeline $250,000, included in the advanced license fee and other fees, to facilitate their product production and marketing efforts. BioTime will be entitled to recover that amount from the share of product sale proceeds that otherwise would have been allocated to Lifeline.

On July 10, 2008, ReCyte Therapeutics entered into a License Agreement with Advanced Cell Technology, Inc. ("ACT"), under which ReCyte Therapeutics acquired exclusive worldwide rights to use ACT's "ACTCellerate" technology for methods to accelerate the isolation of novel cell strains from pluripotent stem cells. ReCyte Therapeutics paid ACT a $250,000 license fee and will pay an 8% royalty on sales of products, services, and processes that utilize the licensed technology. Once a total of $1,000,000 of royalties has been paid, no further royalties will be due. The license will expire in twenty years or upon the expiration of the last to expire of the licensed patents, whichever is later. The $250,000 license fee is included in deferred license fees in BioTime's consolidated balance sheet as of December 31, 2009 and, less the amortized portion, in BioTime's consolidated balance sheet as of December 31, 2010.

On August 15, 2008, ReCyte Therapeutics entered into a License Agreement and a Sublicense Agreement with ACT under which ReCyte Therapeutics acquired world-wide rights to use an array of ACT technology (the "ACT License") and technology licensed by ACT from affiliates of Kirin Pharma Company, Limited (the "Kirin Sublicense"). The ACT License and Kirin Sublicense permit the commercialization of products in human therapeutic and diagnostic product markets.

The technology licensed by ReCyte Therapeutics covers methods to transform cells of the human body, such as skin cells, into an embryonic state in which the cells will be pluripotent. Under the ACT License, ReCyte Therapeutics paid ACT a $200,000 license fee and will pay a 5% royalty on sales of products, services, and processes that utilize the licensed ACT technology, and 20% of any fees or other payments (other than equity investments, research and development costs, loans and royalties) received by ReCyte Therapeutics from sublicensing the ACT technology to third parties. Once a total of $600,000 of royalties has been paid, no further royalties will be due. The license will expire in twenty years or upon the expiration of the last-to-expire of the licensed patents, whichever is later. The $200,000 license fee payment was included in deferred license fees in BioTime's consolidated balance sheet as of December 31, 2009 and, less the amortized portion, in BioTime's consolidated balance sheet as of December 31, 2010.

Under the Kirin Sublicense, ReCyte Therapeutics has paid ACT a $50,000 license fee and will pay a 3.5% royalty on sales of products, services, and processes that utilize the licensed ACT technology, and 20% of any fees or other payments (other than equity investments, research and development costs, loans and royalties) received by ReCyte Therapeutics from sublicensing the Kirin Technology to third parties. ReCyte Therapeutics will also pay to ACT or to an affiliate of Kirin Pharma Company, Limited ("Kirin"), annually, the amount, if any, by which royalties payable by ACT under its license agreement with Kirin are less than the $50,000 annual minimum royalty due. Those payments by ReCyte Therapeutics will be credited against other royalties payable to ACT under the Kirin Sublicense. The license will expire upon the expiration of the last to expire of the licensed patents, or May 9, 2016 if no patents are issued. The $50,000 license fee payment has been included in deferred license fees in BioTime's consolidated balance sheet as of December 31, 2009 and, less the amortized portion, in BioTime's consolidated balance sheet as of December 31, 2010.

In February 2009, ReCyte Therapeutics entered into a Stem Cell Agreement with Reproductive Genetics Institute ("RGI"). In partial consideration of the rights and licenses granted to ReCyte Therapeutics by RGI, BioTime issued to RGI 32,259 common shares, having a market value of $50,000 on the effective date of the Stem Cell Agreement. This $50,000 payment was included in deferred license fees in BioTime's consolidated balance sheet as of December 31, 2009 and, less the amortized portion, in BioTime's consolidated balance sheet as of December 31, 2010.

As of December 31, 2010, amortization of deferred license fees was as follows:

Year Ended December 31,	Deferred License Fees
2011	$ 109,500
2012	109,500
2013	109,500
2014	109,500
2015	109,500
Thereafter	320,333
Total	867,833

9. Related Party Transactions

During April 1998, BioTime initially entered into a financial advisory services agreement with Greenbelt, Corp., a corporation controlled by Alfred D. Kingsley and Gary K. Duberstein, who are also shareholders of BioTime. Until 2007, the agreement was renewed annually in March and covered the 12 months ending March 31. The renewed agreement for 2008 covered services provided from January 1 through December 31, 2008. Under the 2008 agreement, BioTime agreed to pay $135,000 in cash and to issue 300,000 common shares for the twelve months ending December 31, 2008. Greenbelt permitted BioTime to defer paying the entire $135,000 until January 2009. In return for Greenbelt allowing the deferral, 60,000 common shares became issuable by BioTime to Greenbelt in January 2009, the value of which was accrued for in BioTime's financial statements as of December 31, 2008. Greenbelt and BioTime agreed to terminate their agreement effective June 30, 2009, in connection with Alfred D. Kingsley joining the BioTime Board of Directors, and BioTime agreed to pay Greenbelt $90,000 for services rendered from January 1 through June 30, 2009. BioTime agreed to indemnify Greenbelt and its officers, affiliates, employees, agents, assignees, and controlling person from any liabilities arising out of or in connection with actions taken on BioTime's behalf under the agreement.

Activity related to the Greenbelt agreement is presented in the table below:

	Balance included in Accounts Payable at January 1,	Add: Cash-based expense accrued	Add: Stock-based expense accrued	Less: Cash payments	Less: Value of stock-based payments	Balance included in Accounts Payable at December 31,
2010	$ 90,000	$ -	$ -	$ (90,000)	$ -	$ -
2009	$ 454,500	$ 90,000	$ -	$ (225,000)	$ (229,500)	$ 90,000

BioTime also currently pays $5,050 per month for the use of approximately 900 square feet of office space in New York City, which is made available to BioTime on a month-by-month basis by one of its directors at his cost for use in conducting meetings and other business affairs.

10. Equity

BioTime, as part of rights offerings and other agreements, has issued warrants to purchase its common shares. Activity related to warrants in 2010, 2009, and 2008 is presented in the table below:

	Number of Warrants	Per share exercise price	Weighted Average Exercise Price
Outstanding, January 1, 2008	7,847,867	$ 2.00	$ 2.00
Granted in 2008	496,667	.68 - 2.00	1.73
Outstanding, December 31, 2008	8,344,534	2.00	1.98
Granted in 2009	4,727,982	2.00	2.00
Exercised in 2009	(808,171)	2.00	2.00
Outstanding, December 31, 2009	12,264,345	2.00	1.99
Granted in 2010	650,000	3.00 - 10.00	6.77
Exercised in 2010	(12,240,357)	1.818 - 2.00	1.87
Expired in 2010	(24,988)	2.00	2.00
Outstanding, December 31, 2010	649,000	$ .68 - 10.00	$ 6.42

At December 31, 2010, 649,000 warrants to purchase common shares with a weighted average exercise price of $6.42 and a weighted average remaining contractual life of 2.42 years were outstanding.

At December 31, 2009, 12,264,345 warrants to purchase common shares with a weighted average exercise price of $1.99 and a weighted average remaining contractual life of 0.86 years were outstanding.

In October 2009, the board of directors and shareholders approved an increase in the authorized number of common shares to 75,000,000 shares.

A summary of all option activity under the 2007 and 2010 subsidiary option plans for subsidiaries for the year ended December 31, 2010 is as follows:

	Options Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price
January 1, 2010	9,700	4,400	$ 0.003
Added upon adoption of option plan	12,001,600	-	-
Granted	(4,308,240)	4,308,240	0.74
Forfeited/Exercised	-	-	-
December 31, 2010	7,703,060	4,312,640	$ 0.74

Additional information regarding subsidiary options outstanding as of December 31, 2010 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life (yrs)	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price
$0.003-$0.10	3,304,800	9.78	$ 0.26	437,700	$ 0.10
2.05	1,000,000	10.00	2.05	-	-
27.00-42.02	7,840	9.80	37.35	2,613	32.02
$0.003-$42.02	4,312,640	9.83	$ 0.74	440,313	$ 0.29

Preferred Shares

BioTime is authorized to issue 1,000,000 shares of preferred stock. The preferred shares may be issued in one or more series as the board of directors may by resolution determine. The board of directors is authorized to fix the number of shares of any series of preferred shares and to determine or alter the rights, references, privileges, and restrictions granted to or imposed on the preferred shares as a class, or upon any wholly unissued series of any preferred shares. The board of directors may, by resolution, increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series of preferred shares subsequent to the issue of shares of that series.

As of December 31, 2010 and 2009, BioTime has no issued and outstanding preferred shares.

Common shares

BioTime is authorized to issue 75,000,000 common shares with no par value. As of December 31, 2010 and 2009, BioTime has issued and outstanding 47,777,701 and 33,667,659 common shares, respectively.

Significant common share transactions during the year ended December 31, 2009 are as follows:

- BioTime issued 2,493,374 common shares upon conversion of its line of credit and associated accrued interest of $4,134,424.
- BioTime issued 153,206 common shares to the line of credit holders as inducement to extend loans to BioTime or to extend the maturity of the line of credit. These shares were valued at $304,181 based on the fair value of shares granted on the date of the transactions.
- BioTime issued 4,400,000 common shares and 4,400,000 warrants for BioTime's common shares for cash proceeds of $8,000,000. No funding cost was incurred.
- BioTime received total cash of $848,449 and $1,616,342 for the exercise of 535,832 options and 808,171 warrants, respectively. Average cash receipts were $1.583 for options and $2.00 for warrants.
- OncoCyte Corporation sold approximately 26% of its common shares for $4,000,000 to a principal shareholder of BioTime. This amount is included as noncontrolling interest in the consolidated financial statements.

Significant common share transactions during the year ended December 31, 2010 are as follows:

- BioTime received total cash of $855,977 and $22,861,458 for the exercise of 526,410 options and 12,240,357 warrants, respectively. Average cash receipts were $1.63 for options and $1.87 for warrants.
- BioTime issued 1,383,400 common shares and 300,000 warrants as part of its consideration for the acquisition of ESI.
- BioTime recognized $2,142,200 in costs for modification of warrants.
- BioTime retired 40,125 common shares as payment for the exercise of employee options.
- Cell Cure Neurosciences sold ordinary shares to BioTime and two other shareholders for $7,100,000. BioTime invested $4,100,000 of that amount and increased its consolidated equity ownership interest in Cell Cure Neurosciences to approximately 54%.
- ReCyte Therapeutics sold approximately 5% of its common shares for $2,300,000 to two private investors. This amount is included as noncontrolling interest in the consolidated financial statements.

11. Stock Option Plans

During 1992, BioTime adopted the 1992 Stock Option Plan ("1992 Plan"). Options granted under the 1992 Plan expire five to ten years from the date of grant and may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Compensation Committee. As of December 31, 2008, options to purchase 59,500 shares were outstanding at an exercise price of $11.75 under the 1992 Plan. At December 31, 2008, no options were available for future grants under the 1992 Plan.

During 2002, BioTime adopted the 2002 Plan, which was amended during December 2004 to reserve 2,000,000 common shares for issuance under options granted to eligible persons. During October 2007 and August 2009, the Board of Directors approved amendments to the 2002 Plan to make an additional 4,000,000 common shares available under the 2002 Plan. The 2007 and 2009 amendments were approved by BioTime's shareholders in October 2009. No options may be granted under the 2002 Plan more than ten years after the date upon which the 2002 Plan was adopted by the Board of Directors, and no options granted under the 2002 Plan may be exercised after the expiration of ten years from the date of grant. Under the 2002 Plan, options to purchase common shares may be granted to employees, directors and certain consultants at prices not less than the fair market value at date of grant for incentive stock options and not less than 85% of fair market value for other stock options. Options may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Compensation Committee. The 2002 Plan also permits BioTime to sell common shares to employees subject to vesting provisions under restricted stock agreements that entitle BioTime to repurchase unvested shares at the employee's cost upon the occurrence of specified events, such as termination of employment. BioTime may permit employees or consultants, but not executive officers or directors, who purchase stock under restricted stock purchase agreements, to pay for their shares by delivering a promissory note that is secured by a pledge of their shares. Under the 2002 Plan, as of December 31, 2010, BioTime had granted to certain employees, consultants, and directors, options to purchase a total of 3,320,590 common shares at exercise prices ranging from $0.32 to $8.58 per share.

In October 2007, BioTime granted certain executives options to purchase 2,000,000 common shares ("Executive Options") under BioTime's 2002 Employee Stock Option Plan, as amended ("2002 Plan"). The exercise price of the Executive Options is $0.50 per share. The Executive Options will vest at the rate of 1/60th of the number of Executive Options granted at the end of each full month of employment. The vested portion of each executive's Executive Options shall expire on the earliest of (a) seven (7) years from the date of grant, (b) three months after the executive ceases to be an employee of BioTime for any reason other than his death or disability, or (c) one year after he ceases to be an employee of BioTime due to his death or disability; provided that if he dies during the three-month period described in clause (b), the expiration date of the vested portion of this Option shall be one year after the date of his death.

The Executive Options were originally paired with stock appreciation rights ("SARs") with respect to 1,302,030 shares. The SARs expired during October 2009, under their terms, when BioTime's shareholders approved an amendment to the 2002 Plan making additional common shares available under the 2002 Plan.

On January 1, 2006, BioTime adopted a new accounting pronouncement, which requires the measurement and recognition for all share-based payment awards made to BioTime's employees and directors, including employee stock options. The following table summarizes stock-based compensation expense related to employee and director stock options awards for the years ended December 31, 2010, 2009 and 2008, which was allocated as follows:

	Year Ended December 31,		
	2010	**2009**	**2008**
All stock-based compensation expense:			
Research and Development	$ 475,159	$ 150,899	$ -
General and Administrative	619,837	337,665	206,321
Stock appreciation rights/(reversal)	-	(483,688)	470,537
All stock-based compensation expense included in expenses	$ 1,094,996	$ 4,876	$ 676,858

BioTime adopted a new accounting pronouncement using the modified prospective transition method of accounting for options granted on or after January 1, 2006. As of December 31, 2010, total unrecognized compensation costs related to unvested stock options was $2,735,325, which is expected to be recognized as expense over a weighted average period of approximately 4.7 years.

For all applicable periods, the value of each employee or director stock option was estimated on the date of grant using the Black-Scholes Merton model for the purpose of the pro forma financial disclosures in accordance with a new accounting pronouncement.

The weighted-average estimated fair value of stock options granted during the years ended December 31, 2010 and 2009 was $6.75 and $3.28 per share, respectively, using the Black-Scholes Merton model with the following weighted-average assumptions:

	Year Ended December 31,	
	2010	**2009**
Expected life (in years)	5.92	6.24
Risk-free interest rates	2.05%	5.71%
Volatility	112.85%	115.49%
Dividend yield	0%	0%

General Option Information

A summary of all option activity under the 1992 Plan and 2002 Plan for the years ended December 31, 2010, 2009, and 2008 is as follows:

	Options Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price
January 1, 2008	726,168	3,333,332	$ 1.72
Granted [1]	(60,000)	(60,000)	0.55
Exercised	-	(25,000)	0.32
Forfeited/expired	80,000	(80,000)	1.55
December 31, 2008	746,168	3,288,332	0.97
Added by Amendment to 2002 Plan 2	2,000,000	-	-
Granted	(699,000)	699,000	3.28
Exercised [1]	-	(410,832)	1.73
Forfeited/expired	40,000	(99,500)	1.13
December 31, 2009	2,087,168	3,477,000	1.13
Granted	(245,000)	245,000	6.75
Exercised [1]		(401,410)	1.56
December 31, 2010	1,842,168	3,320,590	$ 1.13

1 This table excludes 250,000 options which were granted in 2008 outside the 1992 Plan and 2002 Plan, of which 125,000 were exercised in 2009 and the remaining 125,000 in 2010.

2 During October 2009, the 2002 Plan was amended to make 2,000,000 additional common shares available for the grant of options.

Additional information regarding options outstanding as of December 31, 2010 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life (yrs)	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price
$.32-$.47	360,000	.89	$ 0.33	360,000	$ 0.33
.50	2,000,000	3.78	.50	1,266,667	0.50
.68-1.55	45,000	2.95	0.71	45,000	0.71
2.00-8.58	915,590	5.03	4.22	425,736	3.50
$0.32-$8.58	3,320,590	3.80	$ 1.51	2,097,403	$ 1.08

During 2010, BioTime's subsidiaries OncoCyte, OrthoCyte, ReCyte Therapeutics, and BioTime Asia adopted stock options plans that have substantially the same operative provisions as the BioTime 2002 Stock Option Plan. The OncoCyte, OrthoCyte and ReCyte Therapeutics stock option plans authorize the sale of up to 4,000,000 shares of the applicable subsidiary's common stock through the exercise of stock options or under restricted stock purchase agreements. The BioTime Asia stock option plan authorizes the sale of up to 1,600 ordinary shares through the exercise of stock options or under restricted stock purchase agreements. Cell Cure Neurosciences' option plan authorizes the sale of 14,100 ordinary shares through the exercise of stock options.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life (yrs)	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price
$0.003-$0.10	3,300,400	9.78	$ 0.26	437,700	$ 0.10
2.05	1,000,000	10.00	2.05	-	-
27.00-42.02	7,840	9.80	37.35	2,613	32.02
$0.003-$42.02	4,308,240	9.83	$ 0.74	440,313	$ 0.29

No other options were granted under the other subsidiary Stock Option Plans as of December 31, 2010.

12 Acquisition of ES Cell International Pte Ltd

On May 3, 2010, BioTime completed the acquisition of all of the issued preferred shares and ordinary shares of ESI, and the secured promissory notes (the "Notes") issued by ESI to a former ESI shareholder (the "Acquisition"). BioTime issued, in the aggregate, 1,383,400 common shares, and warrants to purchase an additional 300,000 common shares at an exercise price of $10 per share, to acquire all of the ESI shares and the Notes in the Acquisition. BioTime did not incur or assume any indebtedness when it acquired ESI.

ESI has produced six clinical-grade human embryonic stem cell lines that were derived following principles of Good Manufacturing Practice (GMP). ESI currently offers these GMP cell lines use in therapeutic product development.

In accordance with Accounting Standards Codification 805, *Business Combinations* ("ASC 805"), the total purchase consideration is allocated to the net tangible and identifiable intangible assets acquired, and liabilities assumed, based on their estimated fair values as of May 3, 2010. BioTime amortizes intangibles over the estimated useful life of 10 years on a straight line basis.

The purchase price for the acquisition is being allocated as follows:

Components of the purchase price:		
BioTime common shares	$	11,011,864
BioTime warrants		1,778,727
Cash		80,000
Total purchase price	$	12,870,591
Preliminary allocation of purchase price:		
Assets acquired and liabilities assumed:		
Cash	$	222,802
Prepaid and other current assets		65,015
Property and equipment		96,677
Equity investment in Cell Cure		2,766,400
Intangible assets, patents		9,937,529
Current liabilities		(217,832)
Net assets acquired	$	12,870,591

The fair value of the shares issued was based on the $7.96 closing price per BioTime common share on the NYSE Amex on May 3, 2010. The fair value of the warrants issued was computed using a Black Scholes Merton option pricing model, which utilized the following assumptions: expected term of four years, which is equal to the contractual life of the warrants; risk-free rate of 2.015%; 0% expected dividend yield; 118.20% expected volatility; a stock price of $7.96; and an exercise price of $10.

13 Acquisition of Cell Cure Neurosciences, Ltd.

On October 18, 2010, BioTime completed the acquisition of 104,027 ordinary shares of Cell Cure Neurosciences by paying $4,100,000 including $3,847,392 in cash and by converting into Cell Cure Neurosciences shares a $250,000 loan that BioTime previously made to Cell Cure Neurosciences. Two other Cell Cure Neurosciences shareholders, Teva Pharmaceutical Industries Ltd. (“Teva”) and -HBL- Hadasit Bio-Holdings, Ltd (“HBL”) concurrently completed their acquisition of Cell Cure Shares. Teva acquired 49,975 Cell Cure Neurosciences shares for $2,000,000 in cash, and HBL acquired 25,625 Cell Cure Neurosciences shares for $897,962 in cash and by converting into Cell Cure Neurosciences shares a $100,000 loan previously made to Cell Cure Neurosciences. As a result of the share purchase, BioTime now owns, directly and through ESI, approximately 53.6% of the outstanding ordinary shares of Cell Cure Neurosciences, HBL owns approximately 26.3% of the outstanding ordinary shares, and Teva owns approximately 19.9% of the ordinary shares.

Cell Cure Neurosciences is developing stem cell-based therapies for retinal and neurological disorders, including the development of retinal pigment epithelial (“RPE”) cells for the treatment of macular degeneration, and treatments for multiple sclerosis.

With more than 50% interest in Cell Cure Neurosciences, BioTime accounts for Cell Cure Neurosciences using the purchase method of accounting, In accordance with Accounting Standards Codification 805, *Business Combinations* (“ASC 805”), the total purchase consideration is allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of October 18, 2010. BioTime amortizes intangibles over the estimated useful life of 10 years on a straight line basis.

The purchase price for the acquisition is being allocated as follows:

Components of the purchase price:		
Note receivable	$	250,000
Interest accrued on note receivable		2,608
Cash		3,847,392
Total purchase price	$	4,100,000
Allocation of purchase price:		
Assets acquired and liabilities assumed:		
Cash	$	480,502
Prepaid and other current assets		472,636
Property and equipment		391,694
Intangible assets		5,480,634
ESI's equity investment in Cell Cure Neurosciences		(2,705,745)
Total investment		7,100,000
Noncontrolling interest		(5,894,255)
Current liabilities		(1,225,466)
Net assets acquired	$	4,100,000

14. Commitments and Contingencies

On October 22, 2010, BioTime entered into a new lease for its principal office and laboratory facilities located at 1301 Harbor Bay Parkway, Alameda, California. The new lease term commenced December 1, 2010 and expires on February 29, 2016. BioTime has an option to extend the lease for one additional term of five years, with the rent to be determined at the time of the extension based on the prevailing market rate for comparable facilities. BioTime increased the amount of laboratory and office space from approximately 11,000 square feet to approximately 17,000 square feet and obtained a right of first refusal on approximately 10,000 square feet of contiguous space. Base rent will be $27,086 per month and will increase by three percent each year. BioTime received two months of free rent at the beginning of the new lease term. In addition to the base rent, BioTime pays a *pro rata* share of real property taxes and certain costs associated to the operation and maintenance of the building in which the leased premises are located.

Rent expenses totaled $656,883, $682,982, and $527,682 for the years ended December 31, 2010, 2009, and 2008, respectively. Remaining minimum annual lease payments under the various operating leases for the year ending after December 31, 2010 are as follows:

Year Ending December 31,	Minimum lease payments
2011	$ 507,777
2012	465,173
2013	412,411
2014	356,064
2015	366,746
2016	31,401

Indemnification – Under BioTime's bylaws, BioTime has agreed to indemnify its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments that BioTime could be required to make under the indemnification provisions contained in BioTime's bylaws is unlimited. However, BioTime has a director's and officer's liability insurance policy that limits its exposure and enables it to recover a portion of any future amounts paid. As a result of the insurance policy coverage, BioTime believes the estimated fair value of these indemnification agreements is minimal, and no liabilities were recorded for these agreements as of December 31, 2010.

Under the license agreements with Hospira and CJ, BioTime will indemnify Abbott Laboratories (Hospira's predecessor), Hospira, and/or CJ for any cost or expense resulting from any third-party claim or lawsuit arising from alleged patent infringement, as defined, by Abbott, Hospira, or CJ relating to actions covered by the applicable license agreement. Management believes that the possibility of payments under the indemnification clauses is remote. Therefore, BioTime has not recorded a provision for potential claims as of December 31, 2010. BioTime enters into indemnification provisions under (i) agreements with other companies in the ordinary course of business, typically with business partners, licensees, licensors, contractors, hospitals at which clinical studies are conducted, and landlords; and (ii) agreements with investors, underwriters, investment bankers, and financial advisers. Under these provisions, BioTime generally agrees to indemnify and hold harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of BioTime's activities or, in some cases, as a result of the indemnified party's activities under the agreement. These indemnification provisions often include indemnifications relating to representations made by BioTime with regard to intellectual property rights. These indemnification provisions generally survive termination of the underlying agreement. In some cases, BioTime has obtained liability insurance providing coverage that limits its exposure for indemnified matters. The maximum potential amount of future payments that BioTime could be required to make under these indemnification provisions is unlimited. BioTime has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, BioTime believes the estimated fair value of these agreements is minimal. Accordingly, BioTime has no liabilities recorded for these agreements as of December 31, 2010.

15. Income Taxes

The primary components of the net deferred tax assets at December 31, 2010 and 2009 were as follows:

	2010	2009
Deferred tax assets:		
Net operating loss carryforwards	$ 27,435,000	$ 19,418,000
Research & development and other credits	1,915,000	1,951,000
Other, net	418,000	363,000
Total	29,768,000	21,732,000
Valuation allowance	(29,768,000)	(21,732,000)
Net deferred tax assets	$ -	$ -

Income taxes differed from the amounts computed by applying the U.S. federal income tax of 34% to pretax losses from operations as a result of the following:

	Year Ended December 31,		
	2010	2009	2008
Computed tax benefit at federal statutory rate	(34%)	(34%)	(34%)
Permanent differences	8%	0%	8%
Losses for which no benefit has been recognized	32%	41%	34%
State tax benefit, net of effect on federal income taxes	(6%)	(6%)	(6%)
Research and development and other credits	-	(1%)	(2%)
	0%	0%	0%

As of December 31, 2010, BioTime has net operating loss carryforwards of approximately $56,000,000 for federal and $28,000,000 for state tax purposes, which expire through 2029. In addition, BioTime has tax credit carryforwards for federal and state tax purposes of $986,000 and $929,000, respectively, which expire through 2030. As of December 31, 2010, BioTime's subsidiaries have foreign net operating loss carryforwards of approximately $38,500,000 which carry forward indefinitely. Approximately $32,000,000 of this amount is subject to government approval due to the 2010 change in ownership.

No tax benefit has been recorded through December 31, 2010 because of the net operating losses incurred and a full valuation allowance has been provided. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. BioTime established a 100% valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets.

Internal Revenue Code Section 382 places a limitation ("Section 382 Limitation") on the amount of taxable income that can be offset by net operating loss ("NOL") carryforwards after a change in control (generally greater than 50% change in ownership within a three-year period) of a loss corporation. California has similar rules. Generally, after a control change, a loss corporation cannot deduct NOL carryforwards in excess of the Section 382 Limitation. Due to these "change in ownership" provisions, utilization of the NOL and tax credit carryforwards may be subject to an annual limitation regarding their utilization against taxable income in future periods.

16. Segment Information

BioTime's executive management team represents its chief decision maker. To date, BioTime's management has viewed BioTime's operations as one segment that includes, the research and development of therapeutic products for oncology, orthopedics, retinal and neurological diseases and disorders, blood and vascular system diseases and disorders, blood plasma volume expansion, and products for human embryonic stem cell research. As a result, the financial information disclosed materially represents all of the financial information related to BioTime's sole operating segment.

17. Enterprise-wide Disclosures

Geographic Area Information

Revenues, including license fees, royalties, grant income, and other revenues by geographic area are based on the country of domicile of the licensee or grantor.

Geographic Area	Revenues for the Year ending December 31,		
	2010	2009	2008
Domestic	$ 3,283,493	$ 1,549,066	$ 1,225,793
Asia	396,807	376,173	277,999
Total revenues	$ 3,680,300	$ 1,925,239	$ 1,503,792

Major Sources of Revenues

BioTime has three major customers and two major grants comprising significant amounts of total revenues.

All of BioTime's royalty revenues were generated through sales of Hextend by Hospira in the United States and by CJ in the Republic of Korea. BioTime also earned license fees from CJ and Summit.

BioTime was awarded a $4,721,706 grant for a stem cell research project related to its ACTCellerate ™ technology by CIRM in April 2009. The CIRM grant covers the period of September 1, 2009 through August 31, 2012, and as of December 31, 2010 and 2009, BioTime had received payments from CIRM totalling $1,575,523 and $790,192, respectively. BioTime recognized $1,577,142 and $533,595 as revenues as of December 31, 2010 and 2009, respectively.

During 2010, BioTime also received $476,724 of a $733,438 grant awarded under the U.S. Government's QTDP. The entire amount of the award is recognized as revenues as of December 31, 2010.

The following table shows the relative portions of BioTime's Hextend and PentaLyte royalty and license fee revenues paid by Hospira, CJ, and Summit that were recognized during the years ended December 31, 2010, 2009, and 2008, and the CIRM and QTDP grant payments recognized during the same periods:

Sources of Revenues	% of Total Revenues for Year ended December 31,		
	2010	2009	2008
Hospira	22.8%	51.8%	81.2%
CJ	7.0%	12.0%	8.9%
Summit	3.9%	7.6%	9.9%
CIRM	42.8%	27.7%	-
QTDP	19.9%	-	-
Others	3.6%	0.9%	-

18. Selected Quarterly Financial Information (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year Ended December 31, 2010				
Revenues	$ 767,127	$ 680,278	$ 815,284	$ 1,417,611
Operating expenses	2,093,249	2,995,702	3,272,988	5,170,494
Loss from operations	(1,326,122)	(2,315,424)	(2,457,704)	(3,752,883)
Net loss attributable to BioTime, Inc.	(1,286,764)	(2,259,775)	(4,671,162)	(2,966,917)
Basic and diluted net loss per share	(0.04)	(0.06)	(0.11)	(0.06)
Year Ended December 31, 2009				
Revenues	296,743	432,090	446,993	749,342
Operating Expenses	1,207,998	1,539,740	3,381,334	(683,638)
Loss from operations	(911,255)	(1,107,650)	(2,934,341)	1,432,980
Net (loss)/income attributable to BioTime, Inc.	(1,518,214)	(1,471,370)	(3,574,755)	1,419,840
Basic and diluted net loss per share	(0.06)	(0.05)	(0.11)	0.04

BioTime did not amortize deferred license fees until the fourth quarter of 2010. Because BioTime has modified its procedure for amortizing deferred license fees in the fourth quarter, certain differences resulted in BioTime’s operating expenses, total expenses, and loss for the fourth quarter of 2010 as compared to the previous quarters of 2010. BioTime treated those differences as a correction of an error totaling $23,792 for first quarter, $27,375 each for the second and third quarter. BioTime does not believe that those differences were material to its results of operations for those prior quarters. Because BioTime did not record the affect of that error in its financial statements for the quarters ended March 31, 2010, June 30, 2010 and September 31, 2010 due to the immaterial impact on those financial statements, it has recorded in research and development expenses in the fourth quarter for 2010 an additional $78,542, representing the amortization not previously recorded in the first three quarters in 2010. See Note 8 for an explanation of the affect on BioTime's financial statements for the years ended December 31, 2010, 2009, and 2008.

Operating expenses include $218,467, $286,252 and $1,695,607 of stock appreciate rights accrual in the first, second and third quarters in 2009. In the fourth quarter of the same year the entire balance of stock appreciate rights liability of approximately $2,684,000 was reversed upon cancellation of those stock appreciation rights.

19. Pro Forma Financial Information for Fiscal Years Ended December 31, 2010, 2009, and 2008 (UNAUDITED)

The following unaudited pro forma information gives effect to the acquisitions of ESI and Cell Cure Neurosciences, as if the acquisitions took place on January 1, 2009. The *pro forma* information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during the periods presented.

	Year Ended December 31,	
	2010	2009
Revenues	$ 3,702,693	$ 2,558,109
(loss) available to common shareholders	$ (13,014,491)	$ (7,890,156)
(loss) per common share – basic	$ (0.32)	$ (0.26)
(loss) per common share – diluted	$ (0.32)	$ (0.26)

20. Subsequent Events

In January and February 2011, BioTime received royalties in the amount of $187,621 and $28,365 from Hospira and CJ, respectively, based on sales of Hextend made by Hospira and CJ in the fourth quarter of 2010. These revenues will be reflected in BioTime's consolidated financial statements for the first quarter of 2011.

In January 2011, BioTime acquired substantially all the assets of Cell Targeting, Inc. ("CTI"), a Cleveland, Ohio-based biotechnology company conducting research in regenerative medicine. BioTime issued 261,959 common shares and paid $250,000 in cash to acquire the CTI assets.

In February 2011 BioTime received the second installment in the amount of $256,714 of the approximately $733,000 QTDP grant awarded to BioTime. QTDP was part of the Patient Protection and Affordable Care Act signed into law on March 23, 2010.

On February 11, 2011, BioTime and OrthoCyte entered into an Agreement and Plan of Merger (the "Merger Agreement") with Glycosan BioSystems, Inc. pursuant to which Glycosan agreed to merge with OrthoCyte. Through the merger, Glycosan stockholders will receive, in the aggregate, approximately 332,906 BioTime common shares, and warrants to purchase approximately an additional 206,612 BioTime common shares at an exercise price of $10 per share. The warrants will expire on May 3, 2014.

Established in 2006, Glycosan has been a leader in developing, manufacturing, and marketing proprietary biocompatible hydrogels that mimic the extracellular matrix. Glycosan manufactures hydrogel products for basic laboratory research use, and sells those products directly and through arrangements with distributors in the United States and abroad. Glycosan has recently completed pre-clinical development of hydrogel product for potential use as an implantable cell delivery matrix.

BioTime expects that the merger will be completed shortly after March 18, 2011. The obligations of BioTime, OrthoCyte, and Glycosan to consummate the merger are subject to the satisfaction of certain conditions, including approval of the merger by the Glycosan stockholders.

Subsequent events – These consolidated financial statements were approved by management and the Board of Directors, and were issued on March 10, 2011. Subsequent events have been evaluated through that date.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

It is management's responsibility to establish and maintain adequate internal control over all financial reporting pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 ("Exchange Act"). Our management, including our principal executive officer, our principal operations officer, and our principal financial officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of a date within ninety (90) days of the filing date of this Form 10-K annual report. Following this review and evaluation , management collectively determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) is accumulated and communicated to management, including our chief executive officer, our chief operations officer, and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), is a process designed by, or under the supervision of, our principal executive officer, our principal operations officer, and our principal financial officer, and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The scope of management's assessment of the effectiveness of internal control over financial reporting includes our consolidated subsidiary.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. Based on this assessment, management believes that, as of that date, our internal control over financial reporting was effective.

This annual report includes an attestation report of our registered public accounting firm regarding internal control over financial reporting for the year ended December 31, 2010. The attestation is included in the accounting firm's report on our audited consolidated financial statements.

Item 9B. Other Information

Not applicable

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The name, age, and background of each of our directors are contained under the caption "Election of Directors" in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and are incorporated herein by reference. Information about our executive officers, committees of the Board of Directors, and compensation of directors is reported under the caption "Corporate Governance" in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

We have a written Code of Ethics that applies to our principal executive officer, our principal financial officer and accounting officer, our other executive officers, and our directors. The purpose of the Code of Ethics is to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with or submit to the Securities and Exchange Commission and in our other public communications; (iii) compliance with applicable governmental rules and regulations; (iv) prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and (v) accountability for adherence to the Code. A copy of our Code of Ethics has been posted on our internet website and can be found at *www.biotimeinc.com*. If we amend or waive a provision of our Code of Ethics that applies to our chief executive officer or chief financial officer, we will post the amended Code of Ethics or information about the waiver on our internet website.

Information about our compliance with Section 16(a) of the Securities Exchange Act of 1934 is reported under the caption "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

Item 11. Executive Compensation

Information on compensation of our executive officers is reported under the caption “Executive Compensation” in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters

Information on the number of common shares of BioTime beneficially owned by each shareholder known by us to be the beneficial owner of 5% or more of our common shares, and by each director and named executive officer, and by all directors and named executive officers as a group, is contained under the caption “Principal Shareholders” in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information about transactions with related persons; review, and approval or ratification of transactions with related persons; and director independence is reported under the caption “Election of Directors” in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information about our Audit Committee’s pre-approval policy for audit services, and information on our principal accounting fees and services is reported under the caption “Ratification of the Selection of Our Independent Auditors” in our Proxy Statement for our 2011 Annual Meeting of Shareholders, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a-1) Financial Statements.

The following financial statements of BioTime, Inc. are filed in the Form 10-K:

Consolidated balance sheets
Consolidated statements of operations
Consolidated statements of shareholders' deficit
Consolidated statements of cash flows

Notes to Financial Statements

(a-2) Financial Statement Schedules

All schedules are omitted because the required information is inapplicable or the information is presented in the financial statements or the notes thereto.

(a-3) Exhibits.

Exhibit Numbers	Description
2.1	Equity and Note Purchase Agreement entered into as of April 28, 2010 by and between ES Cell Australia Limited, Pharmbio Growth Fund Pte Ltd., and Biomedical Sciences Investment Fund Pte., Ltd. 19
2.2	Transfer Agreement dated May 3, 2010 between BioTime, Inc. and certain shareholders of ES Cell International Pte. Ltd. 19
2.3	Agreement and Plan of Merger dated February 11, 2010, between Glycosan BioSystems, Inc., OrthoCyte Corporation, and BioTime, Inc. *
3.1	Articles of Incorporation with all amendments. 18
3.2	By-Laws, As Amended. 2
4.1	Specimen of Common Share Certificate. 1
4.2	Warrant Agreement between BioTime, Inc., Broadwood Partners, L.P., and George Karfunkel. 16
4.3	Form of Warrant. 16
4.4	Warrant Agreement between BioTime, Inc. and Biomedical Sciences Investment Fund Pte Ltd. 19

10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg. 1
10.2	Intellectual Property Agreement between BioTime, Inc. and Judith Segall. 1
10.3	2002 Stock Option Plan, as amended. 18
10.4	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 3
10.5	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 4
10.6	Exclusive License Agreement between BioTime, Inc. and CJ Corp. 5
10.7	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation.6
10.8	Addendum to Hextend and PentaLyte Collaboration Agreement Between BioTime Inc. and Summit Pharmaceuticals International Corporation. 7
10.9	Amendment to Exclusive License Agreement Between BioTime, Inc. and Hospira, Inc. 8
10.10	Hextend and PentaLyte China License Agreement Between BioTime, Inc. and Summit Pharmaceuticals International Corporation. 9
10.11	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Michael D. West. 11
10.12	Commercial License and Option Agreement between BioTime and Wisconsin Alumni Research Foundation. 10
10.13	License, Product Production, and Distribution Agreement, dated June 19, 2008, among Lifeline Cell Technology, LLC, BioTime, Inc., and Embryome Sciences, Inc. 12
10.14	License Agreement, dated July 10, 2008, between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 12
10.15	License Agreement, dated August 15, 2008 between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 13
10.16	Sublicense Agreement, dated August 15, 2008 between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 13

10.17	Stem Cell Agreement, dated February 23, 2009, between Embryome Sciences, Inc. and Reproductive Genetics Institute. 14
10.18	First Amendment of Commercial License and Option Agreement, dated March 11, 2009, between BioTime and Wisconsin Alumni Research Foundation. 14
10.19	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Robert Peabody. 14
10.20	Fifth Amendment of Revolving Line of Credit Agreement, dated April 15, 2009. 15
10.21	Form of Amendment of Revolving Credit Note. 15
10.22	Fifth Amendment of Security Agreement, dated April 15, 2009. 15
10.23	Stock and Warrant Purchase Agreement between BioTime, Inc. and George Karfunkel. 16
10.24	Stock and Warrant Purchase Agreement between BioTime, Inc. and Broadwood Partners, L.P. 16
10.25	Registration Rights Agreement between BioTime, Inc., Broadwood Partners, L.P. and George Karfunkel.16
10.26	Co-Exclusive OEM Supply Agreement, date July 7, 2009, between Embryome Sciences, Inc. and Millipore Corporation (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 17
10.27	Stock Purchase Agreement between OncoCyte Corporation and George Karfunkel. 18
10.28	Registration Rights Agreement between OncoCyte Corporation and George Karfunkel. 18
10.29	Employment Agreement, dated August 3, 2009, between BioTime, Inc. and Walter Funk. 19
10.30	Sublease Agreement for 20 Biopolis #05-05/06 Centros, Singapore between Bioprocessing Technology Institute, Biomedical Sciences Institutes and ES Cell International Pte. Ltd. 20
10.31	Share Purchase Agreement, dated October 7, 2010, by and among Cell Cure Neurosciences, Limited, Teva Pharmaceutical Industries, Ltd, HBL-Hadasit Bio-Holdings, Ltd., and BioTime, Inc. 21
10.32	Amended and Restated Shareholders Agreement, dated October 7, 2010, by and among ES Cell International Pte. Ltd, BioTime, Inc., Teva Pharmaceutical Industries, Limited, HBL-Hadasit Bio-Holdings, Ltd., and Cell Cure Neurosciences Ltd. *
10.33	Research and Exclusive License Option Agreement, dated October 7, 2010, between Teva Pharmaceutical Industries, Ltd. and Cell Cure Neurosciences Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).*
10.34	Amended and Restated Research and License Agreement, dated October 7, 2010, between Hadasit Medical Research Services and Development Ltd. and Cell Cure Neurosciences Ltd. *
10.35	Additional Research Agreement, dated October 7, 2010, between Hadasit Medical Research Services and Development Ltd. and Cell Cure Neurosciences Ltd. *

10.36	Exclusive License Agreement, dated November 20, 2007, between Cell Targeting, Inc. and Burnham Institute for Medical Research. *
10.37	Stock Purchase Agreement, dated December 29, 2010, between Embryome Sciences, Inc. and Life Extension Foundation. *
10.38	Stock Purchase Agreement, dated December 30, 2010, between Embryome Sciences, Inc. and Geothermal Coring, S.A. *
10.39	Co-Exclusive Supply Agreement, Dated December 8, 2010, between BioTime Asia Limited and Shanghai Genext Medical Technology Co. Ltd *
10.40	OncoCyte Corporation 2010 Stock Option Plan Form of OncoCyte Corporation Stock Option Agreement *
10.41	OrthoCyte Corporation 2010 Stock Option Plan Form of OrthoCyte Corporation Stock Option Agreement *
10.42	BioTime Asia, Limited 2010 Stock Option Plan Form of BioTime Asia Limited Stock Option Agreement *
10.43	ReCyte Therapeutics, Inc. 2010 Stock Option Plan Form of ReCyte Therapeutics, Inc. Stock Option Agreement *
10.44	Lease, dated October 28, 2010, between SKS Harbor Bay Associates, LLC and BioTime, Inc. *
10.45	Memorandum of Tenancy, Renewal of Tenancy and letters of offer and acceptance of renewal of tenancy between ES Cell International Pte. Ltd. and Jurong Town Corporation *
10.46	Genome Office Tenancy Renewal, Renewal of Tenancy and letters of offer and acceptance of renewal of tenancy between ES Cell International Pte Ltd. and Jurong Town Corporation *
21.1	List of Subsidiaries *
31	Rule 13a-14(a)/15d-14(a) Certification. *
32	Section 1350 Certification.*

1 Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively.

2 Incorporated by reference to Registration Statement on Form S-1, File Number 33-48717 and Post-Effective Amendment No. 1 thereto filed with the Securities and Exchange Commission on June 22, 1992, and August 27, 1992, respectively.

3 Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

4 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

5 Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

6 Incorporated by reference to BioTime's Form 8-K, filed December 30, 2004.

7 Incorporated by reference to BioTime's Form 8-K, filed December 20, 2005.

8 Incorporated by reference to BioTime's Form 8-K, filed January 13, 2006.

9 Incorporated by reference to BioTime's Form 8-K, filed March 30, 2006.

10 Incorporated by reference to BioTime's Form 8-K, filed January 9, 2008.

11 Incorporated by reference to BioTime's Form 10-KSB for the year ended December 31, 2007.

12 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2008.

13 Incorporated by reference to BioTime's Form 10-Q for the quarter ended September 30, 2008.

14 Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2008.

15 Incorporated by reference to BioTime's Form 8-K filed April 17, 2009.

16 Incorporated by reference to BioTime's Form 10-Q for the quarter ended March 31, 2009.

17 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2009.

18 Incorporated by reference to BioTime's Form 10-Q for the quarter ended September 30, 2009.

19 Incorporated by reference to BioTime's Form 10-Q for the quarter ended March 31, 2010.

20 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2010.

21 Incorporated by reference to BioTime's Form 8-K filed October 19, 2010.

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on the 11 day of March, 2011.

BIOTIME, INC.

By: /s/Michael D. West
Michael D. West, Ph.D.
Chief Executive Officer

Signature	Title	Date
/s/Michael D. West MICHAEL D. WEST, PH.D.	Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2011
/s/Robert W. Peabody ROBERT W. PEABODY	Chief Financial Officer (Principal Financial and Accounting Officer)	March 11, 2011
/s/ Neal C. Bradsher NEAL C. BRADSHER	Director	March 11, 2011
/s/ Arnold I. Burns ARNOLD I. BURNS	Director	March 11, 2011
ABRAHAM E. COHEN	Director	March _, 2011
/s/ Alfred D. Kingsley ALFRED D. KINGSLEY	Director	March 11, 2011
PEDRO LICHTINGER	Director	March _, 2011
/s/Judith Segall JUDITH SEGALL	Director	March 11, 2011

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10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg. 1
10.2	Intellectual Property Agreement between BioTime, Inc. and Judith Segall. 1
10.3	2002 Stock Option Plan, as amended. 18
10.4	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 3
10.5	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 4
10.6	Exclusive License Agreement between BioTime, Inc. and CJ Corp. 5
10.7	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation.6
10.8	Addendum to Hextend and PentaLyte Collaboration Agreement Between BioTime Inc. and Summit Pharmaceuticals International Corporation. 7
10.9	Amendment to Exclusive License Agreement Between BioTime, Inc. and Hospira, Inc. 8

10.10	Hextend and PentaLyte China License Agreement Between BioTime, Inc. and Summit Pharmaceuticals International Corporation. 9
10.11	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Michael D. West. 11
10.12	Commercial License and Option Agreement between BioTime and Wisconsin Alumni Research Foundation. 10
10.13	License, Product Production, and Distribution Agreement, dated June 19, 2008, among Lifeline Cell Technology, LLC, BioTime, Inc., and Embryome Sciences, Inc. 12
10.14	License Agreement, dated July 10, 2008, between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 12
10.15	License Agreement, dated August 15, 2008 between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 13
10.16	Sublicense Agreement, dated August 15, 2008 between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. 13
10.17	Stem Cell Agreement, dated February 23, 2009, between Embryome Sciences, Inc. and Reproductive Genetics Institute. 14
10.18	First Amendment of Commercial License and Option Agreement, dated March 11, 2009, between BioTime and Wisconsin Alumni Research Foundation. 14
10.19	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Robert Peabody. 14
10.20	Fifth Amendment of Revolving Line of Credit Agreement, dated April 15, 2009. 15
10.21	Form of Amendment of Revolving Credit Note. 15
10.22	Fifth Amendment of Security Agreement, dated April 15, 2009. 15
10.23	Stock and Warrant Purchase Agreement between BioTime, Inc. and George Karfunkel. 16
10.24	Stock and Warrant Purchase Agreement between BioTime, Inc. and Broadwood Partners, L.P. 16
10.25	Registration Rights Agreement between BioTime, Inc., Broadwood Partners, L.P. and George Karfunkel.16
10.26	Co-Exclusive OEM Supply Agreement, date July 7, 2009, between Embryome Sciences, Inc. and Millipore Corporation (Portions of this exhibit have been omitted pursuant to a request for confidential treatment). 17

10.27	Stock Purchase Agreement between OncoCyte Corporation and George Karfunkel. 18
10.28	Registration Rights Agreement between OncoCyte Corporation and George Karfunkel. 18
10.29	Employment Agreement, dated August 3, 2009, between BioTime, Inc. and Walter Funk. 19
10.30	Sublease Agreement for 20 Biopolis #05-05/06 Centros, Singapore between Bioprocessing Technology Institute, Biomedical Sciences Institutes and ES Cell International Pte. Ltd. 20
10.31	Share Purchase Agreement, dated October 7, 2010, by and among Cell Cure Neurosciences, Limited, Teva Pharmaceutical Industries, Ltd, HBL-Hadasit Bio-Holdings, Ltd., and BioTime, Inc. 21
10.32	Amended and Restated Shareholders Agreement, dated October 7, 2010, by and among ES Cell International Pte. Ltd, BioTime, Inc., Teva Pharmaceutical Industries, Limited, HBL-Hadasit Bio-Holdings, Ltd., and Cell Cure Neurosciences Ltd. *
10.33	Research and Exclusive License Option Agreement, dated October 7, 2010, between Teva Pharmaceutical Industries, Ltd. and Cell Cure Neurosciences Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).*
10.34	Amended and Restated Research and License Agreement, dated October 7, 2010, between Hadasit Medical Research Services and Development Ltd. and Cell Cure Neurosciences Ltd. *
10.35	Additional Research Agreement, dated October 7, 2010, between Hadasit Medical Research Services and Development Ltd. and Cell Cure Neurosciences Ltd. *
10.36	Exclusive License Agreement, dated November 20, 2007, between Cell Targeting, Inc. and Burnham Institute for Medical Research. *
10.37	Stock Purchase Agreement, dated December 29, 2010, between Embryome Sciences, Inc. and Life Extension Foundation. *
10.38	Stock Purchase Agreement, dated December 30, 2010, between Embryome Sciences, Inc. and Geothermal Coring, S.A. *
10.39	Co-Exclusive Supply Agreement, dated December 8, 2010, between BioTime Asia Limited and Shanghai Genext Medical Technology Co. Ltd *
10.40	OncoCyte Corporation 2010 Stock Option Plan Form of OncoCyte Corporation Stock Option Agreement *
10.41	OrthoCyte Corporation 2010 Stock Option Plan Form of OrthoCyte Corporation Stock Option Agreement *
10.42	BioTime Asia, Limited 2010 Stock Option Plan Form of BioTime Asia Limited Stock Option Agreement *

10.43	ReCyte Therapeutics, Inc. 2010 Stock Option Plan Form of ReCyte Therapeutics, Inc. Stock Option Agreement *
10.44	Lease, dated October 28, 2010, between SKS Harbor Bay Associates, LLC and BioTime, Inc. *
10.45	Memorandum of Tenancy, Renewal of Tenancy and letters of offer and acceptance of renewal of tenancy between ES Cell International Pte. Ltd. and Jurong Town Corporation *
10.46	Genome Office Tenancy Renewal, Renewal of Tenancy and letters of offer and acceptance of renewal of tenancy between ES Cell International Pte. Ltd. and Jurong Town Corporation *
21.1	List of Subsidiaries *
31	Rule 13a-14(a)/15d-14(a) Certification. *
32	Section 1350 Certification.*

1 Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively.

2 Incorporated by reference to Registration Statement on Form S-1, File Number 33-48717 and Post-Effective Amendment No. 1 thereto filed with the Securities and Exchange Commission on June 22, 1992, and August 27, 1992, respectively.

3 Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

4 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

5 Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

6 Incorporated by reference to BioTime's Form 8-K, filed December 30, 2004.

7 Incorporated by reference to BioTime's Form 8-K, filed December 20, 2005.

8 Incorporated by reference to BioTime's Form 8-K, filed January 13, 2006.

9 Incorporated by reference to BioTime's Form 8-K, filed March 30, 2006.

10 Incorporated by reference to BioTime's Form 8-K, filed January 9, 2008.

11 Incorporated by reference to BioTime's Form 10-KSB for the year ended December 31, 2007.

12 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2008.

13 Incorporated by reference to BioTime's Form 10-Q for the quarter ended September 30, 2008.

14 Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2008.

15 Incorporated by reference to BioTime's Form 8-K filed April 17, 2009.

16 Incorporated by reference to BioTime's Form 10-Q for the quarter ended March 31, 2009.

17 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2009.

18 Incorporated by reference to BioTime's Form 10-Q for the quarter ended September 30, 2009.

19 Incorporated by reference to BioTime's Form 10-Q for the quarter ended March 31, 2010.

20 Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2010.

21 Incorporated by reference to BioTime's Form 8-K filed October 19, 2010.

* Filed herewith

Exhibit 2.3

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this **Agreement**) is entered into as of February 11, 2011, by and among Glycosan BioSystems, Inc. a Delaware corporation (**Glycosan**); OrthoCyte Corporation, a California corporation (**OrthoCyte**); and BioTime, Inc., a California corporation (**BioTime**). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in Section 6.14 of this Agreement.

WHEREAS, OrthoCyte is a wholly-owned subsidiary of BioTime; and

WHEREAS, Glycosan, OrthoCyte and BioTime each desire that Glycosan merge with and into OrthoCyte (the **Merger**), subject to and in accordance with the terms and conditions of this Agreement; and

WHEREAS, as a result of the Merger, the Glycosan Stockholders will receive common shares, no par value, of BioTime (the **BioTime Shares**), and BioTime common share purchase warrants (**Warrants**), in exchange for all of their shares of Glycosan stock;

IN CONSIDERATION of the representations, warranties, conditions and covenants contained in this Agreement, and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1
THE MERGER

1.1 **Merger of Glycosan with and into OrthoCyte**. Glycosan shall merge with and into OrthoCyte, pursuant to the provisions of §252 of the Delaware Law, §1108 of the California Code, and Section 368(a)(2)(D) of the Internal Revenue Code, and the terms and conditions of this Agreement (the **Merger**).

(a) The constituent corporations in the Merger are OrthoCyte and Glycosan. OrthoCyte shall be the surviving corporation of the Merger and will continue to be a California corporation upon consummation of the Merger.

(b) The Merger shall become effective the later of the date on which a copy of this Agreement accompanied by an officer's certificate of each of OrthoCyte and Glycosan, executed in accordance with §173 of the California Code and containing the information required by §1103 of the California Code (the **California Merger Certificate**), is filed in the office of the Secretary of State of California as provided in §1103 of the California Code, or the date on which a certificate of merger, executed in accordance with §103 of the Delaware Law and containing the information required by §252 of the Delaware Law (the **Delaware Merger Certificate**), is filed with the Secretary of State of Delaware under §252 of the Delaware Law. The date upon which the Merger becomes effective is referred to in this Agreement as the **Effective Date**. The California Merger Certificate shall be substantially in the form attached as Exhibit A and the Delaware Merger Certificate shall be substantially in the form attached as Exhibit B. The California Merger Certificate and the Delaware Merger Certificate shall be filed in the offices of the Secretary of State of California and the Secretary of State of Delaware, respectively, by OrthoCyte as the surviving corporation in the Merger. It is the intention of the Parties that the Effective Date be the same as the Closing Date (as defined below), and the California Merger Certificate and the Delaware Merger Certificate may be delivered to the offices of the Secretary of State of California and the Secretary of State of Delaware, respectively, prior to the Closing Date with a request that such certificates be filed or effective on the Closing Date.

(c) Upon the Effective Date, the separate existence of Glycosan shall cease and OrthoCyte, as the surviving corporation in the Merger, shall succeed, without other transfer, to all the rights and properties of Glycosan and shall be subject to all the debts and liabilities of Glycosan in the same manner as if the surviving corporation had itself incurred them. All rights of creditors and all liens upon the property of each constituent entity shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the Merger.

(d) As the surviving corporation in the Merger, OrthoCyte will carry on business with the assets of Glycosan, as well as with the assets of OrthoCyte, after the Merger.

(e) Upon the Effective Date, all Glycosan Shares issued and outstanding, other than Dissenting Shares (as defined in Section 1.7(a)), if any, shall be deemed cancelled and converted into the right to receive BioTime Shares (or cash in lieu of a fractional BioTime share) and Warrants in the amounts as provided in Section 1.4. Dissenting Shares, if any, shall entitle a Dissenting Shareholder (as defined in Section 1.7(a)) only the right to receive the fair value, with interest if any, of the Dissenting Shares determined as provided in §262 of the Delaware Law, unless the Dissenting Shareholder shall deliver to OrthoCyte as the surviving corporation a written withdrawal of such Dissenting Shareholder's demand for an appraisal and an acceptance of the Merger Consideration, as provided in §262 of the Delaware Law.

(f) Following the Merger, the present Board of Directors of OrthoCyte shall serve as the Board of Directors of the surviving corporation until the next annual meeting of shareholders or until such time as their successors have been elected and qualified. If a vacancy shall exist on the Board of Directors of the surviving corporation on the Effective Date, such vacancy may be filled by the Board of Directors of OrthoCyte as provided in its Bylaws.

1.2 **Articles of Incorporation**. The Articles of Incorporation of OrthoCyte, as in effect immediately prior to the Effective Date, shall be the Articles of Incorporation of the surviving corporation until altered, amended, or repealed as provided therein or as provided by law.

1.3 **Bylaws**. The Bylaws of OrthoCyte existing on the Effective Date shall continue in full force as the Bylaws of the surviving corporation until altered, amended, or repealed as provided in such Bylaws or by law.

1.4 **Merger Consideration**.

(a) Upon the consummation of the Merger, the outstanding shares of Glycosan capital stock, other than Dissenting Shares (as defined below), if any, shall automatically and by operation of the Merger be converted into BioTime Shares and Warrants as follows (the **Merger Consideration**):

(b) The total number of BioTime Shares to be issued to Glycosan Stockholders as part of the Merger Consideration, prior to deduction on account of any Dissenting Shares, shall be determined by dividing $2,600,000 by the average closing price of BioTime Shares as reported on the NYSE Amex for the ten (10) trading days immediately preceding the date of this Agreement. The total number of Warrants to be issued to Glycosan Stockholders as part of the Merger Consideration, prior to deduction on account of any Dissenting Shares, shall have an aggregate value of $1,000,000, determined as of the date that this Agreement is signed, in accordance with the Black-Sholes formula, applying the Warrant exercise price and expiration date, and the other formula factors that BioTime appropriately uses in the valuation of other stock purchase options and warrants for financial reporting purposes. Accordingly, the number of BioTime Shares to be issued to Glycosan Stockholders, collectively, as part of the Merger Consideration, prior to deduction on account of any Dissenting Shares, shall be 332,906 BioTime Shares; and the number of Warrants to be issued to Glycosan preferred and common shareholders, collectively, as the remainder of the Merger Consideration, prior to deduction on account of any Dissenting Shares, shall be 206,612 Warrants. The Merger Consideration, consisting of BioTime Shares and Warrants, is sometimes referred to herein in terms of units, where a single "**Unit**" shall mean and is comprised of 1.61 BioTime Shares and one Warrant.

(i) Each Unit shall have a value (the **Unit Value**) equal to $17.41 determined as the sum of (i) value of the BioTime Share(s) (or fraction thereof) included therein and (ii) the value of the Warrant(s) (or fraction thereof) included therein, all as determined on the basis of the number of BioTime Shares to be issued in the Merger (prior to deduction on account of any Dissenting Shares) at an aggregate value of $2,600,000 as described above, and the number of Warrants to be issued in the Merger (prior to deduction on account of any Dissenting Shares) at an aggregate value of $1,000,000, as described above.

(ii) Each outstanding share of a Glycosan Series A Preferred Stock, $0.01 par value per share (**Glycosan Series A Preferred Stock**), Glycosan Series B Preferred Stock, $0.01 par value per share (**Glycosan Series B Preferred Stock**), and Glycosan Series C Preferred Stock, $0.01 par value per share (**Glycosan Series C Preferred Stock**, and together with the Glycosan Series A Preferred Stock and the Glycosan Series B Preferred Stock, the **Glycosan Series Preferred Stock**), shall be converted into the right to receive that number of Units determined by dividing the respective liquidation preferences per issued and outstanding share of Glycosan Series Preferred Stock ($5.50 per share in the case of the Glycosan Series A Preferred Stock, $6.50 per share in the case of the Glycosan Series B Preferred Stock, and $7.25 per share in the case of the Glycosan Series C Preferred Stock) by the Unit Value; whereupon each such share of Glycosan Series Preferred Stock will convert into shares of Glycosan common stock in accordance with the terms applicable thereto. Each share of Glycosan common stock outstanding following conversion of the Glycosan Series Preferred Stock as aforesaid shall be converted in the Merger, prior to deduction on account of any Dissenting Shares, into that number of Units determined by dividing (i) the difference between (x) the total number of Units to be issued in the Merger and (y) the number of Units initially issued in respect of the aggregate liquidation preference (the **Aggregate Glycosan Series Preferred Stock Liquidation Preference**) applicable to all outstanding shares of Glycosan Series Preferred Stock by (ii) the total number of shares of Glycosan common stock issued and outstanding (or deemed issued and outstanding) after payment of the Aggregate Glycosan Series Preferred Stock Liquidation Preference in full and conversion of the Glycosan Series Preferred Stock into common stock in accordance with the terms applicable to such Glycosan Series Preferred Stock. Based on the forgoing, and assuming that no additional shares of Glycosan Stock are issued (other than certain shares of common stock that will be issued in connection with the assignment of a License (as defined in this Agreement)) and no shares of Glycosan Stock are redeemed or reacquired by Glycosan, upon the consummation of the Merger, the outstanding shares of Glycosan Stock, other than Dissenting Shares, shall be converted into BioTime Shares and Warrants as follows: (i) each share of Glycosan Series A Preferred Stock shall be converted into 0.5086138 BioTime Shares and 0.3159101 Warrants in satisfaction of the liquidation preference of that series, (ii) each share of Glycosan Series B Preferred Stock shall be converted into 0.6010912 BioTime Shares and .3733486 Warrants in satisfaction of the liquidation preference of that series, (iii) each share of Glycosan Series C Preferred Stock shall be converted into 0.6704473 BioTime Shares and 0.4164269 Warrants in satisfaction of the liquidation preference of that series, and (iv) each share of Glycosan common stock, including Glycosan Series Preferred Stock converted into common stock, shall be converted into 0.23023 BioTime Shares and 0.143 Warrants.

(iii) Notwithstanding the foregoing, that number of Units (and correspondingly the BioTime Shares and Warrants included therein) comprising Escrow Units within the context of Section 1.9 below shall be issued or issuable in the Merger in the name of the Representative for the benefit of the Glycosan Stockholders holders as their interests may appear and subject to the terms of this Agreement and the Escrow Agreement (as defined below), including the terms hereof appointing and empowering (and limiting the liability) of the Representative, and all rights of the Glycosan Stockholders in respect thereof shall be and are therefore expressly limited accordingly. The actual number of BioTime Shares and Warrants initially issued as Merger Consideration will be reduced correspondingly to account for each Dissenting Share in accordance with the per Glycosan share values set forth in Section 1.4 (a) above, and in lieu thereof BioTime will make payment in satisfaction of the rights of the holders of such Dissenting Shares, as, when and if required by the law applicable to Dissenting Shares.

(c) No fractional BioTime Shares or fractional Warrants (or Warrants to purchase fractional BioTime Shares) shall be issued in the Merger. In determining the number of BioTime Shares and Warrants to be issued to a Glycosan Stockholder in the Merger, any fractional BioTime Shares or fractional BioTime Warrants that would otherwise be issuable with respect to the Glycosan Shares of all classes and series registered in the name of that Glycosan Stockholder (and, accordingly, the number of Units) shall be aggregated into the greatest number of whole BioTime Shares and whole Warrants as is feasible in each case. In lieu of issuing any fractional BioTime Share remaining after the aforesaid aggregation of fractions, BioTime shall pay the Glycosan Stockholder cash in an amount determined by multiplying the remaining aggregate fraction by the average closing price of a BioTime Share as reported on the NYSE Amex for the ten (10) trading days immediately preceding the Closing Date. In lieu of issuing any fractional Warrant (or Warrant to purchase a fractional BioTime Share) remaining after the aforesaid aggregation of fractions, BioTime shall round the remaining aggregate fraction up to the next whole Warrant if the fraction is 0.5 or greater, or down to the next whole Warrant if the fraction is less than 0.5.

(d) As soon as reasonably practicable after the Effective Date, BioTime will mail to each Glycosan Stockholder, whose shares of Glycosan common stock or Glycosan Series Preferred Stock were converted into the right to receive BioTime Shares and Warrants, a letter of transmittal and instructions for use in delivering Glycosan common stock and Glycosan Series Preferred Stock certificates in exchange for certificates representing the BioTime Shares and Warrants into which the Glycosan Stockholder's common stock or Glycosan Series Preferred Stock was converted in the Merger and cash for in lieu of fraction BioTime Shares, less the Glycosan Stockholder's pro rata share of the BioTime Shares and Warrants held in the Escrow. Glycosan stock certificates surrendered for exchange into BioTime Shares and Warrants shall be cancelled.

1.5 **Warrants**. Each Warrant shall entitle the registered holder thereof to purchase one BioTime Share (each a **Warrant Share**), at an exercise price of $10.00, subject to adjustment as provided in the Warrant Agreement governing the Warrants attached as Exhibit C (the **Warrant Agreement**). The Warrants shall expire on May 3, 2014 and shall be issued on the terms and conditions provided in the Warrant Agreement.

1.6 **Glycosan Stock Options**. Any Glycosan employee or other stock option holder who exercises any stock options under a Glycosan stock option plan on or before the Effective Date shall receive BioTime Shares and Warrants upon consummation of the Merger. The number of BioTime Shares and Warrants received shall be calculated using the conversion formula provided in Section 1.4. Except as expressly provided in Schedule 1.6, neither OrthoCyte nor BioTime will assume any of Glycosan's obligations under any stock option plan or stock option agreements. Except for any Glycosan option converted into a BioTime option as contemplated by Schedule 1.6, any stock options not exercised on or before the Effective Date shall be deemed to have expired or terminated on the Effective Date.

1.7 **Meeting of Glycosan Stockholders**. Glycosan shall duly notice and hold a meeting of its stockholders (the **Meeting**), in accordance with its bylaws and the Delaware Law, at which meeting the Glycosan Stockholders legally entitled to vote on the Merger shall be asked to vote to approve this Agreement and the Merger contemplated hereby. Such notice shall be given not less than twenty (20) days prior to the Meeting. In lieu of the calling of such meeting, Glycosan may obtain the requisite vote of its shareholders to approve this Agreement and the Merger by written consent or through the exercise by Glycosan or a percentage of its stockholders of the rights afforded to them under the Glycosan Stockholders Agreement (as defined below).

(a) Not less than twenty (20) days prior to the Meeting (or if a consent is solicited in lieu of such Meeting, at the time of and in connection with the solicitation of such consent), Glycosan shall notify each of Glycosan Stockholders who was such on the record date for notice of the Meeting that appraisal rights are or may be available for their Glycosan Shares under §262 of the Delaware Law, and Glycosan shall include in such notice (or with such consent solicitation) a copy of §262 of the Delaware Law. Glycosan shall also identify any applicable provisions of the Glycosan Stockholders Agreement which may provide for or have the effect of waiving of all or certain such appraisal rights. Each Glycosan Stockholder having and electing to demand the appraisal of such Glycosan Stockholder's shares under §262 of the Delaware Law shall deliver to Glycosan, before the taking of the vote on the Merger, a written demand for appraisal of such Glycosan Stockholder's Glycosan Shares, which demand shall reasonably inform Glycosan of the identity of the Glycosan Stockholder and that the Glycosan Stockholder intends thereby to demand the appraisal of such Glycosan Stockholder's shares. Any Glycosan Stockholder who timely delivers to Glycosan such a demand and who has not voted in favor of or consented to the Merger, and who Glycosan and BioTime have mutually agreed have not otherwise waived such appraisal rights, shall be deemed a **Dissenting Shareholder** and the Dissenting Shareholder's Glycosan Shares entitled to appraisal rights under §262 of the Delaware Law shall be deemed **Dissenting Shares**. Notwithstanding the forgoing, Glycosan may assert in response to a demand by a Glycosan Stockholder for appraisal rights that such Glycosan Stockholder has waived such appraisal rights and nothing herein shall be construed as a waiver by Glycosan of the prior waiver by any Glycosan Stockholder of its appraisal rights generally or in connection with the Merger.

(b) Not less than twenty (20) days prior to the Meeting or concurrently with the solicitation of consents as aforesaid, Glycosan shall submit to each of the Glycosan Stockholders (i) the BioTime Disclosure Documents provided to Glycosan by BioTime, (ii) the Glycosan Disclosure Documents, (iii) a Shareholder Questionnaire in substantially the form attached as Exhibit G hereto in order to solicit information from such Glycosan Stockholders as to their status as "accredited investors" (as such term is defined under the rules promulgated under the Securities Act), and (iv), if required by the Escrow Agent (as defined below) a stock transfer power, a warrant transfer power, and a power of attorney appointing Fenner R. Weller as the Representative of the Glycosan Stockholders under the Escrow Agreement (as defined below), to be signed by the Glycosan Stockholders and delivered by Glycosan to the Escrow Agent under the Escrow Agreement. Glycosan shall promptly provide OrthoCyte and BioTime with copies upon receipt of each completed Shareholder Questionnaire. If BioTime's Annual Report on Form 10-K for the year ended December 31, 2010 (the **2010 10-K**) is not included in the BioTime Disclosure Documents provided to Glycosan by BioTime by the date on which Glycosan sends the items described in clauses (i) through (iv) to the Glycosan Stockholders, then promptly after receipt of the 2010 10-K from BioTime, Glycosan shall send a copy of the 2010 10-K to each Glycosan Stockholder.

1.8 **Closing; Closing Date**. The consummation of the Merger (the **Closing**) shall take place at the offices of Thompson, Welch, Soroko & Gilbert, LLP, 201 Tamal Vista Blvd., Corte Madera, California, on such date which is as soon as practical and in any event not more than two Business Days after the satisfaction or waiver of all of the conditions and the taking of all other actions (other than those which by their terms are to be taken or satisfied at the Closing) set forth in Article 5 hereof, or on such other time and date, or at such other place, as Glycosan and OrthoCyte may agree. The date on which the Closing occurs is referred to herein as the "**Closing Date"**. The parties contemplate that the Closing will take place on March 18, 2011.

1.9 **Escrow**. Subject to adjustment under Section 1.11, ninety percent (90%) of the Units issuable to the Glycosan Stockholders (other than holders of Dissenting Shares) shall be delivered to the Glycosan Stockholders as partial payment of the Merger Consideration, and ten percent (10%) of the Units issuable in the Merger shall be issued and held in escrow (the **Escrow Units**) by Wells Fargo Bank, National Association (**Escrow Agent**) until the later of (i) the expiration of 180 days following the Closing Date (the **Escrow Termination Date**); and (ii) the date on which all claims under Section 1.11 in respect of which a claim notice has been issued before the Escrow Termination Date (the **Escrow Claim**) has been resolved. An Escrow Claim shall not be deemed to have been resolved until (a) Glycosan and OrthoCyte have notified the Escrow Agent in writing that the Escrow Claim has been resolved, or (b) the Escrow Claim has been resolved by a final court judgment or arbitration award. On or before the Closing Date, OrthoCyte and Glycosan, and Fenner R. Weller as Representative of the Glycosan Stockholders, shall enter into an escrow agreement with Escrow Agent, in substantially the form attached as Exhibit D (the **Escrow Agreement**). OrthoCyte and Glycosan agree that the Escrow Agreement shall provide for the delivery of Escrow Shares out of escrow in the manner provided in this Section and in Section 1.11 of this Agreement. The Escrow Agreement shall contain a provision under which OrthoCyte and Glycosan agree that, where a resolution of any dispute between the Parties results in an award or judgment from arbitration or any other legal proceeding in accordance with the provisions of Section 1.11, the Escrow Agent shall release the Escrow Units pursuant to, and following the receipt of, distribution instructions that are consistent with the award or judgment, delivered to the Escrow Agent by the prevailing Party or Parties. The number of Units to be placed in escrow pursuant to this Section 1.9 and the Escrow Agreement will initially be withheld (and subsequently dispersed to the extent provided or allowed under the terms hereof and the Escrow Agreement) from the payment to be made to the Glycosan Stockholders pro rata in accordance with their respective individual interests in the Merger Consideration. All costs and expenses incurred for the Escrow Agent or otherwise in connection with the Escrow shall be borne by BioTime and OrthoCyte.

1.10 **Indemnification by Glycosan**. It is expressly understood and agreed by and among OrthoCyte, BioTime, and Glycosan that the Merger Consideration to be paid in the Merger to the Glycosan Stockholders was determined based on the reliance by BioTime and OrthoCyte upon the Article 2 Warranties. Subject to this Section 1.10 and Section 1.11 and Section 1.12, from and after the Closing, the Glycosan Stockholders, severally but not jointly, shall be deemed to have agreed to indemnify, defend, and hold harmless OrthoCyte and BioTime from and against any liability, damage, loss, cost, or expense, including reasonable attorneys' fees and expenses (**Losses**) which OrthoCyte or BioTime may sustain as a result of a breach or breaches of the Article 2 Warranties.

1.11 **Setoffs**. To the extent that OrthoCyte or BioTime incurs any Loss as a result of any breach of any of the Article 2 Warranties, the Merger Consideration shall, as the sole and exclusive remedy of BioTime and OrthoCyte, be deemed reduced by the amount of such Loss, and such reduction shall be applied to the Escrow Units, by return of such number of Escrow Units by Escrow Agent to BioTime, as may be computed in accordance with this Section 1.11. The number of the Escrow Units to be returned to BioTime from the escrow with respect to any Loss shall be the amount of the Loss divided by the then applicable value of each Unit (the **Escrow Unit Value**). The Escrow Unit Value shall be the sum of (x) the value of each BioTime Share, or fraction thereof, included in a Unit and (y) the value of each Warrant, or fraction thereof, included in each Unit, where the value of each BioTime Share is determined by multiplying the number of BioTime Shares, or fraction thereof, included in each Unit by the average closing price of the BioTime Shares on the NYSE Amex (or on such other exchange or over the counter market on which the BioTime Shares may trade if they are then no longer traded on the NYSE Amex) during the five trading days prior to the date of the written request signed by each of the Parties for release of such Escrow Shares from escrow, and where the value of each Warrant, or fraction thereof, is determined in the same manner as the value of the Warrants was initially determined in accordance with Section 1.4(b) above, except that the then current values will be applied to the following variables: date and stock value. The Escrow Agent shall deliver the Escrow Shares to BioTime on account of any Loss within 10 days after receipt of a written request for delivery signed by each of the Parties stating the amount of the Loss and the number of Escrow Shares.

1.12 **Limitations**. Notwithstanding anything herein to the contrary, the aggregate deemed liability of the Glycosan Stockholders from and after the Closing Date shall not exceed the value of, and shall be recourse only to, the Escrow Units (the **Limit**), except in respect of a claim for damages on account of or arising from a claim alleging an intent to defraud or a willful or intentional misrepresentation or omission of a material fact in connection with this Agreement, in which case the deemed liability of the Glycosan Stockholders may exceed the Limit but shall still in no event be recourse otherwise than to the Merger Consideration on a several, and not joint, basis. No indemnification shall be available to BioTime or OrthoCyte until the aggregate Loss for which such indemnification is to be made exceeds $10,000, at which time BioTime and OrthoCyte shall have the right to collect the amount of the Loss incurred, up to the Limit.

1.13 **Registration of BioTime Shares and Warrants**. On the Closing Date, BioTime shall enter into a Registration Rights Agreement, in the form attached as Exhibit E (the **Registration Rights Agreement**), for the benefit of each Glycosan Stockholder who acquires BioTime Shares and Warrants in the Merger, pursuant to which BioTime shall agree to prepare and file with the United States Securities and Exchange Commission a registration statement registering the BioTime Shares, Warrants, and Warrant Shares for sale under the Securities Act of 1933, as amended (the **Securities Act**), in accordance with the terms and conditions of the Registration Rights Agreement. All costs and expenses incurred for the preparation, filing and/or registration of the BioTime Shares, Warrants and Warrant Shares with respect to this Agreement and to the transactions contemplated by this Agreement shall be borne by BioTime as provided in the Registration Rights Agreement.

1.14 **Indemnification by BioTime and OrthoCyte**. It is expressly understood and agreed by and among OrthoCyte, BioTime, and Glycosan that the Merger Consideration to be paid in the Merger to the Glycosan Stockholders was determined based on the reliance by Glycosan upon the Article 3 Warranties. From and after the Closing, BioTime and OrthoCyte, jointly and severally, shall be deemed to have agreed to indemnify, defend, and hold harmless Glycosan and the Glycosan Stockholders from and against any liability, damage, loss, cost, or expense, including reasonable attorneys' fees and expenses which they or any of them may sustain as a result of a breach or breaches of the Article 3 Warranties.

1.15 **Appointment of Representative**. The approval of this Agreement by the Glycosan Stockholders shall constitute the following actions binding upon the Glycosan Stockholders:

(a) the irrevocable authorization, direction and appointment of Fenner R Weller as stockholder representative, and not personally (the "**Representative**"), as the sole and exclusive agent, attorney-in-fact and representative of each Glycosan Stockholder and their respective heirs, representatives and successors in respect of the Escrow Agreement and the Escrow Units;

(b) the approval and authorization for all of the arrangements relating thereto, including: (i) the execution, delivery and performance of the Escrow Agreement by the Representative, (ii) the receipt and distribution of the Escrow Units pursuant to the terms hereof and of the Escrow Agreement; (iii) the making any and all determinations which may be required or permitted to be taken by the Representative or the Glycosan Stockholders; and (iv) the exercise of such rights, power and authority as are incidental to the foregoing; and

(c) the initial Representative shall indicate in writing his acceptance of such appointment, effective upon approval by the Glycosan Stockholders of the Merger, and his agreement to then be bound by the terms of this Agreement as they relate to the Representative and the duties and responsibilities thereof, by executing this Agreement for such limited purpose in the space provided on the signature pages hereof.Any actions, exercises of rights, power or authority and any decisions or determinations made by the Representative within the scope of his appointment pursuant to this Agreement, shall be absolutely and irrevocably binding on each Glycosan Stockholder as if each such Person personally had taken such action, exercised such rights, power or authority or made such decision or determination in such Person's individual capacity, but in any event only to the extent of the rights of each such Glycosan Stockholder in its capacity as a Glycosan Stockholder holding Glycosan or rights in and to the receipt or payment of the Merger Consideration pursuant hereto.

(d) The Representative shall not incur any liability with respect to any action taken or suffered by him in reliance upon any note, direction, instruction, consent, statement or other document believed by the Representative to be genuinely and duly authorized, nor for other action or inaction as the Representative, excepting only the willful misconduct or gross negligence of the Representative. If and in the event that the immediately preceding sentence shall not be given effect for any reason, the Representative shall be indemnified and held harmless by the Glycosan Stockholders to the extent of their respective pro rata interests in the Escrow Units (subject in any event to the claims of BioTime), against and from any and all debts, obligations and other liabilities (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including without limitation amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation) incurred or suffered by the Representative in connection with or in furtherance of his performance as such hereunder, except to the extent resulting from, relating to or in respect of any actions constituting only the willful misconduct or gross negligence of the Representative. The Representative shall have recourse to the Escrow Units in each case to the extent of the Glycosan Stockholders interest therein, to satisfy any claims or obligations in respect of indemnity as herein above provided, and the Glycosan Stockholders shall upon the approval hereof be deemed to have assented thereto.

(e) In the event of the death, physical or mental incapacity or resignation of the Representative, a successor Representative shall be elected by a majority vote of the Glycosan Stockholders who have any then-existing indemnity obligations or payment rights (whether contingent or absolute) hereunder, with each such holder (or his successor or assign) to be given a vote equal to the number of common equivalent shares of Glycosan held by such holder immediately prior to the Effective Time pursuant to a procedure to be mutually agreed upon among such holders. Pending the election of a successor Representative, such holder holding the largest number of common equivalent shares of Glycosan prior to the Effective Time shall have the right to act as the interim Representative (or if he declines, the next largest and successively thereafter). Each interim and successor Representative shall have all the power, authority, rights and privileges conferred by this Agreement upon the initial Representative, and the term "Representative" as used herein shall be deemed to include any interim or successor Representative. Any successor Representative shall indicate in writing his acceptance of such appointment and his agreement to be bound by the terms of this Agreement and the Escrow Agreement

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF GLYCOSAN

Glycosan makes the Article 2 Warranties for the benefit and reliance of OrthoCyte and BioTime. The Article 2 Warranties shall be true and correct in all material respects on the date of this Agreement, and are qualified accordingly. Except in furtherance of the consummation of the Merger, Glycosan will not take any action, or omit or fail to take any act, in any manner within its control, that would cause any of the Article 2 Warranties to be untrue in any material respect as of the Closing Date. Glycosan represents and warrants as follows:

2.1 **Organization**. Glycosan is a company duly incorporated, validly existing , and in good standing under the laws of the state of Delaware, and is duly qualified to do business as a foreign corporation in the State of Utah and in each other state in which the failure to qualify could result in a penalty or fine. Glycosan has all requisite corporate power and authority to own its property and assets and carry on its business as now being conducted. Glycosan has lawfully carried on its business in the ordinary course of business so as to maintain the same as a going concern, and since December 31, 2010, there has been no material change in its business.

2.2 **Authority; Enforceability**. Glycosan has the corporate power and authority to execute and deliver, and to perform all of its obligations under, this Agreement. The execution and delivery of this Agreement, and the performance by Glycosan of its obligations under this Agreement, have been duly authorized by all necessary action on the part of Glycosan's Board of Directors. This Agreement is the valid and binding agreement of Glycosan, enforceable in accordance with its terms, except to the extent limited by any bankruptcy, insolvency, or similar law affecting the rights of creditors generally; provided that the consummation of the Merger is subject approval of this Agreement by the Glycosan Stockholders of Glycosan.

2.3 **Capitalization**.

(a) Glycosan has the following number of authorized, issued and outstanding shares of capital stock: 1,250,000 authorized shares of Common Stock, of which 283,333 shares of Common Stock are issued and outstanding as of the date hereof; and 1,000,000 authorized shares of Preferred Stock, of which 100,000 shares are classified and designated as Series A Preferred Stock, of which 99,549 shares are issued and outstanding as of the date hereof, 130,000 shares are classified and designated as Series B Preferred Stock, of which 128,004 shares are issued and outstanding as of the date hereof, and 140,000 shares are classified and designated as Series C Preferred Stock, of which 93,707 shares are issued and outstanding as of the date hereof. There are no shares or other ownership interests of Glycosan of any other class or series issued. All of the issued and outstanding shares of Glycosan capital stock have been legally and validly issued and fully paid and non-assessable. All of the outstanding shares of Glycosan capital stock are owned beneficially and of record as of the date hereof as set forth in Schedule 2.3(a).

(b) Except as identified on Schedule 2.3(b), there are no outstanding subscriptions, options, warrants, rights, calls, convertible securities, or other agreements entitling any person or entity to purchase or otherwise acquire any shares of Glycosan capital stock from Glycosan. All shares of Glycosan capital stock have been issued and sold by Glycosan in compliance with all applicable laws and regulations, including but not limited to the Securities Act and applicable state securities or "blue sky" laws.

2.4 **Subsidiaries**. Glycosan has no subsidiaries.

2.5 **No Conflict**. The execution and delivery of this Agreement, and assuming full satisfaction, without waiver, of the condition to Closing set forth in Section 4.3(b), consummation of the transactions contemplated by this Agreement, do not and will not: (a) conflict with or result in a breach of any condition or provision, or constitute a default under or pursuant to the terms of any License listed on Schedule 2.13(a) or Material Contract listed on Schedule 2.18(a); or (b) result in the creation or imposition of any lien, charge, or encumbrance upon any of the assets or properties of Glycosan; (c) conflict with or result in a breach of any condition or provision, or constitute a default under or pursuant to the terms of the certificate of incorporation or bylaws of Glycosan, or (d) violate any provisions of any federal or state rule, regulation, statute, or law applicable to Glycosan with respect to the Merger, or the terms of any order, writ, or decree of any federal or state court or judicial or regulatory authority or body by which Glycosan is bound.

2.6 **No Liens**. Except as set forth on Schedule 2.6 hereof, Glycosan has good and marketable title to its assets (real and personal, tangible and intangible), free and clear of all mortgage, pledge, lien, security interest, conditional sales agreement, lease, indenture, encumbrance, levy, and attachments of third parties or charge of any nature (collectively, Liens).

2.7 **Condition of Assets**. All plant, machinery, equipment, and vehicles owned or used by Glycosan are in good repair and condition having regard to their age and use, have been regularly and adequately maintained, and are in working order, and the plant, machinery, equipment, and vehicles owned or used by each of Glycosan, which are required to be inspected and certified by an accredited body, have been so inspected and certified. Glycosan's computer hardware and software has been adequately and appropriately maintained and supported.

2.8 **Patents**. Schedule 2.8(a) shows the following information as to each patent; (a) the title; (b) the countries in which each patent owned by Glycosan was granted or applied for, whether by individual country or through the Patent Cooperation Treaty (PCT); (c) corresponding application/grant number; (d) priority date, for each such patent or Patent Application; and (e) the applicant or registered proprietor of the patent or Patent Application. For purposes of this Agreement, Patent Application includes all applications, amendments to applications, continuations, divisionals, and continuations in part. Except as disclosed in Schedule 2.8(b) none of the patents or Patent Applications listed in Schedule 2.8(a) is currently involved in any interference, inventorship dispute, reissue, reexamination, opposition proceeding, or cancellation proceeding, and Glycosan has not received any written notice regarding any such proceeding, and there is no threatened proceeding of this nature. Except as disclosed in Schedule 2.8(c), Glycosan has not entered into any contract or agreement granting any person or entity the right to control the prosecution of any of the patents or Patent Applications. Except as disclosed in Schedule 2.8(d), Glycosan has not opposed any patents filed or owned by any third party.

2.9 **Trademarks**. Schedule 2.9 lists the following information with respect to any and all trade marks that have been filed, registered, or used by Glycosan: (a) the trade mark; (b) the name of the registrar; and (c) if filed or registered, the date filed or registered.

2.10 **Internet Domain Names**. Schedule 2.10 shows the following information with respect to all internet domain names that have been filed, registered, or used by Glycosan: (a) the domain name; (b) the name of the registrar; (c) the date filed/registered; and (d) if not in the English language, the specific language.

2.11 **Publications**. Schedule 2.11 shows a list of publications which acknowledge Glycosan.

2.12 **Ownership of Intellectual Property**. As used in this Agreement, "Intellectual Property" includes all patents, know-how, methods, formulae, trade secrets, compositions of matter, proprietary information, designs, copyrights, and moral rights. In relation to the patents listed in Schedule 2.12(a), Glycosan has obtained from the inventors, by means of employment contracts, other agreements or contracts of assignments from its current and former employees and consultants who are inventors, or through other means, the right to apply for and obtain the patent rights to the inventions that Glycosan does not already own by operation of law. The patents listed in Schedule 2.12(a) are valid and subsisting (or in the case of applications, applied for).

2.13 **Licenses.** The Licenses referred to in this Agreement are limited to the Licenses shown on Schedule 2.13(a) and constitute all of the currently in force and key contracts, licenses, and agreements entitling Glycosan to use Intellectual Property owned or licensed by a third party, or entitling third parties to use Glycosan's Intellectual Property. Glycosan is not a party to any other currently in-force contract, agreement, understanding, or arrangement for the sale, transfer, assignment, sublicense, termination, amendment, or modification of any of the Licenses or any rights therein. A current, complete, and accurate copy of each License (including, without limitation, all amendments, supplements, schedules, and exhibits thereto) has previously been delivered to OrthoCyte and BioTime. Each of the Licenses has been duly authorized, executed and delivered by the parties thereto, and each License is the valid and binding agreement of the parties thereto, enforceable in accordance with its terms. Each of the Licenses is in full force and effect. Except as disclosed in Schedule 2.13(b), there exists no breach or default by Glycosan to any of the Licenses, and no act, omission, or other event has occurred, which with or without the passage of time or giving of notice, or both, would constitute a breach or default by Glycosan under any of the Licenses of sufficient materiality to entitle any party to a License to terminate the License or to recover monetary damages against Glycosan. Except as disclosed in Schedule 2.13(b), there are no existing disputes or disagreements of any kind whatsoever between Glycosan and any licensor or licensee under any of the Licenses.

2.14 **Royalties and Other Payments**. Except as provided in the Licenses, the Material Contracts, and the Financial Statements, there are no royalties or other license fees payable by Glycosan.

2.15 **No Infringement**. There are no suits, proceedings, or claims pending or threatened against Glycosan which allege any infringement or misappropriation or unauthorized use of any Intellectual Property of any third party. Except as disclosed in Schedule 2.15, Glycosan has not to its knowledge misappropriated or made any unauthorized or infringing use of any Intellectual Property belonging to any third party. Glycosan has no knowledge of any infringement or unauthorized use of any of Glycosan's Intellectual Property by any third party.

2.16 **Unfair Competition**. Glycosan has no liability for, and has not engaged in, any practices constituting unfair competition or unfair trade practices, or that are unlawful, under any anti-trust law, or other law or regulation, under the laws of any jurisdiction.

2.17 **Confidential Information**. Glycosan has taken all commercially reasonable steps to protect and preserve the confidentiality of all Confidential Information. As used in this Agreement, Confidential Information (defined in Section 5.2) includes all non-public information of any kind (including, but not limited to, trade secrets) belonging to Glycosan, or belonging to a third party that was obtained by Glycosan under a License or other agreement with a third party that requires Glycosan to preserve and maintain the secrecy and confidentiality of the information. Glycosan's use, disclosure, or appropriation of Confidential Information belonging to a third party has been pursuant to the terms of a written agreement between Glycosan and such third party or otherwise in accordance with law. All current employees of Glycosan having access to Confidential Information have agreements with Glycosan protecting Glycosan's Confidential Information or proprietary information. Glycosan does not know of any unauthorized or misappropriation of Glycosan's Confidential Information by any third party in respect of which Glycosan has not taken any action.

2.18 **Material Contracts**. The Material Contracts referred to in this Agreement are limited to the Material Contracts shown on Schedule 2.18(a) and the Licenses. Except for obligations for the payment of legal and audit fees, the Material Contracts and the Licenses constitute all of the currently in-force contracts and agreements to which Glycosan is a party, that (a) pertain to the purchase and sale of Glycosan's products, (b) require or obligate Glycosan to pay to any third party more than $25,000 during any calendar year, or (c) entitle Glycosan to receive from any third party more than $25,000 during any calendar year. Glycosan is not a party to any other currently in-force and key contract or agreement for the sale, transfer, or assignment of any of Glycosan's products, or rights to use Glycosan's products, except pursuant to the Material Contracts or Licenses. Except as disclosed in Schedule 2.18(b), a current, complete, and accurate copy of each Material Contract (including, without limitation, all amendments, supplements, schedules, and exhibits thereto) has previously been delivered to OrthoCyte and BioTime. Each of the Material Contracts has been duly authorized, executed, and delivered by the parties thereto, and except as disclosed on Schedule 2.18, each Material Contract is the valid and binding agreement of the parties thereto, enforceable in accordance with its terms except to the extent limited by any bankruptcy, insolvency, or similar law affecting the rights of creditors generally. Except as disclosed in Schedule 2.18(c) and Schedule 2.13(b), (i) there exists no breach or default by Glycosan under any of the Material Contracts, and no act, omission, or other event has occurred which, with or without the passage of time or giving of notice or both, would constitute a breach or default under any of the Material Contracts of sufficient materiality to entitle any party to a Material Contract to terminate such Material Contract or to recover monetary damages against Glycosan; and (ii) no contract, license, or agreement (a) that pertained to the purchase and sale of Glycosan's products, (b) that required or obligated Glycosan to pay to any third party more than $25,000 during any calendar year, or (c) that entitled Glycosan to receive from any third party more than $25,000 during any calendar year, has been terminated by another party thereto due to an actual or alleged breach or default by Glycosan. Except as disclosed in Schedule 2.18(c) and 2.13 (b), there are no existing disputes or disagreements of any kind whatsoever between Glycosan and any party to a Material Contract or License.

2.19 **Customer Relations**. There are no existing disputes or disagreements of any kind whatsoever between Glycosan and any of the customers for Glycosan's products, including, but not limited to, disputes or disagreements regarding payments made or owed, or the quality or performance of any product, other than those that may arise or exist in the ordinary course of business and are not material to Glycosan or its business.

2.20 **Permits**. The licenses, permits, certificates, and government authorizations described in Schedule 2.20 (the "Permits") constitute all of the business and industry related licenses, permits, certificates, and government authorizations necessary to legally conduct the business of Glycosan as now being conducted. Schedule 2.20 discloses as to Glycosan the Permits held and the jurisdictions that issued the Permits. All of the Permits held by Glycosan, as reflected on Schedule 2.20, have been legally and validly issued and are, as at Closing, in full force and effect. The consummation of the sale of the Glycosan Shares to OrthoCyte will not result in the cancellation or termination of any of the Permits.

2.21 **Lease**. The lease of Glycosan's office facility located at 675 Arapeen Drive, Salt Lake City, Utah 84108 (the **Lease**) is valid, binding, and enforceable in accordance with its terms, and is in full force and effect. The office and laboratory facilities leased under the Lease are referred to collectively as the Facilities. A current, complete, and accurate copy of the Lease (including all amendments, supplements, schedules, and exhibits thereto) has previously been delivered to OrthoCyte and BioTime. There exists no material subsisting breach or default by Glycosan and, any other party to the Lease. The consummation of the Merger will not result in the cancellation or termination of the Lease.

2.22 **Financial Statements**. Glycosan has provided OrthoCyte and BioTime with financial statements and other financial information as follows (the **Financial Statements**): (a) income statements and balance sheets for Fiscal Years 2007, 2008, 2009, and 2010; and (b) income statements and balance sheets for the month of January 2011. The Financial Statements are true and fair for the periods presented, and the income statements and balance sheets were prepared in conformity with reasonable accounting principles, consistently applied. The balance sheets and statements of income included in the Financial Statements fairly present the financial positions of the business and the results of operations at the dates presented and for the periods then ended. Since September 30, 2010, there has not been any material adverse change in the financial condition, assets, liabilities, revenues, or business of Glycosan. Since September 30, 2010, Glycosan has not sold or transferred any portion of its assets or property that would be material to Glycosan taken as a whole, except for sales of inventory and transfers of cash in payment of trade payables and other expenses, all in the usual and ordinary course of business. As of January 31, 2011, Glycosan had no liabilities, indebtedness, or obligations that are not reflected on its January 31, 2011 balance sheet. Since September 30, 2010 Glycosan has not incurred any liabilities, indebtedness, or obligations other than trade payables and ordinary, recurring accruals arising in the ordinary course of business and consistent with past practices.

2.23 **Customers Revenues**. Schedule 2.23 is a true and complete schedule showing the distribution of products, on a product by product basis to each of Glycosan's customers during the twelve months ended December 31, 2010.

2.24 **Products; Services; Warranty Claims**. All products sold, licensed, leased, or delivered by Glycosan to customers and all services provided by Glycosan to customers on or prior to the Closing Date pursuant to any Material Contracts conform in all material respects to applicable contractual commitments and express and implied warranties (to the extent not subject to legally effective express exclusions of warranties), and conform in all material respects to packaging, labeling, advertising, and marketing materials, and to applicable product or service specifications or documentation. Glycosan has no liability and there is no legitimate basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against Glycosan giving rise to any material liability relating to the sale of any product or performance of any service by Glycosan pursuant to any Material Contracts, or for replacement or repair of any product, or other damages in connection with the sale of any product or performance of any service by Glycosan pursuant to any Material Contracts, in excess of any reserves for such liabilities reflected on the balance sheets included in the Financial Statements.

2.25 **Funding of Glycosan.** No current government funding, or funding by or facilities of a university, college, other educational institution, or research center, is being used in the development of any Glycosan Intellectual Property or product, except as disclosed in Schedule 2.25.

2.26 **Employees.** Attached hereto as Schedule 2.26, and made a part of this Agreement, is a complete list of the current employees of Glycosan, the current salary, vacation, sick leave, bonuses, if any, and other benefits being paid or provided to each such employee (the **Employment Arrangements**). Except as disclosed in Schedule 2.26, Glycosan has no liability to such employees for any accrued wages, vacation, sick leave, bonuses, or other benefits. A current, complete, and accurate copy of each written employment contract or agreement (including, without limitation, all amendments, supplements, schedules, and exhibits thereto) pertaining to the current employees engaged in the operation of Glycosan's business (**Employment Agreements**) has previously been delivered to OrthoCyte and BioTime. Each of the Employment Agreements has been duly authorized, executed, and delivered by the parties thereto, and each Employment Agreement is the valid and binding agreement of the parties thereto, enforceable in accordance with its terms. Each of the Employment Agreements is in full force and effect. There exists no breach or default by Glycosan or any other party to any of the Employment Agreements. Except as disclosed in Schedule 2.26, since September 30, 2010, Glycosan has not granted any bonus or approved any increase in salary or other benefits to any of its current employees, or amended any Employment Agreements or Employment Arrangements, or entered into any new Employment Agreements or Employment Arrangements. All current employees who require a valid employment pass or other required permit entitling such employee to work in the United States are in possession of such valid pass or permit.

2.27 **Employee Benefit Plans**. Except as indicated on Schedule 2.27, there are no pension, profit sharing, retirement, health insurance, disability, life insurance, stock option, stock ownership, stock purchase, phantom stock, stock appreciation right, or similar compensation or benefit plan (collectively hereinafter referred to as **Employee Benefit Plans**) in effect with respect to any of the current employees of Glycosan. None of the Employee Benefit Plans are pension, profit sharing, or deferred compensation benefits subject to the Employee Retirement Income Security Act, as amended.

2.28 **Employee Relations**. There are no existing disputes or disagreements of any kind whatsoever between Glycosan and any party to an Employment Arrangement, including, but not limited to, disputes or disagreements regarding compensation or benefits paid or owed, the meaning of any term or provision of an Employment Agreement or other Employment Arrangement, the enforceability or validity of an Employment Agreement or other Employment Arrangement, or the sufficiency or quality of services provided or performed by any person under any of the Employment Agreements or other Employment Arrangements. Glycosan has received no notification from any party to an Employment Agreement to the effect that such party intends to exercise any right to terminate, cancel, or decline to renew any Employment Agreement, and Glycosan has no reason to believe that any party to an Employment Agreement has any intention to take any such action. Glycosan has not considered dismissing any current management or other current senior employee, and no current manager or current senior employee has given or received notice terminating his or her employment where termination will take effect on or after Closing.

2.29 **Labor Difficulties**. With respect to all current employees of Glycosan, (i) Glycosan is in compliance in all material respects with all applicable laws respecting employment and employment practices, terms and conditions of employment, and wages and hours, including, without limitation, any such laws respecting employment discrimination and occupational safety and health requirements, and has received no notice that it is engaged in any unfair labor practice; (ii) there is no unfair labor practice complaint against Glycosan pending or threatened before any government agency or authority; (iii) none of the current employees is represented by any union and no negotiations regarding union representation are ongoing; and (iv) no arbitration proceeding arising out of or under any collective bargaining agreement is pending. There are no claims pending, or threatened or capable of arising, against Glycosan by any of its current or former employees or workmen or third parties, in respect of an accident or injury which is not fully covered by insurance.

2.30 **Dividends and Distributions**. Except for any dividends and distributions that have been legally paid in full prior to September 30, 2010, the board of directors of Glycosan has not (a) declared any dividend or distribution to its shareholders on account of Glycosan Shares of any class or series, or (b) set any record date for the determination of holders of Glycosan Shares of any class or series entitled to receive any dividend or distribution.

2.31 **Taxes**. Glycosan has filed when due all federal, state, and local income tax returns, and all other returns with respect to taxes which are required to be filed with the appropriate authorities of the jurisdictions where business is transacted by Glycosan, or where Glycosan owns any property. All items and entries provided for or reflected in such returns are correct, are made on a proper basis, and are not subject to any adjustment that would result in Glycosan (or OrthoCyte after the Merger) owing any tax, penalties, or interest. All amounts, if any, required to be paid, as shown on such returns, and all assessments and all other taxes, governmental charges, penalties, interest, and fines due and payable on or before the date of this Agreement, have been paid. To the best of the knowledge of Glycosan, there are no suits, actions, claims, investigations, inquiries, or proceedings now pending against Glycosan in respect of taxes, governmental charges, or assessments; nor are there any matters under discussion with any governmental authority relating to taxes, governmental charges, or assessments asserted by any such authority. Where required under any applicable law, Glycosan has withheld from each payment made to each of its current and former employees the amount of all taxes required to be withheld therefrom and has paid the same to the proper tax receiving officers. Glycosan is not a party to or bound by any tax indemnity, tax sharing, or tax allocation agreement. All information furnished to the relevant tax authorities or other governmental authorities in any applicable jurisdictions, in connection with the application by Glycosan for any consent or clearance, fully and accurately disclosed in all material respects all facts and circumstances material to the decision of each relevant tax authority or other authority. Glycosan has not taken any action which has had, or will have on Closing, the result of altering, prejudicing, or in any way disturbing any arrangement or agreement which it has previously had with the relevant tax authority. Glycosan has not engaged in, or been a party to, any transaction or series of transactions, or scheme or arrangement, of which the purpose or effect was the avoidance, or deferral, or a reduction in the liability to, taxation, except as may be permitted by applicable tax law and regulations.

2.32 **Litigation; Investigations.** There are no lawsuits, actions, claims; or any investigations or inquiries by an administrative agency or governmental body; or any legal, administrative, or arbitration proceedings pending or threatened against Glycosan or any of its properties, assets, or business; or to which Glycosan is, or in the case of threatened proceedings might become, a party; or any other lawsuit, action, claim, or proceeding pending, or threatened against Glycosan, and which (a) challenges Glycosan's right to enter into this Agreement, or challenges any action taken or to be taken, by Glycosan in connection with this Agreement, or (b) if decided adversely to Glycosan could result in the loss of any License, Permit, Material Contract, or patent or (c) could lead to (i) the imposition of any adverse prohibitions, conditions, restrictions, limitations, or requirements on the right of Glycosan to conduct its business in the manner in which such business has been conducted by Glycosan, (ii) the imposition of any material fine, penalty, or sanction, (iii) the refusal or denial to issue or the cancellation, denial, or refusal to renew any Permit held by Glycosan or required for the conduct of any aspect of Glycosan's business, (iv) to a judgment against Glycosan requiring Glycosan to pay damages or other amounts in excess of $25,000; or (v) fine, penalty, or other sanction has been imposed by any judicial, administrative, or regulatory body or government authority against Glycosan. There is no outstanding order, writ, injunction, or decree of any court, administrative agency, governmental body, or arbitration tribunal against or affecting Glycosan or any of its properties, assets, Intellectual Property (owned or used under any License), business, or prospects. Glycosan and/or its current officers, agents, or employees has not, for the purposes of securing any contract for Glycosan, given or offered any (i) bribe, (ii) corrupt or unlawful payment or contribution, or (iii) any other corrupt or unlawful inducement.

2.33 **Consents**. No party has a right to terminate any License, Material Contract, the Lease, or any Permit as a result of the Merger, except for such rights as have been or on the Closing Date and assuming full satisfaction, without waiver, of the conditions to Closing set forth in Section 4.3(b), will have been waived in writing.

2.34 **Disclosure**. The information furnished or to be furnished by Glycosan to OrthoCyte and BioTime in the Schedules in connection with the Merger, is true and correct in all material respects.

2.35 **Books and Records.** The financial books and records of Glycosan have been prepared and maintained in accordance with reasonable accounting principles, consistently applied, and give a true and fair view of the assets, liabilities, state of affairs, financial position, and results of operation of Glycosan.

2.36 **Insurance**. Schedule 2.36 contains a true and correct list and description (including insurer, coverages, deductibles, limitations, and expiration dates) of all material insurance policies (including without limitation, fire and casualty, general liability, theft, life, workers' compensation, managers and officers errors and omissions, and business interruption) that are maintained by Glycosan or that name Glycosan as an insured (or loss payee), including without limitation those that pertain to the assets or operations of Glycosan. All such policies are in full force and effect. No material claim is outstanding by Glycosan under any policy of insurance and there are no circumstances likely to give rise to such a claim. Nothing has been done or omitted, or has occurred, which could make a policy of insurance taken out by Glycosan void or voidable or is likely to result in an increase in premium.

2.37 **Banking and Finance**. Glycosan does not have any bank account (whether in credit or overdrawn) other than its bank accounts at the banks disclosed in Schedule 2.37 and its Financial Statements, and there have been no payments out of or drawings against the said accounts since December 31, 2010, except for payment in the ordinary and proper course of business. Glycosan does not have any liabilities in the nature of borrowings, or in respect of debentures or negotiable instruments, other than cheques drawn in the ordinary course of business on the aforementioned bank accounts, and other than as disclosed in the Financial Statements. Glycosan is not a party to any loan agreement, facility letter, or other agreement for the provision of credit or financing facilities or any agreement for the sale, factoring, or discounting of debts.

2.38 **Insolvency**. No order, nor any petition, other application, or resolution has been made, presented, or passed; nor has any meeting convened for the winding-up, judicial management, administration, or receivership of Glycosan been called or taken place; nor are there any grounds on which any person would be entitled to have Glycosan wound up or placed under judicial management, administration, or receivership; nor has any person threatened to present such a petition, or convened or threatened to convene a meeting of Glycosan to consider a resolution, to wind up Glycosan or any other resolutions; nor has any such step been taken in relation to Glycosan under the law relating to insolvency or the relief of debtors. No receiver, judicial manager, or any other person in similar capacity (including, where relevant, an administrative receiver and manager) has been appointed over the whole or any part of any of the property, assets, and/or undertaking of Glycosan; and there are no grounds on which a petition or an application could be based for the appointment of such a receiver. No composition in satisfaction of the debts of Glycosan, scheme of arrangement of its affairs, or compromise or arrangement between Glycosan and its respective creditors, has been proposed, sanctioned, or approved. No distress, distraint, charging order, garnishee order, execution, or any other process has been levied or applied for in respect of the whole or any part of any of the property, assets, and/or undertaking of Glycosan. Save as disclosed in the Financial Statements, no material event, or intervention or notice by any third party has occurred, that has or may cause, any floating charge created by Glycosan to vest or to become enforceable, nor has any such vesting occurred or such enforcement been processed/pursued. None of Glycosan has been a party to any transaction with any third party which, in the event of any such third party going into liquidation, bankruptcy, or related process, would cause any such transaction to be set aside or be voidable at the option of any person.

2.39 **Contracts, Commitments and Arrangements with Connected Person, etc**. Except as disclosed on Schedule 2.39, there are no existing contracts or arrangements to which Glycosan is a party or in which any of the shareholders or directors of Glycosan, and/or any person connected with, Glycosan or any of the shareholders is interested, whether directly or indirectly. Except as disclosed on Schedule 2.39, there shall not be outstanding on Closing any material contracts, agreement, arrangements, or understandings (which are legally binding) between Glycosan and any Glycosan Stockholder, or any person connected with any such person, relating to (a) the management of the business of Glycosan, (b) the ownership or transfer of ownership of the assets or capital stock of Glycosan, or (c) the provision, supply, purchase, lease, license, or finance of goods, services, Intellectual Property, real property, or the Facilities, or any part thereof, to or by Glycosan.

2.40 **Powers of Attorney**. Except for the powers of attorney granted to patent agents for the conduct of patent matters, Glycosan has not given a power of attorney or any other authority (express, implied, or ostensible) which is still outstanding or effective to any person to enter into any contract, commitment, or obligation, or to do anything on Glycosan's behalf, other than any authority to current employees to enter into routine trading contracts in the normal course of their duties.

2.41 **Maintenance of Records**. The statutory books, books of account, and other records of whatsoever kind of Glycosan are in all material respects up-to-date and maintained in accordance with all applicable legal requirements, and contain in all material respects complete and accurate records of all matters required to be dealt with in such books; all such books and records, and all other documents (including documents of title and copies of all subsisting agreements to which Glycosan is a party), which are the property of Glycosan, or ought to be in its possession are in its possession or under its control; and no notice or allegation that any is incorrect or should be rectified has been received.

2.42 **Filing of Financing Statements**. All financing statements with respect to any charges, pledges, liens, mortgages, security interests, or other liens by or in favor of Glycosan have (if appropriate) been filed, recorded, or registered in accordance with the provisions of all applicable laws, comply with the necessary formalities as to filing, recording, registration, or otherwise have complied with the laws and formalities of any other relevant jurisdiction. The description of collateral or secured property in such documents are complete and accurate in all respects.

2.43 **Warranties and Indemnities**. Glycosan has not, or at any time prior to Closing will not have, sold or otherwise disposed of any property, assets, and/or undertakings (other than inventory, trading stock, or other products sold, or services provided, in the ordinary course of business) in circumstances such that Glycosan is, or may be, still subject to any liability (whether contingent or otherwise) under any representation, warranty, or indemnity given or agreed to be given (other than representation, warranty, or indemnity given or agreed to be given in respect of inventory or trading stock, or services provided in the ordinary course of business) on or in connection with such sale or disposal.

2.44 **Joint Ventures, Partnerships, etc**. Glycosan is not, and has not agreed to become, a member of any joint venture, consortium, partnership, or other unincorporated association (other than a recognized trade association). Glycosan is not, and has not agreed to become, a party to any agreement or arrangement of participating with others in any business sharing commissions or other income.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF BIOTIME AND ORTHOCYTE

BioTime and OrthoCyte make the Article 3 Warranties for the benefit and reliance of Glycosan and the Glycosan Stockholders. The Article 3 Warranties are true and correct in all material respects on the date of this Agreement, and are qualified accordingly. Except in furtherance of the consummation of the Merger, neither BioTime nor OrthoCyte will take any action, or omit or fail to take any act, in any manner within its control, that would cause any of the Article 3 Warranties to be to be untrue in any material respect as of the Closing Date. BioTime and OrthoCyte hereby jointly and severally represent and warrant as follows:

3.1 **Organization**. Each of BioTime and OrthoCyte is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. BioTime and OrthoCyte are duly qualified to conduct their business and are in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary.

3.2 **Authority; Enforceability**. Each of BioTime and OrthoCyte has the corporate power and authority to execute and deliver, and to perform all of its obligations under, this Agreement, and BioTime has the power and authority to execute and deliver, and to perform all of its obligations under the Warrant Agreement and the Registration Rights Agreement. The execution and delivery of this Agreement, the Registration Rights Agreement and the Warrant Agreement (together, the **Transaction Documents**), and the performance by BioTime and OrthoCyte of their respective obligations under the Transaction Documents, have been duly authorized by all necessary action on the part of the Boards of Directors of BioTime and OrthoCyte. The Transaction Documents to which BioTime and OrthoCyte are a party are the valid and binding agreements of BioTime or OrthoCyte, enforceable in accordance with its terms, except to the extent limited by any bankruptcy, insolvency, or similar law affecting the rights of creditors generally. BioTime is the sole shareholder of OrthoCyte, and as such sole shareholder, BioTime has approved the entering into by OrthoCyte of this Agreement and the Merger contemplated hereby.

3.3 **No Conflict**. The execution and delivery of this Agreement and the Transaction Documents, and consummation of the transactions contemplated hereunder and thereunder, by BioTime and OrthoCyte do not and will not violate any provisions of (i) any federal or state rule, regulation, statute, or law applicable to BioTime or OrthoCyte or (ii) the terms of any order, writ, or decree of any federal or state court or judicial or regulatory authority or body by which BioTime or OrthoCyte is bound, or (iii) the articles of incorporation or bylaws of BioTime or OrthoCyte.

3.4 **Validity of BioTime Shares and Warr**ants. The BioTime Shares, when delivered at Closing or from the Escrow, will be duly authorized and validly issued, fully paid, and nonassessable. The Warrants, when delivered at Closing, will be duly authorized and validly issued. When issued upon exercise of a Warrant in accordance with the terms of such Warrant, including payment in full of the exercise price, the Warrant Shares will be duly authorized and validly issued, fully paid, and nonassessable.

3.5 **Litigation**. There is no action, proceeding, or investigation pending, or any basis therefor or threat thereof, which challenges BioTime's or OrthoCyte's right to enter into this Agreement, or challenges any action taken or to be taken, by BioTime or OrthoCyte in connection with this Agreement.

3.6 **SEC Documents; Financial Statements**. BioTime has filed all reports required to be filed by it under the Securities Exchange Act of 1934, as amended (the Exchange Act), including pursuant to Section 13(a) or 15(d) thereof, during the two (2) years prior to the date hereof (the foregoing materials being collectively referred to herein as the SEC Reports). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Exchange Act and contained the financial statements and other information for the periods required by the Exchange Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of BioTime included in the SEC Reports have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of BioTime as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

3.7 **Absence of Certain Changes**. Since December 31, 2010, except as specifically disclosed in the SEC Reports, (i) there has not been any material adverse change in the financial condition, assets, liabilities, revenues, or business of BioTime, (ii) BioTime has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in BioTime's financial statements pursuant to GAAP or not required to be disclosed in filings made with the Securities and Exchange Commission, (iii) BioTime has not altered its method of accounting or the identity of its auditors, and (iv) BioTime has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock.

3.8 **Listing and Maintenance Requirements**. BioTime has not, in the 12 months preceding the date hereof, received notice from the NYSE Amex to the effect that BioTime is not in compliance with the listing or maintenance requirements of the NYSE Amex. BioTime meets the requirements for the listing of the BioTime Shares to be issued as Merger Consideration, subject to issuance, on the NYSE Amex, which is the exchange on which the BioTime common stock trades.

ARTICLE 4
CLOSING

4.1 **Documents Delivered By Glycosan**. The obligations of BioTime and OrthoCyte hereunder to consummate the Merger are subject to and conditioned upon the delivery by Glycosan of originals of the following documents, on or before the Closing:

(a) Merger Certificate. An original of the California Merger Certificate duly executed by Glycosan in conformity with §173 and §1103 of the California Code.

(b) Officers' Certificate. (i) A certified, true copy of the resolutions of the board of directors of Glycosan authorizing and approving the execution and delivery of this Agreement and the consummation of the Merger, certified by the duly elected and incumbent corporate secretary of Glycosan; (ii) a certificate signed by the duly elected and incumbent officers of Glycosan, dated the Closing Date, attesting to such incumbency and as to the veracity of their signatures; and (iii) a certificate executed by the Chief Executive Officer of Glycosan, dated the Closing Date, certifying that the conditions set forth in Section 4.3, other than 4.3(h) and 4.3(i), have been satisfied.

(c) Good Standing Certificates. A certificate from the Secretary of State of Delaware, dated not earlier than ten days prior to the Closing Date, attesting to the good standing of Glycosan as a Delaware corporation, and a certificate from the Secretary of State of Utah, dated not earlier than ten days prior to the Closing Date, attesting to the good standing of Glycosan as a foreign corporation qualified to do business in the State of Utah.

(d) Shareholder List. A list showing the name and address of each holder of Glycosan Shares and the number of Glycosan Shares of each class and series held by each of them as of the Closing Date. In the event that the Closing Date shall be a date other than the Effective Date, and if any transfer of Glycosan Shares is registered in the books and records of Glycosan after the Closing Date, Glycosan shall promptly, after the Effective Date, provide BioTime and OrthoCyte with an amended list showing the name and address of each holder of Glycosan Shares and the number of Glycosan Shares of each class and series held by each of them as of the Effective Date.

(e) Opinion of Counsel. An opinion of counsel from Ballard Spahr LLP, counsel to Glycosan, in form and substance of that attached as Exhibit H.

(f) Escrow Agreement. Two counterparts of the Escrow Agreement, duly executed by Glycosan, and by Fenner R. Weller as the Representative of the Glycosan Stockholders. The Escrow Agreement so executed shall be accompanied by a stock transfer power, warrant transfer power, and power of attorney appointing the Representative, signed by each Glycosan Stockholder.

(g) Cash Balances; Liabilities. A list of all the outstanding and unpaid debts, liabilities, and obligations owing by Glycosan to creditors and third parties as at three Business Days before the Closing Date, 2011, other than future rent obligations arising under the Lease and obligations incurred in the ordinary course of business of Glycosan after January 31, 2011.

4.2 **Documents Delivered By OrthoCyte and BioTime**. The obligations of Glycosan hereunder to consummate the Merger are subject to and conditioned upon the delivery by OrthoCyte and BioTime, as applicable, of originals of the following documents, on or before the Closing:

(a) Certificates of Merger. One counterpart for each of the following, duly executed by OrthoCyte and BioTime: (i) Certificate of Merger for the State of Delaware; and (ii) Certificate of Merger for the State of California.

(b) Warrant Agreement. A copy of the Warrant Agreement duly executed by BioTime.

(c) BioTime's Secretary's Certificates. (i) A certified, true copy of the resolutions of the board of directors of BioTime authorizing and approving the execution and delivery of this Agreement and the consummation of the Merger (including the issuance of the BioTime Shares and Warrants), certified by the duly elected and incumbent corporate secretary of BioTime; (ii) a certificate signed by the duly elected and incumbent officers of BioTime, dated the Closing Date, attesting to such incumbency and as to the veracity of their signatures; and (iii) a certificate executed by the Chief Executive Officer of BioTime, dated the Closing Date, certifying that the conditions set forth in Section 4.4, other than Section 4.4(e) insofar as it relates to the Glycosan Stockholder approval, have been satisfied.

(d) Good Standing Certificates. Certificate from the Secretary of State of California, each dated not earlier than ten days prior to the Closing Date, attesting to the good standing of BioTime and of OncoCyte as California corporations.

(e) OrthoCytes's Secretary's Certificates. (i) A certified, true copy of the resolutions of the board of directors of OrthoCyte authorizing and approving the execution and delivery of this Agreement and the consummation of the Merger, certified by the duly elected and incumbent corporate secretary of OrthoCyte; (ii) a certificate signed by the duly elected and incumbent officers of OrthoCyte, dated the Closing Date, attesting to such incumbency and as to the veracity of their signatures; and (iii) a certificate executed by the Chief Executive Officer of OrthoCyte, dated the Closing Date, certifying that the conditions set forth in Section 4.4, other than Section 4.4(e) insofar as it relates to the Glycosan Stockholder approval, have been satisfied.

(f) Escrow Agreement. Two counterparts of the Escrow Agreement, duly executed by OrthoCyte and the Escrow Agent.

(g) Registration Rights Agreement. One counterpart of the Registration Rights Agreement, duly executed by BioTime.

4.3 **Conditions to OrthoCyte's and BioTime's Obligation to Close**. The obligations of OrthoCyte and BioTime hereunder to consummate the Merger are subject to the satisfaction of the following conditions on or before the Closing Date.

(a) Glycosan Stockholder Approval. The Glycosan Stockholders shall approved to the Merger pursuant to this Agreement by the vote at the Meeting or by written consent as required by the Delaware Law and the Certificate of Incorporation of Glycosan. Glycosan Stock entitled, in the aggregate, to not more than 2.75% of the Merger Consideration in the Merger shall qualify as Dissenting Shares.

(b) Third Party Approval. Glycosan shall have obtained, subject only to consummation of the Merger, all approvals or waivers necessary for Glycosan to validly assign the Material Contracts and Licenses to OrthoCyte upon the Effective Date.

(c) Delivery of Documents. OrthoCyte shall have received all of the documents required to be delivered to OrthoCyte under Section 4.1.

(d) Filing of Certificates of Merger. Glycosan shall have filed the Certificate of Merger for the State of Delaware with the Delaware Department of Corporations.

(e) Representations and Warranties. The Article 2 Warranties shall be true and correct in all material respects on and as of the Closing Date(or if made as of a specific date, at and as of such date) with the same effect as though such representations and warranties had originally been made as of the Closing.

(f) Performance. Glycosan shall have performed and complied, in all material respects, with all agreements, obligations, and conditions that it is required to perform or comply with under this Agreement, on or before the Closing Date.

(g) Lawsuits. No lawsuit, proceeding, or investigation shall have been commenced by any governmental authority on any grounds to restrain, enjoin, or hinder the consummation of the transactions contemplated by this Agreement.

(h) **Listing Approval**. The NYSE Amex shall have approved the listing of the BioTime Shares and the Warrant Shares on a when issued basis.

(i) **Compliance with Securities Laws**. The sale and issuance of the BioTime Shares and Warrants shall be (a) exempt from registration under the Securities Act, and (b) exempt from registration, qualification, or other regulation under the laws of any state of the United States and any country in which any Glycosan Stockholder resides.

4.4 **Conditions to Glycosan's Obligation to Close**. The obligations of Glycosan hereunder to consummate the Merger are subject to the satisfaction of the following conditions on or before the Closing Date.

(a) **Delivery of Documents**. OrthoCyte shall have delivered all of the documents required to be delivered under Section 4.2 to Glycosan.

(b) **Filing of Certificate of Merger**. OrthoCyte shall have filed (or made adequate arrangements for the filing of) the Certificate of Merger with the Secretary of State of the State of California.

(c) **Representations and Warranties**. The Article 3 Warranties shall be true and correct in all material respects on and as of the Closing Date (or if made as of a specific date, at and as of such date) with the same effect as though such representations and warranties had originally been made as of the Closing.

(d) **Performance**. OrthoCyte and BioTime shall have performed and complied, in all material respects, with all agreements, obligations, and conditions that it is required to perform or comply with, on or before the Closing Date.

(e) **Shareholder Approval**. The shareholder(s) of OrthoCyte and the shareholders of Glycosan shall have each approved of the Merger.

(f) **Offer Letters**. The employees of Glycosan listed on Schedule 4.4(f) shall have received from OrthoCyte offer letters or employment contracts duly executed by OrthoCyte in substantially the forms set forth on Exhibit F attached hereto with regard to their employment with OrthoCyte and/or BioTime following the Closing in the respective positions therein provided, and the offers embodied therein shall have become binding and enforceable against BioTime and OrthoCyte, as applicable, subject only to acceptance by such employees and their execution and delivery of their respective employment agreements reflecting the terms of their respective Offer Letters and such additional terms and conditions as BioTime may require, consistent with its employment policies and practices, and the same shall not have been revoked, withdrawn or amended.

4.5 **Commercially Reasonable Efforts**. From the date of this Agreement to the Closing, each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things, in each case necessary or advisable to permit the consummation of the Merger and the other transactions contemplated hereby, including (i) obtaining any consents, authorizations, Shareholder Questionnaires, approvals, permits, licenses, or governmental authorizations, estoppel certificates and filings under any applicable Law required to be obtained or made by either of them which may be necessary or appropriate to permit the consummation of the Merger and the other transactions contemplated hereby, (ii) ensuring that its representations and warranties remain true and correct in all material respects through the Closing Date and (iii) ensuring that the conditions to the obligations of the other Parties to consummate the Merger are satisfied. .

ARTICLE 5
ADDITIONAL COVENANTS

5.1 **Further Assurances**. Glycosan will execute, acknowledge, deliver, file, and record such additional certificates, deeds, instruments, notices, and documents; and will take such additional actions as BioTime and OrthoCyte may reasonably request on or after the date of this Agreement to effect, complete, or perfect the Merger and the vesting of title of the assets of Glycosan in OrthoCyte. OrthoCyte and BioTime will each execute, acknowledge, deliver, file, and record such additional certificates, instruments, notices, and documents; and will take such additional actions as Glycosan may reasonably request on or after the date of this Agreement to effect, complete, or perfect the Merger, and the issuance of the BioTime Shares and Warrants to the Glycosan Stockholders.

5.2 **Confidentiality**. Glycosan agrees that it will not disclose to any person or entity (other than the officers and directors of OrthoCyte or BioTime) for any reason, or otherwise use, any Confidential Information which Glycosan may have acquired with respect to the business of OrthoCyte, or BioTime prior to or after the date of this Agreement, without the prior written consent of BioTime and OrthoCyte. OrthoCyte and BioTime agree that they will not, nor will either of them, disclose to any person or entity (other than the officers and directors of Glycosan) for any reason, or otherwise use, any Confidential Information which OrthoCyte or BioTime may have acquired with respect to the business of Glycosan prior to or after the date of this Agreement but prior to the Merger, without the prior written consent of Glycosan. Confidential Information means all information that includes or pertains to: (a) the formulation, composition, or methods of manufacture of any product; (b) the results of any research, testing, or evaluation of any product or technology (including, without limitation, non-public regulatory agency data, pre-clinical and clinical data, medicinal chemistry, test, and analysis results, and other technical information); (c) formulae, processes, the content of Patent Applications, know-how, ideas, unpatented inventions, and research protocols; (d) research and development plans and programs; (e) business methods and strategies; (f) business planning, marketing plans, and customer lists; (g) accounting, income tax, and financial information; (h) the terms of contracts and licenses, proposed contracts, licenses, and other business arrangements with third parties; and (i) information concerning the compensation of employees and consultants. This restriction shall continue to apply for three years after Closing but shall not apply to any Confidential Information which was or is:

(a) already, or may hereafter be, in the public domain other than arising from a breach of this Section 5.2;

(b) lawfully obtained by the Party receiving the Confidential Information from a third party, where the third party was not known, or was not reasonably thought to be known, to such receiving party to be bound by any obligation to the other Party to maintain the confidentiality of such information;

(c) required by any laws, rules, or regulations or by any governmental or statutory authority, agency, regulatory body, or its equivalent (including any relevant stock exchange or tax authorities which may be applicable to it and/or its related corporations) or by a court of competent jurisdiction to be disclosed provided that in such event, the relevant Party shall (and shall procure that its relevant related corporations shall) forthwith consult with the other Parties on the form and content of the announcement or the disclosure (as the case may be) prior to making the announcement or disclosure (as the case may be); or

(d) disclosed to the professional advisers of the respective Parties;

(e) required to be disclosed or used to vest the full benefit of this Agreement in Glycosan or OrthoCyte.

5.3 **Public Announcements.** Except as may be required to be disclosed pursuant to applicable law, Glycosan agrees that prior to Closing it will not make any announcement in connection with this Agreement or disclose the terms of this Agreement to anyone other than its officers, directors, shareholders, attorneys, accountants and parties to Material Contracts or Licenses whose consent to the assignment of the Material Contract or License through the Merger is required or reasonably necessary, unless BioTime and OrthoCyte shall have given its prior written consent to such announcement or disclosure. In the case of any proposed announcement or disclosure to persons other than those described in the immediately preceding sentence, Glycosan shall provide BioTime and OrthoCyte with a copy of the proposed announcement or disclosure not less than ten (10) days prior to the date that Glycosan proposes to make the announcement or disclosure. Glycosan represents and warrants to BioTime and OrthoCyte that Glycosan is not presently subject to any law, regulation, or judicial order requiring it to make any public announcement or disclosure of this Agreement or the Merger.

5.4 **Tax Free Reorganization** Each of the BioTime, OrthoCyte, and Glycosan shall use its or their commercially reasonable efforts to cause the Merger to constitute a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes (a "**Tax-Free Reorganization**"). None of the aforementioned parties has taken or will, either before or after consummation of the Merger, take any action which, to the knowledge of such party, would cause, nor will any of the aforementioned parties fail to perform, or otherwise breach, this Agreement in any way which would cause, or in either case result in, the Merger to fail to constitute a Tax-Free Reorganization. Unless otherwise required by Law, each party shall (i) report the Merger on all Tax Returns and filings as a Tax-Free Reorganization, and (ii) not take any position or action that is inconsistent with the characteristics of the Merger as a Tax-Free Reorganization in any audit, administrative proceeding, litigation or otherwise.

ARTICLE 6.
MISCELLANEOUS

6.1 **Governing Law**. This Agreement shall be construed and governed in all respects by the laws of the state of California without regard to principles of conflicts of laws.

6.2 **Service of Process in Delaware.** OrthoCyte agrees that it may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of Glycosan, as well as for enforcement of any obligation of OrthoCyte arising from the Merger, including any suit or other proceeding to enforce the right of any Dissenting Shareholder as determined in appraisal proceedings pursuant to §262 of the Delaware General Corporation Law. OrthoCyte irrevocably appoints the Secretary of State of Delaware as its agent to accept service of process in any such suit or other proceedings. A copy of such process shall be mailed by the Secretary of State of Delaware to OrthoCyte at the address shown in Section 6.5 for the delivery of notices to OrthoCyte.

6.3 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors, and administrators of each Party to this Agreement; provided, that no Party may assign its rights or obligations under this Agreement without the express prior written consent of the other Parties.

6.4 **Entire Agreement; Termination; Amendment**.

(a) This Agreement constitutes the full and entire understanding and agreement among the Parties with regard to the subject matter of this Agreement at the date of this Agreement, to the exclusion of any terms implied by law which may be excluded by contract, and supersedes any previous written or oral agreement among Glycosan, BioTime, and OrthoCyte in relation to the Merger. This Agreement and any term of this Agreement may be amended, waived, discharged, or terminated only by a written instrument signed by the Parties.

(b) At any time prior to the Effective Date, this Agreement may be terminated:

(i) by the written consent of Glycosan and BioTime;

(ii) by either BioTime or Glycosan if the Merger has not been consummated by April 15, 2011; provided that the right of a Party to terminate this Agreement pursuant to this clause shall not be available to any Party whose breach of any obligation under this Agreement has been the cause of, or resulted in, the failure of the Merger to be consummated by such date;

(iii) by OrthoCyte, if Glycosan has breached in any material respect any of its representations, warranties or covenants contained in this Agreement, which breach of failure to perform (i) would give rise to a failure of a condition set forth in Section 4.3(e) or (f) and (ii) has not been cured by Glycosan within 20 Business Days after the giving of written notice thereof from OrthoCyte; or

(iv) by Glycosan, if BioTime or OrthoCyte has breached in any material respect any of their respective representations, warranties or covenants contained in this Agreement, which breach of failure to perform (i) would give rise to a failure of a condition set forth in Section 4.4(c), (d) or (f) and (ii) has not been cured within 20 Business Days after the giving of written notice thereof from Glycosan.

(c) The Parties, upon and with the approval of their respective boards of directors, may amend this Agreement at any time prior to the Effective Date, provided that an amendment made subsequent to the adoption of this Agreement by the stockholders of any Party shall not (i) alter or change the amount or kind of BioTime Shares, Warrants, or cash in lieu of fractional BioTime Shares to be received on conversion of all or any of the shares of any class or series of Glycosan in the Merger, (ii) alter or change any term of the articles of incorporation of OrthoCyte as the surviving corporation to be effected by the Merger, or (iii) alter or change any of the terms and conditions of this Agreement if such alteration or change would adversely affect the holders of any class or series of Glycosan Shares, unless such amendment is approved by a vote of the Glycosan Shares on the same basis as may have been required to approve this Agreement prior to such amendment.

6.5 **Notices, etc**. All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed given when delivered by hand, messenger, or next business day air freight service, in any case addressed as follows:

To BioTime:	BioTime, Inc. 1301 Harbor Bay Parkway, Suite 100 Alameda, California 94502 Attention: Michael D. West, President
with a copy to:	Richard S. Soroko, Esq. Thompson, Welch, Soroko & Gilbert LLP 201 Tamal Vista Blvd. Corte Madera, California 94925
To OrthoCyte:	OrthoCyte Corporation 1301 Harbor Bay Parkway, Suite 100 Alameda, California 94502 Attention: Michael D. West, President
with a copy to:	Richard S. Soroko, Esq. Thompson, Welch, Soroko & Gilbert LLP 201 Tamal Vista Blvd. Corte Madera, California 94925
To Glycosan:	Glycosan BioSystems, Inc. 675 Arapeen Drive Salt Lake City, Utah 84168 Attn: William P Tew, Ph.D, President
with a copy to:	Douglas M. Fox, Esq. Ballard Spahr, LLP 300 East Lombard Street Suite 1800 Baltimore, Maryland 21202

Any Party may change its address for the purpose of this Section by giving notice to each other Party in accordance with this Section.

6.6 **Delays and Omissions**. No delay or omission to exercise any right, power, or remedy accruing to any Party to this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power, or remedy of such Party, nor shall such delay or omission be construed to be a waiver of, or an acquiescence in, any such breach or default or any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be made in writing, as provided in Section 6.4, and shall be effective only to the extent specifically set forth in such writing.

6.7 **Expenses.** Each Party shall bear their own expenses incurred on their behalf with respect to this Agreement and to the transactions contemplated by this Agreement.

6.8 **No Brokers or Finders Fees**. Glycosan warrants to BioTime and OrthoCyte that no person is entitled to receive any fee, commission, or other compensation from Glycosan, as a broker, finder, or otherwise, in connection with the execution and delivery of this Agreement or the consummation of the Merger.

6.9 **Titles and Subtitles**. The titles or headings of the Articles and Sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

6.10 **Schedules and Exhibits**. References to Schedules and Exhibits are references to the Schedules and Exhibits attached to this Agreement. All Schedules are an integral part of the transactions effected by or under this Agreement.

6.11 **Severability**. If one or more provisions of this Agreement are held to be unenforceable under applicable law, each such unenforceable provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if each such unenforceable provision were so excluded; the balance of this Agreement as so interpreted shall be enforceable in accordance with its terms.

6.12 **Time of the Essence**. Time shall be of the essence of this Agreement both as regards any dates and periods mentioned and as regards any dates and periods which may be substituted for them in accordance with this Agreement or by agreement in writing between the Parties.

6.13 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Counterparts of this Agreement may be transmitted by facsimile, electronic mail, or other electronic means and, upon receipt, shall be deemed an original; provided that, upon demand of the recipient, the sender shall mail or deliver an originally signed copy within a reasonable time of such demand.

6.14 **Interpretation and Certain Definitions.** In this Agreement, unless the context otherwise requires, the definitions in this Section 6.14 apply throughout this Agreement:

(a) The sign **$** means the lawful currency of the United States of America.

(b) **Article 2 Warranties** means the representations and warranties as set out in Article 2.

(c) **Article 3 Warranties** means the representations and warranties as set out in Article 3.

(d) **BioTime Disclosure Documents** means the following reports filed by BioTime with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended: most recent Annual Report on Form 10-K; definitive proxy statement for BioTime's most recent annual meeting of shareholders; and each Quarterly Reports on Form 10-Q and each Current Report on Form 8-K filed by BioTime after the filing of its most recent Annual Report on Form 10-K.

(e) **Business Day** means a day on which commercial banks are open for business in San Francisco, California (excluding Saturdays, Sundays and Federal public holidays).

(f) **California Code** means the California Corporations Code, as in effect during the term of this Agreement.

(g) **Delaware Law** means the Delaware General Corporations Law, as in effect during the term of this Agreement.

(h) **Glycosan Disclosure Documents** means the following documents (i) a copy of this Agreement, (ii) a summary of the principal terms under which Glycosan Shares will be converted into BioTime Shares and Warrants in the Merger; (iii) the Financial Statements, as defined in Section 2.22, and (iv) a summary of Glycosan’s business.

(i) **Glycosan Shares** means collectively, all the issued shares of capital stock of Glycosan (including the Glycosan common stock and each series of Glycosan preferred stock).

(j) **Party** or **Parties** means individually any of OrthoCyte, BioTime, or Glycosan, and collectively all of OrthoCyte, BioTime and Glycosan.

(k) **Glycosan Stockholder** means any holder of record of Glycosan Shares.

(l) **Glycosan Stockholders Agreement** means the Stockholders Agreement originally dated April 25, 2007, and originally by and among Glycosan and certain original Glycosan Stockholders, as amended to date and to which some or all subsequent Glycosan Stockholders have become and are a party.

(m) **Warranties** means collectively the Article 2 Warranties and the Article 3 Warranties.

(n) The headings are for convenience only and shall not affect the interpretation of this Agreement.

(o) Unless the context otherwise requires or permits, references to the singular number shall include references to the plural number and vice versa; references to natural persons shall include any company, limited liability partnership, partnership, business trust or unincorporated association (whether or not having separate legal personality); references to a company shall include any company, corporation, or any body corporate, wherever incorporated; and words denoting any gender shall include all genders.

(p) The words “include” or “including” shall be construed as incorporating also “but not limited to” or “without limitation”.

6.15 **Third Party Beneficiaries; Obligations.** This Agreement is for the sole benefit of the Parties and their permitted successors and assigns; provided, however, that from and after the Effective Time the Glycosan Stockholders (or then former stockholders as the case may be) shall be deemed third-party beneficiaries of the rights and privileges of Glycosan and the obligations of OrthoCyte and BioTime created under this Agreement. BioTime shall cause OrthoCyte to perform, and shall be responsible for the performance of OrthoCyte of the obligations of OrthoCyte hereunder as contemplated hereby, and the Obligations of BioTime and OrthoCyte hereunder are and shall be joint and several.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

BIOTIME, INC.
a California corporation

By: /s/Michael D. West
Name: Michael D. West
Title: Chief Executive Officer

By: /s/Judith Segall
Name: Judith Segall
Title: Secretary

GLYCOSAN BIOSYSTEMS, INC.
a Delaware corporation

By: /s/William P. Tew
Name: William P. Tew, Ph.D.
Title: Chief Executive Officer

By: _____
Name: _____
Title: Secretary

ORTHOCYTE CORPORATION
a California corporation

By: /s/Michael D. West
Name: Michael D. West
Title: Chief Executive Officer

By: /s/Robert W. Peabody
Name: Robert W. Peabody
Title: Secretary

FOR THE PURPOSES OF ARTICLE 1.15 ONLY:

STOCKHOLDER REPRESENTATIVE

/s/Fenner R. Weller
Fenner R. Weller

Schedule No.	Document	Description
1.6		References Glycosan employee stock option to be converted into BioTime stock option
2.3(a)	Capitalization Table	Summarize information regarding issued capital stock of Glycosan
2.3(b)		Summaizes information concerning Glycosan stock options
2.6		Discloses security interest in Glycosan assets
2.8		Discloses no patents issued or pending
2.9	List of Glycosan trademarks	Lists of Glycosan trademarks
2.10	List of Glycosan internet domain names	List of Glycosan internet domain names
2.11	List of publications	List of publications referencing Glycosan licensed technology or products
2.12(a)		References Glycosan Standard Operating Procedures and Master Manufacturing Batch Records
2.13(a)		References License Agreement between Glycosan and the University of Utah Research Foundation and amendments thereto
2.13(b)		States that there is no breach or default by Glycosan under License Agreement with University of Utah Research Foundation entitling the licensor to terminate the license or recover monetary damages
2.15		Discloses no lawsuits, proceedings or claims concerning infringement, misappropriation, or unauthorized use of intellectual property

2.18(a)-(c)	List of distribution agreements	Lists and discloses certain information concerning Glycosan distribution agreements and other contracts
2.20	Utah State Sales Tax License	Utah State Sales Tax License
2.23		References information concerning Glycosan customers and products sold during 2010
2.25	List of grants	Lists certain SBIR grants and applications
2.26	List of employee benefit plans	List of employee benefit plans
2.17	List of employee benefit plans	List of employee benefit plans
2.36		Summarizes certain insurance coverage
2.37		Discloses Glycosan bank accounts
2.39		References Glycosan employment agreements and stockholder agreement, and loan from a Glycosan officer and director
Exhibit No.	**Document**	**Description**
Exhibit A	California Merger Certificate	Form of Certificate to be filed with California Secretary of State to consummate merger
Exhibit B	Delaware Merger Certificate	Form of Certificate to be filed with Delaware Secretary of State to consummate merger
Exhibit C	Warrant Agreement	Form of Warrant Agreement governing warrants to be issued to Glycosan stockholders in the merger
Exhibit D	Escrow Agreement	Form of Escrow Agreement among Glycosan, BioTime and Wells Fargo Bank, N.A.

Exhibit E	Registration Rights Agreement	Form of Registration Rights Agreement under which BioTime will agree to register BioTime common shares and warrants under the Securities Act of 1933, as amended
Exhibit F	Employment Agreement/Offer Letters	Form of Employment Agreement and Offer Letters under which OrthoCyte Corporation will offer employment to certain Glycosan employees
Exhibit G	Shareholder Questionnaire	Form of Shareholder Questionnaire regarding qualification of Glycosan stockholders as accredited investors and investment representations
Exhibit H	Opinion of Counsel	Matters to be opined on by Glycosan's counsel

The above-listed schedules and exhibits were omitted pursuant to Item 601(b)(2) of Regulation S-K. BioTime agrees to furnish supplementally to the Commission, upon request, a copy of any omitted schedule or exhibit.

Exhibit 10.32

Dated this 7th day of October 2010

Between

ES Cell International Pte Ltd**.**

BioTime, Inc.

HBL - Hadasit Bio-Holdings Ltd.

Teva Pharmaceutical Industries Ltd.

And

Cell Cure Neurosciences Ltd.

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (the **"Agreement**") is signed on this 7th day of October 2010 subject to the Effective Date (defined below).

BETWEEN

(1) **ES CELL INTERNATIONAL PTE LTD.** (Company Registration Number 200005647N), a company incorporated in Singapore and having its registered address at 11 Biopolois Way, #05-06 Helios, Singapore 138667 ("**ESI**");

(2) **BIOTIME, INC.** a company duly incorporated under the laws of California having its principal place of business at 1301 Harbor Bay Parkway, Suite 100, Alameda, California, 94502, USA ("**BioTime**");

(3) **HBL- HADASIT BIO-HOLDINGS LTD.** (Company Registration Number 513734590) a company incorporated in Israel and having its registered address at Kiryat Hadassah, Jerusalem, Israel ("**HBL**");

(4) **TEVA PHARMACEUTICAL INDUSTRIES LTD**. (Company Registration Number 520013954) a company incorporated in Israel and having its registered address at 5 Basel Street, Petach Tikva 49131 Israel ("**Teva**");

AND

(5) **CELL CURE NEUROSCIENCES LTD.** (Company Registration Number 51-375239-4) a company incorporated in Israel and having its registered address at Kiryat Hadassah, PO Box 12247, Jerusalem 91121, Israel (the "**Company**"),

each a "**Party**" and collectively the "**Parties**".

WHEREAS:

(A) ESI, HBL and the Company entered into that certain Shareholders Agreement dated March 22, 2006 as amended on February 28, 2007 and August 30, 2007 (the "**SHA**"), by which Teva is bound as of December 13, 2007;

(B) BioTime, HBL and Teva are parties to a Share Purchase Agreement entered into on even date with the Company ("**SPA**"), whereby such Parties shall be investing additional funds into the Company;

(C) ESI, HBL, Teva and the Company have agreed to terminate the SHA and to its replacement by this Agreement, which the Parties are entering into to regulate certain of ESI, BioTime, HBL and Teva's rights and obligations as shareholders in the Company, and the Company's obligations with respect thereto, all as more fully set out in this Agreement.

NOW THEREFORE IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1. In this Agreement, unless something in the subject or context otherwise requires, the following words or expressions shall have the following meanings:

(a) "**Affiliate**" shall have the meaning ascribed to such term in the Articles.

(b) "**Articles**" means the Company's Articles of Association as shall be in effect from time to time;

(c) "**Auditors**" means the auditors of the Company from time to time;

(d) "**BioTime Group**" means ESI and BioTime;

(e) "**Board**" means the board of Directors of the Company;

(f) "**Business**" means the business of the Company as described in Clause 2.1 below;

(g) "**Business Budget**" in relation to any Financial Year, means a budget in relation to the Business which shall include (i) a projected balance sheet and profit and loss account in respect thereof; (ii) an estimate of working capital requirements in respect thereof; and (iii) an operating budget in respect thereof;

(h) "**Business Plan**" in relation to any Financial Year, means a plan for the conduct of the Business for such Financial Year which shall include (i) funding strategies; (ii) market strategies; (iii) research and development objectives; and (iv) staffing requirements;

(i) "**Change of Control**" shall have the meaning ascribed to such term in Clause 12.2 below;

(j) "**Directors**" means members of the Board as appointed in accordance with sub-Clause 3.1 below;

(k) "**Effective Date**" means the day on which the Closing (as defined in the SPA) occurs;

(l) "**Encumber**" means creating or allowing to exist or agreeing to create or agreeing to allow to exist any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or any other security interest of any kind, including retention arrangements;

(m) "**Field**" means the development of and exploitation of hES derived neural cells solely for cell replacement therapy of neurodegenerative diseases in a human;

(n) "**Hadasit**" means Hadasit Research Services and Development Ltd.

(o) "**Financial Year**" means any financial year of twelve (12) calendar months ending 31 December;

(p) "**Operational Report**" means a report on the operations of the Business of the Company detailing the progress of Business for the period that such report relates;

(q) "**Scientific Report**" means a report on the research and development activities of the Company detailing the progress of research and development activities for the period that such report relates;

(r) "**Shares**" means any shares of the Company of any class;

(s) "**Shareholders**" means the shareholders of the Company ;

(t) "**Ordinary Shares**" has the meaning ascribed thereto in the Articles;

(u) **"Qualified IPO**" means an initial underwritten public offering by the Company of its Shares pursuant to an effective registration statement under the US Securities Act of 1933, as amended or any equivalent law of another jurisdiction including the Israeli law (pertaining to public offering at TASE) at a Company valuation of at least US$25,000,000 (Twenty Five Million Dollars);

(v) "**US**" means the United States of America;

(w) "**US$**" refers to the lawful currency of US;

(x) "**Current Value**" means $ 8,000,000;

(y) "**Unqualified IPO**" means an initial underwritten public offering by the Company of its Shares pursuant to an effective registration statement under the US Securities Act of 1933, as amended or any equivalent law of another jurisdiction including the Israeli law (pertaining to public offering at TASE) at a Company valuation of less than US$25,000,000 (Twenty Five Million Dollars);

(z) "**Qualified Shareholder**" means any person registered in the Company's register of Shareholders as the owner of at least three percent (3%) or more of the share capital of the Company on an issued and outstanding basis.

1.2. Any reference to a statutory provision shall include such provision and any regulations made in pursuance thereof as from time to time modified or re-enacted whether before or after the date of this Agreement so far as such modification or re-enactment applies or is capable of applying to any transactions contemplated by this Agreement and (so far as liability thereunder may exist or can arise) shall include also any past statutory provisions or regulations (as from time to time modified or re-enacted) which such provisions or regulations have directly or indirectly replaced.

1.3. References to Recitals, Clauses, sub-Clauses and Schedules are to recitals, clauses and sub-clauses of and schedules to this Agreement, and references to this Agreement shall include the Schedules and appendices.

1.4. The headings are for convenience only and shall not affect the interpretation hereof.

1.5. Unless the context otherwise requires or permits, references to the singular number shall include references to the plural number and vice versa and references to natural persons shall include bodies corporate.

2. CONDUCT OF BUSINESS & AFFAIRS OF THE COMPANY

2.1. The Company is currently engaged in the development of cell therapy applications for retinal and neurodegenerative diseases based on cells derived from human embryonic stem cells, with its main target diseases currently being Age Related Macular Degeneration and Parkinson's Disease (the "**Business"**).

2.2. Subject as otherwise required by law or by this Agreement, proceedings of the Company shall be conducted in such a way as to maximise profits available for distribution to the Shareholders to the extent consistent with good business practice and applicable law.

2.3. The Shareholders and their Affiliates shall deal with the Company and its subsidiaries (if any) on an arm's length basis.

2.4. The management and control of the Company shall be exercised in Israel and the Shareholders shall use all reasonable endeavours to ensure that the Company is treated for all purposes, including taxation, as resident in Israel.

2.5. The Company shall adopt the Financial Year as its financial year for purposes of its Business.

2.6. The Company shall prepare and submit a Business Budget and Business Plan for each Financial Year to the Board for approval, at least 30 (thirty) days before the start of each Financial Year and upon such approval being obtained to deliver such documents to each Shareholder.

2.7. Subject to any modification to any Business Plan and/or Business Budget for any Financial Year in the manner permitted in this Agreement, the Company shall conduct the Business for such Financial Year in accordance with the Business Plan and Business Budget relating to such Financial Year.

3. THE BOARD AND MANAGEMENT OF THE COMPANY

3.1. The Board shall comprise of up to seven (7) Directors, who shall be nominated as follows:

(a) The BioTime Group shall have the right to appoint up to four (4) Directors and to remove and replace such Directors appointed by the BioTime Group (each, a "**BioTime Director**"); and

(b) HBL shall have the right to appoint up to two (2) Directors and to remove and replace such Directors appointed by HBL (each, a "**HBL Director**").

(c) Teva shall have the right to appoint to one (1) Director and to remove and replace such Director appointed by Teva (the "**Teva Director**").

3.2. A Director appointed by one of the Parties pursuant to Clause 3.1 above who is not an employee or a consultant to a Shareholder or any of its Affiliates (an "**External Director**") shall be entitled to such remuneration out of the funds of the Company for his/her services as Directors as the Board may decide in its absolute discretion.

3.3. Save that every Director shall be entitled to be reimbursed by the Company for his/her reasonable travel (being business class travel on an airline carrier of such Director's choice), hotel and other expenses related to his/her participation in meetings of the Board and in fulfilling his/her office as a Director, against presentation of the appropriate receipts and invoices, no Director shall, save to the extent permitted in Clause 3.2 above, receive any remuneration from the Company.

3.4. The Chairman of the Board shall be a BioTime Director.

3.5. The Chairman of the Board shall not be entitled to a second or casting vote either in general meeting of the Company or at any meeting of the Board.

3.6. The management team of the Company shall comprise of

(a) a Chief Scientific Officer ("**CSO**") who shall be Prof. Benjamin Reubinoff or such other person agreed to by the Board ("**Prof. Reubinoff**"); and

(b) a Chief Executive Officer, who shall be Dr. Charles Irving or such other person approved by the Board.

3.7. For as long as Hadasit provides services to the Company and/or holds unexercised options to acquire Shares, Hadasit shall be entitled to appoint, replace and dismiss one observer on its behalf who shall be invited to and shall have the right to attend all meetings (including meetings held by any means of communication) of the Board of Directors and to receive any data and information provided to the members of the Board of Directors and a copy of any written resolution adopted by the Board of Directors without convening, to the extent that such disclosure shall not be deemed by the Board of Directors, in its sole and reasonable discretion, to be detrimental to the Company.
For as long as he continues to serve as CSO of the Company, Prof. Reubinoff shall be invited and permitted to attend Board meetings as an observer (including meetings held by any means of communication) and to receive any data and information provided to the members of the Board and a copy of any written resolution adopted by the Board without convening, to the extent that such disclosure shall not be deemed by the Board, in its sole and reasonable discretion, to be detrimental to the Company.

For the avoidance of doubt, Teva shall have no further right to appoint an observer to the Board.

4. PROCEEDINGS OF DIRECTORS

4.1. The Board shall meet as necessary to discharge its duties but in any case no less frequently than once every calendar quarter, unless decided otherwise by the Board.

4.2. At least seventy-two (72) hours' notice in writing of each Board meeting shall be given to each Director (wherever he/she may be) unless in any particular case a majority of the Directors (including an HBL Director) otherwise agree.

4.3. Unless required by law, the Articles or this Agreement, all Board resolutions shall be adopted by a simple majority of those Directors present and voting, provided that a quorum is present. The quorum at meetings of the Board shall be a majority of the number of directors then appointed in accordance with Clause 3.1 (including an HBL Director). If within half an hour from the time appointed for the meeting a quorum is not present, the Board meeting shall stand adjourned to the day falling fourteen (14) days at the same time and place or to such other day and at such other time and place as the Chairman of the Board may determine and the Directors shall be notified in writing accordingly. If at such adjourned meeting, there is no quorum as prescribed, any three (3) Directors present shall constitute the quorum.

4.4. The notice shall be accompanied by an agenda of all the business to be transacted at the meeting. Any matter not on the agenda may not be raised at the meeting unless all the Directors agree in writing.

4.5.

(a) A resolution in writing, which is signed or approved by all the Directors entitled to receive notice of a meeting of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly called and constituted; and

(b) such resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the Directors concerned.

For the purposes of this sub-Clause 4.5, the approval of a Director or alternate Director may be given by letter, fax or e-mail.

4.6. A meeting of the Directors may consist of a conference between Directors some or all of whom are in different places provided that each Director who participates is able:

(a) to hear each of the other participating Directors addressing the meeting; and

(b) if he so wishes, to address all of the other participating Directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether or not in use when this Agreement was executed) or by a combination of those methods, provided that the Company shall coordinate and provide a call-in number or other means of communication at every meeting of the Directors.

4.7. For purposes of sub-Clause 4.6 above,

(a) a quorum is deemed to be present if the conditions are satisfied in respect of at least the number of Directors required to form a quorum;

(b) a meeting is deemed to take place at the place where the largest group of participating Directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

5. PROCEEDINGS AT GENERAL MEETING

5.1. Subject to the provisions of the Articles, a general meeting of the Company shall be called by not less than fourteen (14) days notice in writing.

5.2. Unless required by law, the Articles, or this Agreement, all Shareholders' resolutions shall be adopted by a simple majority of the Ordinary Shares present in person or proxy and voting, provided that a quorum is present, and for purposes thereof, voting power of Shareholders shall derive from the Ordinary Shares held by each Shareholder.

5.3. Notwithstanding anything in the Articles to the contrary, no business shall be transacted at any general meeting of the Company unless a quorum of Shareholders is present at the time when the meeting proceeds to business and a quorum shall comprise of Shareholders holding a seventy five percent (75%) majority of the issued and outstanding Shares.

5.4. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to the same day in the following week, at the same time and place, unless provided otherwise in the notice, or at such time and place as the Directors may determine. If at such adjourned meeting, there is no quorum as prescribed above in Section 5.3 above, then either (i) Shareholders holding a majority of the issued and outstanding Shares; or (ii) at least two (2) Shareholders present shall constitute the quorum.

6. REPORTING; BOOKS AND RECORDS AND ACCOUNTING

6.1. The Company shall keep proper books, records and accounts (collectively "**Accounting Records**") in which full, true and correct entries shall be made of the Company's transactions, in accordance with Israeli law and generally accepted accounting principles, and such Accounting Records shall show all costs, expenditures, sales, receipts, assets, liabilities, profits and losses of the Company and all other records required to reflect the conduct of the Company's affairs.

6.2. The Accounting Records shall be maintained by the Company at its principal business office, and each Shareholder may examine and make copies of any part of the records and books at any reasonable time during normal business hours.

6.3. The Company shall deliver to the Shareholders:

(a) within sixty (60) calendar days of the end of a Financial Year,

(i) the audited financial statements of the Company; and

(ii) if the Company is the holding company of another corporation, the consolidated audited financial statements of the Company,

for such Financial Year, prepared in accordance with Israeli law and generally accepted accounting principles, and audited in accordance with generally accepted auditing standards as in effect in the United States, and accompanied by notes explaining differences between the financial statements as prepared and generally accepted accounting principles as then in effect in the United States;

(b) deliver to the Shareholders a Scientific Report for each calendar quarter within twenty-one (21) days of the end of such calendar quarter; and

(c) deliver to the Shareholders an Operational Report for each calendar quarter within twenty-one (21) days of the end of such calendar quarter; and

(d) within 21 days after the end of each quarter of each Financial Year, unaudited financial statements of the Company; (and if the Company is the holding company of another corporation, the consolidated unaudited financial statements of the Company) for such quarter, prepared in accordance with Israeli law and generally accepted accounting principles, and accompanied by notes explaining differences between the financial statements as prepared and generally accepted accounting principles as then in effect in the United States. Such unaudited financial statements shall be reviewed by the Company's auditors.

The financial statements required to be provided hereunder shall include a balance sheet as at the end of the applicable Financial Year or quarterly period, and statements of income, cash flows, and shareholders' equity for the applicable Financial Year or quarterly period.

7. RESERVED MATTERS

7.1. Notwithstanding anything to the contrary herein, the following actions and resolutions shall not be taken by the Company without first obtaining the consent of (i) at least two (2) directors appointed by the BioTime Group and at least one director appointed by HBL, in the case of an action or resolution of the Board, and (ii) the affirmative vote or written consent of Shares held by the BioTime Group and HBL in the case of an action or resolution of the Shareholders:

(a) any change in the number of Directors;

(b) approval of any transaction with a "principal shareholder", as such term is defined in the Securities Law - 1968 (as amended);

(c) any amendment to or modification of the Articles;

(d) any conversion or reclassification or alteration of rights conferred by the registered share capital of the Company;

(e) a merger and/or acquisition transaction, and

(f) a sale or other disposition of all or substantially all Company securities, or a grant of an exclusive license to all or substantially all of the Company's intellectual property, in which the total consideration that Cell Cure or its Shareholders would receive is less than US$25,000,000 (Twenty Five Million US Dollars).

7.2. Notwithstanding any provisions of this Agreement, the following actions and resolutions shall not be taken by the Company without first obtaining the consent of the BioTime Group and HBL and Teva:

(a) Any change in the nature of the Business of the Company; and

(b) The approval of an Unqualified IPO.

8. DIVIDEND POLICY

Any distribution of dividends by the Company shall be subject to the absolute discretion of the Board and shall be to the extent permitted by law.

9. FURTHER FUNDING

9.1. In the event that Board determines that the Company requires additional funding for the Business, the Board may apply, on behalf of the Company, to the Shareholders for additional funding.

9.2. Such application ("**Funding Application**") shall be in writing and supported by a detailed written proposal prepared by the Board setting out the amount of additional funding required and the proposed use of the additional funding.

9.3. Except as committed in writing by a Shareholder in its absolute discretion, no Shareholder shall be obliged to provide funding to the Company pursuant to any Funding Application or otherwise, or to procure external financing to the Company or to give any guarantee or indemnity in respect of any of the Company's liabilities or obligations.

10. WARRANTIES

10.1. Each of the Shareholders severally represents and warrants to each other and to the Company that each of the following statements is true and accurate:

(a) it is a limited liability company or corporation duly organised or incorporated and validly existing under the laws of its country or state of organization or incorporation;

(b) it has the power to enter into and perform its obligations under this Agreement and each of the other documents referred to in this Agreement to which it is a party;

(c) it has all necessary consents, licences and approvals in connection with the entry into and performance of its obligations under this Agreement and as a Shareholder;

(d) its entry into this Agreement and performance of its obligations under this Agreement will not violate or conflict with, or exceed any limit imposed by (i) any law or regulation to which it is subject, (ii) its constitutional documents, or (iii) any other agreement, instrument or undertaking binding upon it; and

(e) the recitals to this Agreement are true and accurate insofar as they relate to it.

11. PRE-EMPTIVE RIGHT TO SUBSCRIBE FOR ADDITIONAL NEW SHARES

11.1. Unless otherwise agreed by all Shareholders, all unissued Shares of the Company (subject to the exceptions set forth in sub-Clause 11.5 below, referred to hereafter as the "**New Shares**") shall before issue, be offered for subscription to Shareholders (each offer to a Shareholder being a "**Subscription Offer**" and all such offers being the "**Subscription Offers**").

11.2. Such Subscription Offer shall be made by notice specifying the number of New Shares ("**Subscription Offer Shares**") and the price at which the same are offered and limiting the time (not being less than fourteen (14) days, unless the Shareholders to whom the Subscription Offers are to be made otherwise agree) within which the Subscription Offers may be accepted by each or any Shareholder as to any or all of the Subscription Offer Shares. If the Shareholders in the aggregate accept Subscription Offers for more than the total number of Subscription Offer Shares, then the Subscription Offer Shares shall be allocated among the Shareholders who have accepted Subscription Offers in proportion as nearly as the circumstances will permit to the number of Ordinary Shares then registered in their respective names. If any Shareholder defaults in payment for the Subscription Offer Shares for which such Shareholder accepted a Subscription Offer, those Subscription Offer Shares shall be reoffered, in the manner provided in this Clause 11 for the original offer of Subscription Offer Shares, to the other Shareholders who accepted Subscription Offers and paid in full for their Subscription Offer Shares.

11.3. Any Subscription Offer Shares not accepted for purchase by the Shareholders within the time(s) prescribed in Clause 11.2 shall be deemed "**Declined Subscription Shares**" and may be offered for subscription to such non-Shareholders as may be approved by the Company:

(a) on terms and conditions not more favorable than those comprised in the Subscription Offer for a period not exceeding ninety (90) days from the date when the Declined Subscription Shares are declined or deemed to be declined, as the case may be; and

(b) subject to such subscriber furnishing an undertaking to observe and perform the provisions and obligations of this Agreement in the form set out in **Schedule 1** hereof, and in the absence of such undertaking being furnished, such subscription shall be null and void and such subscriber shall not be recognized by the Company as the holder or owner of the shares subscribed for any purpose (including, without limitation, voting or dividend rights).

11.4. For the avoidance of doubt, the Company shall not be required to obtain approval of the sale of Declined Subscription Shares to a non-Shareholder from any Shareholder that did not purchase all of its pro rata share of the Subscription Offer Shares in the Subscription Offer from which the Declined Subscription Shares arose.

11.5. The pre-emptive right to subscribe for additional New Shares hereunder shall not be applicable to, and the term "**New Shares**" shall not be construed to include: (i) options, warrants or Shares of the Company issued to employees, consultants, officers or directors of the Company; (ii) Shares issued for consideration other than cash, in connection with a Change of Control; (iii) the issuance of bonus Shares distributed to all of the Shareholders on a pro-rata basis and any dividend payable in Shares of the Company; (iv) the issuance of securities in connection with any subdivision, stock split, combination, or any other recapitalization, reclassification or change of the Company's Shares into a different number of Shares of the same or any other class or classes of stock; or (v) any Shares offered or sold in a Qualified IPO.

12. TRANSFER OF ORDINARY SHARES, RIGHT OF FIRST REFUSAL, TAG-ALONG RIGHTS

12.1. Permitted Transfers

(a) During the term of this Agreement,

(i) no Shareholder shall Encumber any of its Ordinary Shares; and

(ii) except as expressly permitted by sub-Clause 12.1(b) below, no Shareholder shall transfer or otherwise dispose (collectively the "**Disposal**") of :

(aa) all or any of its Ordinary Shares, without first offering them for purchase by the Qualified Shareholders at the same offer price and on the same terms for all the Qualified Shareholders in accordance with sub-Clauses 12.1(c) through 12.1(g) below; and

(bb) all and not part of its Ordinary Shares, without (following the application of Section 12.1(a)(ii)(aa) above) first offering the Qualified Shareholders a right to participate as a seller in such sale, transfer or disposal in respect of the number of Ordinary Shares then registered in their names and at the same offer price and on the same terms for all Qualified Shareholders in accordance with sub-Clauses 12.1(c) through 12.1(g) below.

(b) Nothing in Clause 12.1(a) above shall prohibit any transfer by any Shareholder of all of its Ordinary Shares to:

(i) an Affiliate of the Shareholder; or

(ii) to a person approved in writing by all Qualified Shareholders.

(c) Save as permitted in sub-Clause 12.1(b) above, any Shareholder who wishes to effect a Disposal ("**Offeror**") shall give notice to the Qualified Shareholder(s) ("**Offeree Shareholders**") in accordance with sub-Clause 12.1(d) below ("**Transaction Notice**").

(d) The Transaction Notice to each Offeree Shareholder shall specify the terms and conditions of such Disposal, including the total amount of Ordinary Shares of the Offeror that are subject of the Disposal, the number of Ordinary Shares ("**Offered Shares**") of the Offeror that is being offered to such Offeree Shareholders for purchase pursuant to sub-Clause 12.1(a)(ii)(aa) above, the offering price and the name of the prospective third party transferee ("**Prospective Transferee**").

(e) The Offeree Shareholders shall have the right, exercisable by giving written notice to the Offeror within thirty (30) days after receipt of the Transaction Notice (the "**Acceptance Period**"), to either:

(i) purchase from the Transferor the Offered Shares under the terms described in the Transaction Notice; or

(ii) if the Disposal falls within the ambit of sub-Clause 12.1(a)(ii)(bb) above, participate in the Disposal (on a pro rata basis according to the ratio of the number of Shares held by each of the Shareholders participating in the Disposal) in respect of the Ordinary Shares held by such Offeree Shareholders under the terms described in the Transaction Notice.

(f) On the expiry of the Acceptance Period referred to in sub-Clause 12.1(e) above, if any Offeree Shareholder has notified the Offeror that:

(i) it wishes to purchase the Offered Shares comprised in the Transaction Offer issued to such Offeree Shareholder, such Offeree Shareholder shall be bound to pay the purchase price for, and to accept a transfer of, such Offered Shares and the Offeror shall be bound, on payment of the purchase price, to transfer such Offered Shares to such Offeree Shareholder; or

(ii) if the Disposal falls within the ambit of sub-Clause 12.1(a)(ii)(bb) above and it wishes to participate in the Disposal, the Offeror shall not sell, transfer or dispose of the Offered Shares unless it:

(aa) purchases on the same terms as contained in the Transaction Notice the lesser of (A) all the Ordinary Shares of such Offeree Shareholder that the Offerree Shareholder would be allowed to include in the Disposal under sub-Clause 12.1(e)(ii), and (B) the number of Ordinary Shares as the Offerree Shareholder elects to sell, or

(bb) has procured, on the same terms as contained in the Transaction Notice, the purchase, by the Prospective Transferee, of the lesser of (A) all the Ordinary Shares of such Offeree Shareholder that the Offerree Shareholder would be allowed to include in the Disposal under sub-Clause 12.1(e)(ii), and (B) the number of Ordinary Shares as the Offerree Shareholder elects to sell,

and such Offeree Shareholder shall be bound, on payment of the purchase price by the Offeror or the Prospective Transferee (as the case may be) of such Ordinary Shares of such Offeree Shareholder, to transfer such Ordinary Shares to the Offeror or the Prospective Transferee (as the case may be); and

(g) Each Offeree Shareholder may elect to purchase some or all of the Offered Shares pursuant to sub-Clause 12.1(f)(i), and if the Offeree Shareholders elect in the aggregate to purchase more than the number of Offered Shares, the Offered Shares shall be allocated, on a pro rata basis, among the Offeree Shareholders who elect to purchase Offered Shares, with such allocation made in proportion to the number of Ordinary Shares owned by each of them. If the Offeree Shareholders elect to purchase, in the aggregate, less than the total number of the Offered Shares comprised in the Transaction Notice issued to Offeree Shareholders, then the Offeror shall be entitled to transfer the Offered Shares which are not accepted for purchase by such Offeree Shareholders to the proposed transferee(s) identified in the Transaction Notice within 90 days of the Acceptance, PROVIDED THAT in no event shall the Offeror effect the transfer of the Offered Shares not accepted by the Offeree Shareholders to such proposed transferee(s) on terms more favorable to the proposed transferee(s) than those stated in the Transaction Notice, and PROVIDED FURTHER THAT such Offered Shares not transferred within ninety (90) days after the expiration of the Acceptance Period shall again be subject to the provisions and procedures set out in sub-Clauses 12.1(c) through 12.1(f) above and the foregoing procedures shall be complied with if the Offeror wishes to transfer such offered Ordinary Shares.

12.2. Drag-Along Rights

Subject to Section 7.1 above, if at any time a Shareholder or Shareholders holding more than (i) seventy percent (70%) of the issued share capital of the Company; or (ii) fifty percent (50%) of the issued share capital of the Company prior to the expiration of two (2) years from the Effective Date provided that the value of the Company is at least five (5) times the Current Value (in each such case, "**Majority Holders**") transfer (other than pursuant to sub-Clause 12.1(b) above all or part of their Ordinary Shares constituting more than sixty percent (60%) (in the case of (i) above) or fifty percent (50%) (in the case of (ii) above) of the issued and outstanding share capital of the Company, in accordance with sub-Clause 12.1(a) above to an unrelated third party in an arm's length transaction (a "**Change of Control**"), such Majority Holders shall be entitled, within thirty (30) days following such transfer, to require the other Shareholders to transfer, and the other Shareholders shall transfer to the transferee, all their Ordinary Shares on the same terms as the sale by the Majority Holders

12.3. Condition of Transfer

It shall be a condition of any transfer of Ordinary Shares (whether permitted or required) that the transferee thereof, if not already a party to this Agreement, enters into an undertaking to observe and perform the provisions and obligations of this Agreement in the form set out in **Schedule 1** hereof and furnishes such undertaking to the Company, and in the absence of such undertaking being furnished, such transfer shall be null and void and such transferee shall not be recognized by the Company as the holder or owner of the Ordinary Shares which are subject of such transfer for any purpose (including, without limitation, voting or dividend rights).

13. RIGHT OF FIRST LOOK

In the event that the Company is interested in offering to transfer or grant a license or any other similar rights in the Field ("**Rights**") in its intellectual property assets or any portion thereof to an unrelated third party (a "**Third Party Transaction**"), the Company shall first provide written notice to Teva of its interest in offering such Rights (the "**Initial Notice**"). Teva shall be entitled to advise the Company, by providing written notice to the Company within 60 (sixty) days from the date of receipt of the Initial Notice (the "**Acceptance Period**") as to whether it is interested in such Rights (a "**Notice of Interest**"). If Teva furnishes to the Company a Notice of Interest, the Company shall favorably consider the grant of the Rights to Teva, and the Company and Teva shall negotiate in good faith an agreement in respect thereto. Should (i) the Company and Teva fail to reach a definitive agreement in respect to the Rights within 120 (one hundred and twenty) days following receipt by Teva of the Notice of Interest or any extended time period agreed between the Company and Teva; or (ii) Teva shall not have furnished the Company with a Notice of Interest within the Acceptance Period; or (iii) Teva advises the Company that it is not interested in the Rights, the Company shall be free to enter into such Third Party Transaction with any third party in respect of the Rights on any terms and conditions whatsoever as may be agreed upon between the Company and such third party, provided they are no more favorable to the third party than those offered by Teva during the aforesaid good faith negotiations. For the avoidance of doubt, nothing in this Clause 13 shall be construed as an obligation on the part of the Company to enter into any agreement with Teva.

13(A) ADDITIONAL UNDERSTANDINGS BETWEEN THE COMPANY AND BIOTIME

In the event that the Company wishes to acquire a license or sublicense from BioTime or from any BioTime Affiliate under the patent applications described in **Schedule 2** hereof, or under the patents and technology described in the license or sublicense agreements referenced in **Schedule 2**, BioTime hereby agrees (and procures that any BioTime Affiliate will agree) to grant the Company such license or sublicense against payment by the Company to BioTime or to BioTime's designated Affiliate of a license fee in the amount of US$2,500,000 (Two and a Half Million US Dollars) and BioTime shall have the right to purchase, against payment to the Company of the sum of US$2,500,000 (Two and a Half Million US Dollars), such number of the Company's Ordinary Shares (or any other class of the Company's share capital into which the Ordinary Shares may be converted, exchanged, or reclassified in any conversion, exchange, reclassification or recapitalization event of the Ordinary Shares) constituting, upon issuance, approximately 14.60% (fourteen point sixty percent) of the issued and outstanding share capital of the Company.

For illustration purposes, the Company's Current Value, immediately prior to the consummation of the investment envisaged in the SPA, is $8,000,000 (Eight Million US Dollars) and ESI's shareholding in the Company on such corresponding date constitutes approximately 49.41% (forty nine point forty one percent) of the Company's issued and outstanding share capital. Immediately following the investment of $7,100,000 (Seven Million One Hundred Thousand US Dollars) pursuant to the SPA, the Company will have an agreed valuation of $15,100,000 (Fifteen Million One Hundred Thousand US Dollars) and BioTime and ESI's combined shareholding in the Company will constitute approximately 53.59% (fifty three point fifty nine percent) of the Company's issued and outstanding share capital. If BioTime were to invest an additional $2,500,000 (Two and a Half Million US Dollars), as contemplated above, the new valuation of the Company would be $17,600,000 (Seventeen Million Six Hundred Thousand US Dollars), and BioTime and ESI's combined shareholding in the Company would constitute approximately 60.36% (sixty point thirty six percent) of the Company's issued and outstanding share capital.

14. CONFIDENTIALITY

14.1. For the purposes of this Clause 14, **Confidential Information** means all information of a confidential nature disclosed by whatever means by one Party (the "**Disclosing Party**") to any other Party (the "**Receiving Party**") relating to such Disclosing Party and/or the provisions and subject matter of this Agreement.

14.2. Save as permitted under sub-Clauses14.3 to 14.5 below, each Receiving Party undertakes to keep the Confidential Information confidential and not disclose it to any person, and Clause 14 shall continue to bind the Parties notwithstanding termination or expiry of this Agreement or transfer of a Party's Shares.

14.3. Clause 14.2 above shall not apply to the disclosure of Confidential Information if and to the extent:

(a) required in or in connection with legal proceedings arising out of this Agreement or to any relevant planning authority, government or quasi-government department or agency, bank or financial institution and any securities exchange or regulatory agency, as may be necessary relating to or in connection with the Company or the Party making such disclosure or as may be required by law, government regulation or by any relevant regulatory authority;

(b) subject to requirements of disclosure under applicable law, regulation or order of relevant regulatory authority or court, the disclosure of a general summary of financial details of this Agreement solely for the purpose of consummation of an offering of securities by Teva, HBL, BioTime, or ESI, or a merger or consolidation of any Party with a third party, or any sale of ESI shares or other securities by BioTime, and the Disclosing Party shall provide the other Parties with a copy of any such general summary in sufficient time to allow them to comment thereon;

(c) that such information is in the public domain other than through breach of this Clause 14;

(d) that such information was already known to the recipient, without restriction, at the time of disclosure, as demonstrated by written evidence;

(e) that such information was independently developed by the recipient without any use of the information, as demonstrated by written evidence; or

(f) that such information was lawfully received by the Receiving Party, without restriction, from a third party that is under no obligation of confidentiality to the Disclosing Party.

provided that in the case of paragraphs (a) and (b), the Receiving Party will to the extent reasonably practicable and permitted by such law or body promptly notify the Disclosing Party and co-operate with the Disclosing Party regarding the timing and content of such disclosure.

14.4. The Receiving Party may disclose Confidential Information to advisers provided it makes each such recipient aware of the obligations of confidentiality assumed by it under this Agreement and provided that it uses all reasonable endeavors to ensure that such recipient complies with those obligations as if it was a party to this Agreement.

14.5. A Party may disclose Confidential Information relating to the Company (but not relating to any other Party) to a potential purchaser to whom it is or may, subject to compliance with the transfer provisions in both this Agreement and in the Articles become entitled to sell its Shares in accordance with the provisions of this Agreement, provided that before any Confidential Information is disclosed, the potential purchaser shall have entered into appropriate confidentiality undertakings in a form reasonably satisfactory to the Company.

15. DURATION

This Agreement shall commence on and subject to the Effective Date and shall continue unless terminated by the written agreement of the Parties to it, but a Shareholder will cease to have any further rights or obligations under this Agreement on ceasing to hold any Shares except in relation to Clauses 14 and 23, and provided that this Clause 15 shall not affect any of the rights or liabilities of any Parties in connection with any breach of this Agreement which may have occurred before that Shareholder ceased to hold any Shares.

16. COMMUNICATIONS

16.1. Each communication under this Agreement shall be made in writing in the English language.

16.2. All notices or other communications hereunder shall be in writing and shall be given in person, by air delivery service, by registered mail (registered international air mail if mailed internationally) postage prepaid, or by facsimile transmission (provided that written confirmation of receipt is provided), addressed as set forth Clause 16.3 below or such other address as any Party may designate to the other in accordance with the aforesaid procedure:

16.3. The addresses and facsimile numbers of the Parties for the purpose of this Agreement are:

(a) If to the Company:
Cell Cure Neurosciences Ltd.
Kiryat Hadassah, PO Box 12247
Jerusalem 91121, Israel
Fax: 972.2.643.7712
Attn: Dr. Charles Irving, CEO

With a copy to: (which will not constitute notice) to:
Baratz & Co.
1 Azrieli Center
Round Tower, 18th Floor
Tel Aviv 67021, Israel
Fax: 972.3.607.3778
Attn: Yael Baratz, Adv.

(b) If to ESI:
ES Cell International Pte Ltd.
11 Biopolois Way
#05-06 Helios
Singapore 138667
Fax: 510.521.3389
Attn: Michael D. West, Director

With a copy to: (which will not constitute notice) to:
Thompson, Welch, Soroko & Gilbert LLP
201 Tamal Vista Blvd
Corte Madera, California 94925
Fax: 415. 927.5210
Attn: Richard S. Soroko, Esq.

(c) If to BioTime:
BioTime, Inc.
1301 Harbor Bay Parkway,
Suite 100
Alameda, California 94502
USA
Fax: 510.521.3389
Attn: Dr. Michael D. West, CEO

With a copy to: (which will not constitute notice) to:
Thompson, Welch, Soroko & Gilbert LLP
201 Tamal Vista Blvd
Corte Madera, California 94925
Fax: 415. 927.5210
Attn: Richard S. Soroko, Esq.

(d) If to HBL:
HBL - Hadasit Bio-Holdings Ltd.
c/o Hadasit Medical Research Services and Development Ltd.
Kiryat Hadassah
POB 12000
Jerusalem 91120, Israel
Fax: 972.2.643.7712
Attn: Ophir Shahaf, CEO

With a copy (which will not constitute notice) to:
Ephraim Abramson & Co.
2 Beitar Street
Third Floor
Jerusalem 93386 Israel
Fax: +972-2-565-4001
Attn: Harry Grynberg, Adv. and Ami Hordes, Adv.

(e) If to Teva:

Teva Pharmaceutical Industries Ltd.
5 Basel Street
Petach Tikva 49131
Israel
Fax: 972.3.926.7581

Attn: Aharon Schwartz, VP Strategic Business Planning and New Ventures
Fax: 972.3.926.7429
Attn: General Counsel
With a copy (which will not constitute notice) to:
Teva Pharmaceutical Industries Ltd.
5 Basel Street
Petach Tikva 49131
Israel
Fax: 972.3.926.7429
Attn: General Counsel, Legal Department

16.4. All notices and other communications delivered in person or by courier or air delivery service shall be deemed to have been delivered as of actual delivery thereof, those given by facsimile transmission shall be deemed delivered on the following day after transmission with confirmed transmission thereof, and all notices and other communications sent by registered mail (or air mail if the posting is international) shall be deemed given seven (7) days after posting.

16.5. The Parties agree that communications from either ESI or BioTime shall be deemed to have been provided on behalf of the BioTime Group, for purposes of this Agreement.

16.6. The Parties agree that the provisions of this Clause 16 shall not apply to the service of any writ, summons, order, judgment or other document relating to or in connection with any legal proceedings.

17. RELEASE AND INDULGENCE

Any liability or obligation to any Party may in whole or in part be released, compounded or compromised or time or indulgence given by the Party to whom such liability or obligation is owed, in the absolute discretion of the Party to whom such liability or obligation is owed, without in any way prejudicing or affecting their rights against any other Party under the same or a like liability or obligation, whether joint and several or otherwise.

18. ASSIGNABILITY

Save where this Agreement provides otherwise, this Agreement shall be binding upon and inure for the benefit of the successors of the Parties but shall not be assignable except in conjunction with (a) a sale or other transfer of a Party's Ordinary Shares permitted under this Agreement or (b) a merger or consolidation of a Party with another company or business entity.

19. SEVERABILITY

Each of the provisions or Clauses of this Agreement is severable and distinct from the others and if any time one or more of such provisions or Clauses is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions or Clauses hereof shall not in any way be affected or impaired thereby.

20. ENTIRE AGREEMENT

The Agreement contains the entire agreement between the Parties relating to the subject matter provided for herein and supersedes any previous agreements between the Parties relating to such subject matter, including, without limitation, the SHA. For the avoidance of doubt, termination of the SHA shall not affect any rights or obligations that previously accrued thereunder.

21. EXECUTION IN COUNTERPARTS

This Agreement may be signed in any number of counterparts, and all counterparts of each such agreement taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterpart and each counterpart may be signed and executed by the Parties and transmitted by facsimile transmission or by electronic mail in PDF format and shall be as valid and effectual as if executed as an original.

22. GENERAL

22.1. No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by any of the Parties shall not constitute a waiver by such party of the right to pursue any other available remedies.

22.2. Time wherever mentioned shall be of the essence of this Agreement both as regards the dates and periods specifically mentioned and as to any dates and periods which may by agreement in writing between the Parties be substituted for them.

22.3. Each of the Parties shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the Parties as reflected thereby, and without prejudice to the generality of the foregoing,

(a) the Shareholders undertake to each other to execute all such deeds, documents, instruments, and assurances, and to perform all such acts and to exercise all powers and rights available to them, including the convening of all meetings and the giving of all waivers and consents and passing of all resolutions reasonably required to give effect to the terms of this Agreement; and

(b) the Shareholders agree, as between themselves, that, if any provisions of the Articles at any time conflict with any provisions of this Agreement, the provisions of this Agreement shall prevail, and the Shareholders shall exercise all powers and rights available to them to procure the amendment of the Articles to the extent necessary to permit the Company and its affairs to be regulated as provided in this Agreement.

22.4. Nothing in this Agreement shall be deemed to constitute a partnership between any of the Parties nor constitute any Party the agent of any other Party for any purpose.

22.5. Any amendment or modification of this Agreement shall only be effective if set out in writing and signed by or on behalf of all of the Parties; provided, however, that any Party may, by a written instrument signed by such Party, waive, in whole or in part, any of its rights or remedies under this Agreement.

23. GOVERNING LAW AND JURISDICTION

23.1. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Israel.

23.2. Any dispute or difference arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by a single arbitrator who shall be appointed by agreement of the Parties.

In the absence of such agreement within seven (7) days of the date of request by a Party to appoint an arbitrator, then the arbitrator shall be appointed by the Head of the Israeli Bar Association. The arbitration proceedings shall be conducted in the English language. Neither Party shall be precluded from bringing an action in any court of competent jurisdiction for injunctive or other provisional relief as necessary or appropriate.

The arbitrator shall have the power to award the costs of the arbitration and the prevailing party's attorneys' fees and costs. The arbitrator's award shall be final, binding and not subject to appeal, and based on a reasoned written opinion to be delivered to the Parties. Judgment upon the award rendered by the arbitrator may be entered into any court having jurisdiction of the party adversely affected by the award. The provisions of this Clause constitute an arbitration agreement among the Parties within the meaning of the Israeli Arbitration Law - 1968.

[signature page follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CELL CURE NEUROSCIENCES LTD.

Name: _____
Title: _____

ES CELL INTERNATIONAL PTE LTD.

Name: _____
Title: _____

BIOTIME, INC.

Name: _____
Title: _____

HBL- HADASIT BIO-HOLDINGS LTD.

Name: _____
Title: _____

TEVA PHARMACEUTICAL INDUSTRIES LTD.

Name: _____
Title: _____

Name: _____
Title: _____

SCHEDULE 1

FORM OF UNDERTAKING

THIS DEED is made on [ ]

BETWEEN:

(1) [ ] of [ ] (the "**New Shareholder**");

(2) [ ] (collectively, the "**Continuing Shareholders**"]

(3) Cell Cure Neurosciences Ltd. (the "**Company**")

WHEREAS:

(A) The Continuing Shareholders and the Company are parties to an Amended and Restated Shareholders Agreement dated 7 October 2010 (the "**Agreement**").

(B) The New Shareholder proposes to purchase [ ] Ordinary Shares of the Company from the Company/[*insert name of transferring shareholder*] (the "**Original Shareholder**").

(C) This Deed is made by the New Shareholder in compliance with sub-Clause 11.3(b) /sub-Clause 12.3 of the Agreement.

THIS DEED WITNESSES as follows:

1. The New Shareholder confirms that it has been supplied with a copy of the Agreement.

2. The New Shareholder shall purchase from the Company/Original Shareholder [ ] Ordinary Shares of the Company at a purchase price of [ ] per share and agrees to hold the shares subject to the Articles of the Company.

3. The New Shareholder undertakes to the Continuing Shareholders to be bound by the Agreement in all respects as if the New Shareholder was a party to the Agreement and named in it as a Shareholder and to observe and perform all the provisions and obligations of the Agreement applicable to or binding on a Shareholder under the Agreement insofar as they fall to be observed or performed on or after the date of this Deed.

4. The Continuing Shareholders undertake to the New Shareholder to observe and perform all the provisions and obligations of the Agreement applicable to or binding on a Shareholder under the Agreement and acknowledges that the New Shareholder shall be entitled to the rights and benefits of the Agreement as if the New Shareholder were named in the Agreement in place of the Original Shareholder with effect from the date of this Deed.

5. This Deed is made for the benefit of (a) the parties to the Agreement and (b) every other person who after the date of the Agreement (and whether before or after the execution of this Deed) assumes any rights or obligations under the Agreement or adheres to it.

6. The address and facsimile number of the New Shareholder for the purposes of Clause 16 of the Agreement is as follows: [ ].

7. This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same deed and any party may enter into this Deed by executing a counterpart.

8. This Deed is governed by and shall be construed in accordance with Israeli law.

IN WITNESS of which this deed has been executed and has been delivered on the date set forth above.

New Shareholder
[Insert name of New Shareholder]

By: _____
Name: _____
Title: _____

Cell Cure Neurosciences Ltd**.**

By: _____
Name: _____
Title: _____

Continuing Shareholders

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SCHEDULE 2

Technology:	Patent Application
Methods to Accelerate the Isolation of Novel Cell Strains from Pluripotent Stem Cells and Cells Obtained Thereby:	App. no.:12/504,630 Filed: 7/16/2009

License or Sublicense Agreement:

Exclusive Sublicense Agreement dated August 15, 2008 by and between Advanced Cell Technology, Inc. and Embryome Sciences, Inc.

Exclusive License Agreement dated July 10, 2008 by and between Advanced Cell Technology, Inc. and Embryome Sciences, Inc.

Commercial License and Option Agreement, dated January 3, 2008, as amended, between BioTime, Inc. and Wisconsin Alumni Research Foundation

Exhibit 10.33

RESEARCH AND EXCLUSIVE LICENSE OPTION AGREEMENT

THIS AGREEMENT is made on October 7, 2010 effective subject to the closing of the investment round envisaged in the Share Purchase Agreement (as defined herein) (the date being of such closing being referred to herein as the "**Effective Date**") between

Teva Pharmaceutical Industries Limited, a corporation incorporated under the laws of Israel, located at 5 Basel Street, Petach Tikva 49131, Israel ("**Teva**"), and

Cell Cure NeuroSciences Ltd., a corporation incorporated under the laws of Israel, located at Kiryat Hadassah, Jerusalem 91121, Israel ("**Cell Cure**").

Teva and Cell Cure may be individually referred to as a "**Party**" and together as the "**Parties**".

WHEREAS, Cell Cure is engaged in the development of pharmaceutical preparations embodying human embryonic stem cell and/or human induced pluripotent stem cell-derived Retinal Pigment Epithelial cells ("**RPE Cells**") which are non-adherent (in suspension) for use in the Field (as hereinafter defined) (the "**Licensed Product**"),

WHEREAS, Cell Cure is the holder of exclusive licenses in the Field (as defined herein) from ES Cell International Pte Ltd. ("**ESI**"), and from Hadasit Medical Research Services and Development Ltd. ("**Hadasit**"), each covering certain portions of the Cell Cure IP (as defined herein);

WHEREAS, Cell Cure wishes to perform an R&D Program (as defined herein) that shall include certain pre-clinical activities as described therein, to be partially funded through Teva's equity investment in Cell Cure under the Share Purchase Agreement dated October 7, 2010 (the "**Share Purchase Agreement**") and additional resources as set forth in the R & D Budget (as defined herein);

WHEREAS, the Parties agree that Teva shall have the exclusive option, but not the obligation, to be granted the License (as defined herein), on the terms set out in this Agreement;

WHEREAS, the Parties agree that in the event Teva exercises the aforementioned exclusive option to be granted the License, Cell Cure shall grant Teva and Teva shall acquire from Cell Cure, the License, subject to and in accordance with the terms and conditions of this Agreement; and

WHEREAS, contemporaneously with the execution of this Agreement Teva shall participate, together with Hadasit Bio-Holdings Ltd. and BioTime, Inc. ("**BioTime**"), in a round of equity investment in Cell Cure, as more fully set forth in the Share Purchase Agreement .

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Definitions and Interpretation**

1.1. The foregoing preamble and Annexes hereto form an integral part of this Agreement.

1.2. In this Agreement the terms below shall bear the respective meanings assigned to them below and other capitalized terms shall bear the respective meanings assigned to them in their parenthetical definition, unless specifically stated otherwise:

1.2.1. "**Affiliate**" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such Person. For purposes of this definition only, "control" of another Person, shall mean the ability, directly or indirectly, to direct the activities of the relevant organization or entity, and shall include, without limitation (i) ownership or direct control of fifty percent (50%) or more of the outstanding voting stock or other ownership interest of the other organization or entity, or (ii) direct or indirect possession of the power to elect or appoint fifty percent (50%) or more of the members of the governing body of the other organization or entity.

1.2.2. "**Cell Cure IP**" shall mean all IP having application in the Field Controlled by Cell Cure as of the Effective Date or at any time following the Effective Date, which is embodied in Licensed Product or which is necessary or useful in the exercise of the License.

1.2.3. "**Combination Product**" shall mean a product which comprises (i) Licensed Product, and (ii) at least one other active ingredient, which, if administered independently of Licensed Product, would have a clinical effect.

1.2.4. "**Competing Product**" shall mean any product for the treatment of conditions involving retinal degenerative diseases based on the [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission], other than Licensed Product.

1.2.5. "**Control"** or "**Controlled**", as to IP or materials, shall mean the ownership of IP or materials by a Person or the possession by a Person of the ability to grant a license or sublicense under IP or materials owned or controlled by a third party without violating the terms of any agreement or arrangement between such Person and such third party.

1.2.6. "**Effective Date**" shall have the meaning ascribed to it in the preamble of this Agreement.

1.2.7. "**ESI License Agreement**" shall mean Exclusive License Agreement between ESI and Cell Cure dated March 22, 2006, as amended, a copy of which is attached hereto as **Annex A**.

1.2.8. "**Field**" shall mean the field of cell replacement therapy of conditions involving retinal degenerative diseases.

1.2.9. "**First Commercial Sale**" shall mean, the first commercial sale of Licensed Product for any indication to a third party, in exchange for cash or some equivalent to which value can be assigned, after obtaining all necessary regulatory and other approvals, including any pricing approvals that may be required in order to commercially sell and market such Licensed Product in the country in which the sale is made, other than the sale of such Licensed Product for experimental, testing, compassionate or promotional purposes.

Notwithstanding anything contained in the foregoing paragraph to the contrary, for the purposes of this definition, the transfer of Licensed Product by Teva or one of its Affiliates, Sublicensees, or Further Sublicensee, to another Affiliate of Teva, Sublicensee or Further Sublicensee, is not a commercial sale, and shall not be taken into account for the purposes of this definition.

1.2.10. "**First Licensed Product**" shall mean Licensed Product for the treatment of patients with dry age related macular degeneration (AMD), currently known by the tradename "OpRegen".

1.2.11. "**Generic Product**" shall mean, on a country-by-country basis, a product (i) having the same composition of matter as Licensed Product or which has a marketing approval as a generic product by the regulatory authorities and which could not have been sold or with respect to which a license would have been required to be obtained from Cell Cure, if patent or other exclusivity rights covering such Licensed Product would have been in full force and effect, and [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]. However, a product shall not be considered a Generic Product if Teva or anyone on its behalf was involved in its approval or commercialization.

1.2.12. **"HMO"** means Hadassah Medical Organization.

1.2.13. **"Hadasit License Agreement**" shall mean the Research and License Agreement between Hadasit and Cell Cure entered into in 2009, as 18amended, a copy of which is attached hereto as **Annex B**.

1.2.14. "**IND"** means the designation of Licensed Product as an Investigational New Drug on the basis of a Cell Cure-initiated application as described in 21 C.F.R. Section 312.23, filed for purposes of conducting a Phase I Clinical Trial in accordance with the requirements of the United States Food, Drug and Cosmetic Act of 1938, as amended, and the rules and regulations promulgated thereunder, including all supplements and amendments thereto, which may include, inter alia, managing animal studies, as well as toxicology studies.

1.2.15. "**IP**" shall mean all vested, contingent and future intellectual property rights including but not limited to: (i) all inventions, materials, compounds, compositions, substances, methods, processes, techniques, know-how, technology, data, information, discoveries and other results of whatsoever nature, and any patents, copyrights, proprietary intellectual or industrial rights directly or indirectly deriving therefrom, as well as provisionals, patent applications (whether pending or not), and patent disclosures together with all reissues, continuations, continuations in part, revisions, extensions, and reexaminations thereof; (ii) all trade marks, service marks, copyrights, designs, trade styles, logos, trade dress, and corporate names, including all goodwill associated therewith; (iii) any work of authorship, regardless of copyrightability, all compilations, all copyrights and (iv) all trade secrets, confidential information and proprietary processes.

1.2.16. **"Licensed Materials"** shall mean the stem cell line(s) and feeder line(s) as Controlled by Cell Cure pursuant to the Hadasit License Agreement, and any clinical grade RPE Cells manufactured by or for Cell Cure based on such cell line(s) and feeder line(s).

1.2.17. "**Net Sales**" shall mean the total amounts received by Teva and/or its Affiliates, Sublicensees or Further Sublicensees with respect to Licensed Product, as established in a *bona fide* arms-length transaction with an unrelated third party, less the following items (as they apply to such Licensed Product): (i) quantity and/or cash discounts actually allowed or taken; (ii) customs, duties, sales, withholding and similar taxes, if any, imposed on such Licensed Product, to the extent applicable to such sale and included in the invoice with respect to such sale; (iii) amounts actually allowed or credited by reason of rejections, return of goods (including as a result of recalls), any retroactive price reductions or allowances specifically identifiable as relating to such Licensed Product (including those resulting from inventory management or similar agreements with wholesalers); (iv) amounts incurred resulting from government mandated rebate programs (or any agency thereof); (v) third party (a) rebates, (b) freight, postage, shipping and applicable insurance charges, to the extent same are separately itemized on invoices and actually paid as evidenced by invoices or other appropriate supporting documentation, and (c) chargebacks or similar price concessions related to the sale of such Licensed Product; and (vi) reasonable quantities of samples, [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]. All of the foregoing shall be calculated in accordance with U.S. GAAP.

Notwithstanding anything contained in the foregoing paragraph to the contrary, for the purposes of this definition, the transfer of Licensed Product by Teva or one of its Affiliates to another Affiliate of Teva or a Sublicensee or Further Sublicensee is not a sale; in such cases, Net Sales shall be determined based on the total amounts received by Teva and/or its Affiliates, Sublicensees or Further Sublicensees with respect to Licensed Product first sold by them to independent third-parties, less the deductions permitted herein.

[*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

For sales which are not at *bona fide* arms-length and/or are not in the ordinary course of business, the term "Net Sales" shall mean the total amount that would have been due in an arms-length sale made in the ordinary course of business and according to the then current market conditions for such sale or, in the absence of such current market conditions, according to market conditions for sale of products similar to Licensed Product.

If Licensed Product is sold or supplied in a currency other than United States Dollars then the sum of Net Sales shall first be determined in the currency in which such Licensed Product was invoiced and then converted into equivalent United States Dollars at the middle market rate of such foreign currency as quoted in the Financial Times at the close of business of the last business day of the quarter in which the payment is made.

1.2.18. "**OpRegen Plus**" shall mean a product embodying human embryonic stem cell-derived RPE cells that are supported on or within a membrane instead of in suspension for use in the Field.

1.2.19. "**OCS**" shall mean the Office of Chief Scientist of the Ministry of Industry, Trade and Labor.

1.2.20. "**Patents**" shall mean patent applications and patents which may be granted thereon included within the Cell Cure IP; which include, continuations, continuations-in-part, patents of addition, divisions, renewals, reissues and extensions (including any patent term extension) of any of the aforegoing patents. As of the Effective Date, the Patents include all patents and patent applications listed in **Annex C** attached hereto.

1.2.21. "**Person**" shall mean any person, organization or entity.

1.2.22. "**Phase I Clinical Trial**" shall mean, as to a particular product for a particular indication, the initial controlled and lawful study in humans of the safety of such product for such indication, which is prospectively designed to generate data to support commencing a Phase II Clinical Trial of such product for such indication.

1.2.23. "**Phase II Clinical Trial**" shall mean, as to a particular product for a particular indication, the initial controlled and lawful study in humans of the safety, dose ranging and efficacy of such product for such indication, which is prospectively designed to generate data to support commencing a Phase III Clinical Trial of such product for such indication.

1.2.24. "**Phase III Clinical Trial**" shall mean, as to a particular product for a particular indication, the initial controlled and lawful study in humans of the safety and efficacy of such product for such indication, which is prospectively designed to demonstrate statistically whether such product is safe and effective for use for such indication in order to file an application for regulatory approval with respect to such product for such indication.

1.2.25. "**Pre-Clinical Activities**" shall mean those activities required by the FDA to be undertaken in order to file an IND.

1.2.26. "**R&D Budget**" shall mean the budget shown on the R&D Program.

1.2.27. "**R&D Program**" shall mean the program attached to the Share Purchase Agreement as Schedule 5.1 and attached hereto as **Annex D**.

1.2.28. “**Royalty Term**” shall mean on a country by country basis (per approved indication) the period commencing upon the First Commercial Sale of such Licensed Product in the relevant country and expiring on the later of: (i) fifteen (15) years after that date, or (ii) the expiry in that country of all Valid Patent Claims covering Licensed Product.

1.2.29. “**Sublicense**” shall mean any right granted, license given, or agreement entered into, by Teva and/or its Affiliates and/or Sublicensees to or with any other person or entity (whether or not such grant of rights, license given or agreement entered into is described as a sublicense or otherwise), permitting any use of the Cell Cure IP (or any part thereof) or any right to research, develop, make, have made, register, import, manufacture, use, sell, offer for sale, produce, sublicense, commercialize and/or distribute Licensed Product for any indication in the Field. The term “**Sublicensee**” shall be construed accordingly.

1.2.30. “**Sublicensing Receipts**” shall mean consideration of any kind whether monetary or otherwise, received by Teva or its Affiliates for or in connection with the grant of Sublicenses and/or options for Sublicenses, including, one time, lump sum or other payments, except for: (i) gross receipts for commercial sales of Licensed Product that are subject to royalty payments to Cell Cure; (ii) amounts received from a Sublicensee solely to finance research and development activities to be performed by or on behalf of Teva in connection with such Sublicense (as evidenced by itemized invoices, receipts or other supporting documentation); or (iii) payments received in reimbursement for patent expenses incurred at any time after the date of the grant of the sublicense.

1.2.31. **"Territory"** shall mean worldwide.

1.2.32. “**Teva’s Representative**” shall mean [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]. or any other person designated in writing by Teva in her place.

1.2.33. “**Valid Patent Claim**” shall mean a claim of an issued and unexpired Patent licensed to Teva under this Agreement, which has not been revoked or held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been disclaimed, denied or admitted to be invalid or unenforceable through reexamination, reissue, disclaimer or otherwise. For the purposes hereof, “Valid Patent Claim” shall include any patent term extension such as but not limited to supplementary protection certificates pursuant to Council Regulation (EEC) No. 1768/92, any Pediatric Exclusivity Extension, and foreign equivalents of any of the foregoing relating to such patents.

1.3. In this Agreement, words importing the singular shall include the plural and *vice-versa*, words importing any gender shall include all other genders, and references to persons shall include partnerships, corporations and unincorporated associations.

1.4. The words “including” and “includes” mean including, without limiting the generality of any description preceding such terms.

1.5. In the event of any discrepancy between the terms of this Agreement and any of the Annexes hereto, the terms of this Agreement shall prevail.

1.6. Section, paragraph and annex headings shall not affect the interpretation of this Agreement.

2. **The R&D Program**

2.1. The R&D Program

2.1.1. Cell Cure shall carry out the Pre-Clinical Activities in accordance with the R&D Program and R&D Budget.

2.1.2. Cell Cure hereby reconfirms its agreement to utilize certain funds as set forth under Section 5.1 of the Share Purchase Agreement, solely to cover the R&D Budget for carrying out the R&D Program (directly or through Hadasit or other subcontractors) in accordance with Section 2.1.12 below.

2.1.3. Cell Cure shall keep separate records of the expenses which it incurs in undertaking the R&D Program and shall provide Teva with detailed reports of Cell Cure’s expenditures not less often than on a calendar quarter basis.

2.1.4. For the avoidance of doubt, (i) save as provided in Section 7.5 of the Hadasit License Agreement for purposes of initial evaluation, any use of third party technology by Cell Cure for the purposes of the performance of the R&D Program other than as already licensed or sub-licensed in from ESI and Hadasit; and/or (ii) any in-licensing of additional third party technology by Cell Cure for the purposes of the performance of the R&D Program other than as already licensed-in from ESI and Hadasit, shall require the prior written agreement of Teva .

2.1.5. At the end of each calendar quarter during the course of the R&D Program, Cell Cure shall provide Teva with periodic progress reports regarding the progress of the R&D Program and the extent of the utilization of the R&D Budget, in a form and containing the substance to be agreed in advance by the Parties and supplements to the R&D Program providing more detailed programs per each stage of development.

2.1.6. Any Material Deviation (as defined below) from the R&D Program and the R&D Budget shall require the prior written consent of the Teva Representative. For the purposes of this Section 2.1.6 "**Material Deviation**" shall mean a change in the R&D Program which can reasonably be foreseen as impacting the timetable by more than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] or triggering a deviation from the current R&D Budget by more than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

2.1.7. Cell Cure shall notify Teva, as soon as it becomes aware of any impending budget overruns that would result in Cell Cure exhausting the amounts and resources shown in the R&D Budget, but not later than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] in advance. In such event, Cell Cure shall fund the first [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] of such overruns ("**Cell Cure's Participation**"), and thereafter Teva shall continue funding the R&D Program through to the IND becoming effective.

2.1.8. Not later than thirty (30) days after the completion of the Pre-Clinical Activities, unless otherwise agreed by Teva in writing, Cell Cure shall provide Teva with a report summarizing the Pre-Clinical Activities in the context of the R&D Program, and the results of same, in a form and substance to be agreed by the Parties (the "**Final Pre-Clinical Report**").

2.1.9. Teva may, from time to time, request updates regarding the progress of the R&D Program, in addition to the periodic progress reports, and Cell Cure shall provide any additional update that Teva may reasonably request.

2.1.10. After receipt by Teva of the Final Pre-Clinical Report, if Teva wishes to receive further information from Cell Cure it shall so advise Cell Cure by written notice specifying the additional information requested, to be delivered to Cell Cure no later than forty-five (45) days after the date of the provision to Teva of the Final Pre-Clinical Report. Cell Cure shall provide such additional information within a reasonable time, but no later than thirty (30) days following receipt of Teva's notice (the "**Initial Response**"). If following receipt of the Initial Response Teva wishes to receive further information from Cell Cure, it shall so advise Cell Cure by written notice within a reasonable time, but no later than forty five (45) days from receipt of the Initial Response, specifying such additional information requested, and Cell Cure will provide such additional information within a reasonable time but no later than thirty (30) days following receipt of Teva's additional notice. Other than as set forth above, Cell Cure shall not be required to provide Teva with any additional information in connection with the Final Pre-Clinical Report.

2.1.11. Cell Cure shall perform its obligations under the R&D Program in accordance with all applicable laws, rules and regulations, and shall procure the receipt of all approvals and consents necessary for the performance thereof.

2.1.12. For the avoidance of doubt, Cell Cure shall be entitled to subcontract its obligations to perform any task under the R&D Program to Hadasit and, subject to prior consultation with the Teva Representative, to other third parties.

2.1.13. The Parties hereby acknowledge that Cell Cure has not guaranteed that the R&D Program will be successful or achieve any specific results at all or within the specified time period.

2.2. Teva's Option; Option to license OpRegen Plus

2.2.1. From the Effective Date and for a period of [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] days following the IND becoming effective, and provided that Teva is in compliance with its undertaking pursuant to Section 2.1.7 above (the "**Option Period**"), Teva shall have the exclusive right, but not the obligation (the "**License Option**"), to receive a sole and exclusive, royalty-bearing, license to use the Cell Cure IP to research, develop, make, have made, register, import, manufacture, use, sell, offer for sale, produce, commercialize and distribute Licensed Product for all indications in the Field in the Territory and for no other purpose whatsoever, and to sublicense any such activities in accordance with the provisions herein (the "**License**"). For the avoidance of doubt, the term "exclusive" in the context of the Cell Cure IP means that Cell Cure shall not grant such rights and licenses in the Cell Cure IP in the Field to a third party or exercise such rights itself, but that Cell Cure shall be free, however, to utilize and license the Cell Cure IP for any purpose outside of the Field; provided however that nothing herein shall derogate from the rights retained by Hadasit, for itself, HMO and their respective researchers, employees, students and other researchers at collaborating research institutions (A) within the Field, to: (i) practice the Licensed Technology (as defined in the Hadasit License Agreement) and to use the Licensed Materials solely for HMO's own internal academic and non-commercial research and instruction, and (ii) license or otherwise convey to other academic and not-for-profit research organizations (for no charge other than customary expense coverage and the like, in accordance with the MTA mentioned below), , provided that such Licensed Technology will be transferred pursuant to an MTA substantially in the form attached hereto as **Annex G** and subject to the prior written consent of Cell Cure and Teva, which consent will not be unreasonably withheld, and (B) utilize and license/commercialize the Licensed Technology and the Licensed Materials for any purpose outside of the Field, without restriction.

2.2.2. If Teva elects to exercise the License Option, it shall provide written notice of its decision to Cell Cure prior to the expiration of the Option Period (the **"License Notice**"), and as of the date of the provision of the License Notice, the grant of the License to Teva shall become effective.

2.2.3. Prior to the expiration of the Option Period, Teva's representatives shall have the right, upon reasonable notice, to audit Cell Cure's Licensed Product- related documentation for the sole purpose of conducting due diligence in relation to the First Licensed Product, and deciding whether or not to exercise the License.

2.2.4. During the term of this Agreement, Cell Cure shall not, without Teva's prior written consent: (i) discuss, negotiate or enter into any agreement, arrangement or commitment according to which a third party is granted any right in the Territory with respect to Licensed Product, (ii) take any action which may derogate from or conflict with, or refrain from taking any action which is necessary to preserve, the License Option, (iii) enter into any agreement, arrangement or commitment that would derogate from or conflict with the rights granted to Teva pursuant to Section 2.2.

2.2.5. This Agreement shall terminate at the end of the Option Period if Teva has not served the License Notice within the Option Period. In such event, or in the event of the termination of the Option by reason of Teva's failure to fund the R&D Program pursuant to Section 2.1.7 above, other than the obligations set forth in Sections 14 (Confidentiality) and 10 (Term and Termination), and such other obligations intended to survive termination or expiry of this Agreement pursuant to Section 10.7, the Parties shall not be obligated in any manner towards each other under this Agreement.

2.2.6. Cell Cure hereby grants Teva the right to an option to license OpRegen Plus on the same terms as the License (the "**OpRegen Plus Option**"), subject to the following: If and when Cell Cure achieves a proof of concept of OpRegen Plus in RCS rats or the equivalent (on a level similar to the proof of concept achieved in respect of the First Licensed Product prior to the execution of this Agreement), then it shall present such results along with a development plan and budget to Teva. Teva shall have ninety (90) days following such presentation, to determine its interest in attaining the OpRegen Plus Option on the same terms as the License, it being understood and agreed that as from the grant of the OpRegen Plus Option by Cell Cure to Teva, at Teva's request, the costs of all further development of OpReGen Plus shall be borne by Teva (subject to any available grants), without Teva being entitled to receive any shares in return. Should Teva confirm its interest within such ninety (90) day period, the Parties shall enter into an agreement whereby Cell Cure shall grant Teva the OpRegen Plus Option on the same terms as the License. The provision of Section 2.2.3 and 2.2.4 above shall apply, *mutatis mutandis*, for as long as Teva has rights under this Section 2.2.6. For the avoidance of doubt, the rights granted to Teva pursuant to this Section 2.2.6 shall automatically expire upon the termination of this Agreement without an additional research and exclusive option license agreement pertaining to OpRegen Plus having been previously signed. Any such agreement so signed shall enter into and remain in force in accordance with its terms.

3. License Grant

3.1. Subject to (i) Teva serving the License Notice in accordance with Section 2.2.2 (ii) payment of the Milestone Payment set forth in Section 5.1(a) below, (iii) reimbursement of Cell Cure's Participation, if any; and (iv) approval of the OCS and the Israeli Ministry of Health to the License to Teva and the transfer of Licensed Materials to Teva, to the extent applicable, Cell Cure hereby grants Teva the License and Teva hereby accepts the License from Cell Cure. For the removal of doubt, Teva shall not be entitled to use the Cell Cure IP or the Licensed Materials for any purpose other than the exploitation of the License. Following the exercise of the License Option Teva shall have the right to require the transfer of the Licensed Materials from Cell Cure to Teva for purposes of conducting clinical trials and otherwise exploiting the License as permitted hereunder, and Cell Cure shall transfer the Licensed Materials to Teva, subject to receipt of the abovementioned approvals, this Section 3.1 and other applicable provisions of this Agreement. Prior to receipt of Licensed Materials, Teva and/or its Sublicensees and/or Further Sublicensees shall undertake to commit in writing to HMO (A) to report to HMO, in advance, in accordance with the guidelines of the Institution Review Board of HMO (Helsinki Committee), regarding any potential and/or planned use of the Licensed Materials and (B) to comply with such licenses, permits, approvals, and consents, including the requirements set out in the approvals of the Ethics Committee for Genetic Studies in Humans of the MOH (the **"MOH Ethics Committee"**) as issued in relation to each particular activity/study using Licensed Materials from time to time, by Teva and/or its Sublicensees and/or its Further Sublicenses, including, the development, manufacture, use and sale of Licensed Product. The Company undertakes to request copies of all such licenses, permits, approvals and consents and to provide the same to Teva.

3.2. If Teva informs Cell Cure that any IP Controlled by Hadasit, ESI or BioTime which does not constitute part of the Cell Cure IP, is reasonably required to be licensed to Teva in order for Teva to commercialize Licensed Product, then Cell Cure shall use its best efforts to assist Teva to obtain licenses to such IP for such purpose.

3.3. Teva shall have the right to grant (whole or partial) Sublicenses to third parties, and such third parties shall be entitled to grant further sublicenses (each, a "**Further Sublicense**" and the term "Further Sublicensee" shall be construed accordingly) and so on under the License, on terms and conditions consistent with the terms of this Agreement, and Teva shall be entitled to determine the commercial terms of any such Sublicense. The grant of any Sublicenses and Further Sublicenses shall not relieve the Parties of or reduce their obligations under this Agreement. The term of any Sublicense shall be limited to the term of the License and will terminate upon the termination of the License for any reason whatsoever, other than due to a lapse of time. Teva shall provide Cell Cure with an executed copy of each Sublicense agreement (including any Further Sublicense agreements – to the extent available to Teva) provided that Teva may redact information or parts of any such agreement that are not material to Cell Cure or that are subject to obligations of confidentiality, within thirty (30) days of execution of the relevant Sublicense agreement and shall require any Sublicensee to do the same.

3.4. Without limiting the foregoing or any of Teva's obligations under this Agreement relating to the grant of Sublicenses or Further Sublicenses, Teva shall be entitled to subcontract the conduct or performance of any activity concerning the research, development, testing or manufacturing of Licensed Product to a third party (who will not have any right to sell Licensed Product), and such subcontract shall not be considered to be a grant of a sublicense for purposes of the preceding Section 3.3. For the avoidance of doubt, Teva shall be fully responsible for the adherence by such subcontractor with the relevant terms of this Agreement.

3.5. Throughout the term of this Agreement Cell Cure will not directly or indirectly (through licensees or otherwise), be engaged in the development, manufacture, marketing, sale or any other manner of commercialization of Licensed Product other than under this Agreement.

3.6. Following the exercise of the Option and upon entering the stage of clinical trials Teva will strive to perform the initial phases I/IIa study at the [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

3.7. Subject to Teva's compliance with its obligations pursuant to Section 14 (Confidentiality), nothing contained herein shall be construed to impose any limitation on Teva or its Affiliates to develop, manufacture, market or commercialize any Competing Product or any other product; provided only that Teva agrees that in the event that Teva is involved in the marketing of a Competing Product, Teva shall perform such marketing activities either through a third party or through a sales force within the Teva group that is separate from the sales force that markets Licensed Product.

4. **Development and Commercialization of Licensed Product**

4.1. Subject to Teva exercising the License Option by serving the License Notice on Cell Cure pursuant to Section 2.2.2, Teva undertakes at its own expense to make such commercially reasonable efforts, throughout the terms of this Agreement, to further develop, register, manufacture, have manufactured, commence commercial sales, make ongoing sales and otherwise commercialize Licensed Product [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

4.2. Subject to Teva exercising the License Option as aforesaid, Teva shall have responsibility for undertaking further development of Licensed Product and preparing, submitting, seeking approval of, maintaining and updating marketing approval applications, marketing approvals and other regulatory approvals and applications for regulatory approvals with respect to Licensed Product. Teva will solely own, apply for and be the holder or owner of record for all applications and approvals relating to Licensed Product. Subject to Teva exercising the License Option as aforesaid, Teva will be solely responsible for commercializing Licensed Product during the term of this Agreement, including, without limitation, manufacture, marketing, promotion, patient assistance programs, medical education, price negotiation and setting, reimbursement negotiation, customer relations, sales, order processing, invoicing and collection, preparation of sales records and reports, warehousing, inventory management, logistics and distribution (including, without limitation, the handling of returns, market withdrawals, field corrections and recalls) and other commercialization activities.

4.3. Teva shall provide Cell Cure with notices regarding main regulatory filings with respect to Licensed Product, and reports relating to the material activities described in Section 4.2 for the preceding six (6) month period, on a semi-annual basis.

4.4. For the avoidance of doubt, nothing contained in this Agreement shall be construed as a warranty by Teva that any efforts to be made by Teva pursuant to this Agreement, including without limitation any development or any commercialization to be carried out by Teva pursuant to this Agreement, will actually achieve their aims or any other results or succeed, and Teva makes no warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such development, commercialization, efforts or activities. Furthermore, Teva makes no representation to the effect that the commercialization of Licensed Product will succeed, or that Teva will be able to sell a particular quantity of Licensed Product.

4.5. Notwithstanding the foregoing, subject to Teva exercising the License Option as aforesaid, Cell Cure shall, at Teva's request, transfer the technology as developed and tested in the course of the R&D Program for the commercial production of RPE Cells based on the Licensed Materials, from Cell Cure to Teva or its contract manufacturer, subject to the terms and conditions of this Agreement, in which case Teva shall bear all of the out-of-pocket expenses of Cell Cure in carrying out such technology transfer and shall also compensate it for time expended by its staff at an agreed rate per man day .For the avoidance of doubt, such technology transfer shall not include design engineering services or the construction or adaptation of any facility. Moreover, it is understood and agreed that the supply of RPE Cells to Teva and/or the transfer of technology by Cell Cure to Teva pursuant to this Section 4.5 shall be for the sole purpose of the exercise by Teva of the License granted hereunder and such RPE Cells, technology and technical documentation that may be so provided by Cell Cure to Teva may be utilized by Teva solely as permitted hereunder. All such technical documentation shall be treated as Confidential Information of Cell Cure pursuant to Section 14.

5. **Milestones, Royalty Payments, Generic Royalty Payments and Sublicensing Fees**

5.1. In consideration for the grant of the License, Teva shall make the following payments to Cell Cure upon achievement of the relevant milestones (each, a "**Milestone**") (the "**Milestone Payments**"):

(a) Upon delivery by Teva of the License Notice —[*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(b) Upon the first actual delivery/administration of Licensed Product to the first patient participating in the Phase II Clinical Trials with respect to Licensed Product — [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(c) Upon the first actual delivery/administration of Licensed Product to the first patient participating in the Phase III Clinical Trials with respect to Licensed Product — [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(d) Upon the First Commercial Sale in the US — [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]. and

(e) Upon First Commercial Sale in the EU — [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

For the sake of clarity: (i) the amount listed above for each Milestone Payment is the total final amount to be paid by Teva for each Milestone, (ii) the second and third indications of the Licensed Product shall trigger a Milestone Payment only under (d) and (e) above, and (iii) any additional indication of the Licensed Product after the first shall not trigger any Milestone Payment other than as indicated in (ii) above.

5.2. In addition, in consideration for the grant of the License, Teva shall, throughout the Royalty Term, pay to Cell Cure royalties at the following rates on annual Net Sales, during each calendar year (the "**Royalty Payments**"), as specified in this Section 5.2 below:

(a) 6% (six percent) [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(b) 7% (seven percent) [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(c) 8% (eight percent) [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission];

(d) 9% (nine percent) [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]; and

(e) 10% (ten percent) [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

5.3. During the Royalty Term, from such time as a Generic Product is commercialized and distributed in any particular country by a third party unrelated to Teva, Teva shall pay Cell Cure as of such date and for as long as any Generic Product is so sold in such country, reduced Royalties for Licensed Product sold in such country at rates half of those set out in Section 5.2 on Net Sales of Licensed Product in such country ("**Generic Royalty Payments**"). The reductions set out in this Section 5.3 shall be spread pro rata over each of the sub section levels of royalty payments. It is understood and agreed, however, that the reductions in Royalties set out in this Section 5.3 shall not apply, if and for as long as Teva, its Affiliates, Sublicensees or Further Sublicensees or any one on behalf of any of the foregoing is selling a Competing Product in such country.

5.4. Notwithstanding the foregoing, in the event that Licensed Product is sold in the form of a Combination Product, then the proportion of such Combination Product to be attributed to Net Sales that are subject to Royalty Payments or Generic Royalty Payments (the "**Relevant Proportion**") shall be calculated as provided below, on a country by country basis: [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

5.5. In addition to any other payments Teva is required to make to Cell Cure, during the term of this Agreement, Teva will pay Cell Cure [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] of any Sublicensing Receipts (the "**Sublicensing Fees**"). [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

5.6. For the removal of doubt, in calculating amounts received by Teva or its Affiliates, whether by way of Net Sales, Generic Royalty Payments or Sublicensing Receipts, any amount deducted or withheld in connection with any such payment on account of taxes on net income (including income taxes, capital gains tax, taxes on profits or taxes of a similar nature) payable by Teva or its Affiliates in any jurisdiction, shall be deemed, notwithstanding such deduction or withholding, to have been received by Teva or its Affiliates.

5.7. Following the expiry of the Royalty Term for Licensed Product for a particular indication in a particular country in the Territory, Teva shall have a perpetual fully paid up license to continue to exploit the License in respect of such indication without having to pay Royalty Payments, Generic Royalty Payments or Sublicensing Fees with respect to such Licensed Product in such country.

6. **Payment Terms and Reporting with respect to the License**

6.1. Upon the achievement of the First Commercial Sale or the first Sublicense and for the duration of the Royalty Term, Teva shall submit to Cell Cure, no later than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] after the end of each calendar quarter, quarterly reports setting out all amounts owing to Cell Cure with respect to the calendar quarter to which the report refers with respect to Licensed Product, including: (i) the Net Sales made by Teva and its Affiliates, Sublicensees and Further Sublicensees, including a breakdown of Net Sales according to country and currency of sales, (ii) total Milestone Payments Sublicensing Receipts, Royalty Payments and Sublicensing Fees and Generic Royalty Payments due to Cell Cure with respect to such calendar quarter or, if no such payments are due to Cell Cure with respect to such calendar quarter, a statement that no payments are due; and (iii) any calculations made in relation to Combination Products and the Generic Royalty Payments. Each such report shall be signed by the relevant financial executive of the relevant division of Teva.

6.2. The Parties agree that all information which Teva provides to Cell Cure pursuant to Section 6.1 shall be treated as Confidential Information for the purposes of Section 14.

6.3. All amounts payable by Teva to Cell Cure pursuant to Section 5 shall be paid to Cell Cure (i) with respect to Royalty Payments and Generic Royalty Payments, on a quarterly basis, and no later than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] after the end of each calendar quarter, commencing with the first calendar quarter in which Net Sales are made, and (ii) with respect to Milestone Payments and Sublicensing Fees, within [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] following the end of the month in which the applicable Milestone was achieved or the Sublicensing Receipts were received.

6.4. Each payment due to Cell Cure pursuant to Section 5 shall be paid by Teva by wire transfer of immediately available funds to an account designated by Cell Cure in writing.

6.5. Teva shall maintain and shall cause its Affiliates to maintain, complete and accurate records of Licensed Product sold under this Agreement, and any amounts payable to Cell Cure in relation to such Licensed Product, which records shall contain information to reasonably permit Cell Cure to confirm the accuracy of any payments made to Cell Cure.

6.6. Teva shall retain and shall cause its Affiliates to retain such records relating to each calendar year during the Royalty Term for [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] after the conclusion of that calendar year, during which time Cell Cure shall have the right, at its expense to cause an independent, certified public accountant (which accountant may not be compensated on a full or partial contingency basis) to inspect such records during normal business hours for the sole purpose of verifying any payments delivered under this Agreement. Such accountant shall not disclose to Cell Cure any information other than information relating to the accuracy of reports and payments delivered under this Agreement. In the event that any audit performed pursuant to this Section 6.6 reveals an underpayment in excess of [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] in any calendar year, and if such underpayment is proven to the satisfaction of a mutually agreed external auditor (it being agreed that absent such mutual agreement as to the identity of the auditor within thirty (30) days of a Party's written notice to the other that it wishes to have such external auditor appointed, the external auditor shall be one of the 'big four' accounting firms), then Teva shall bear the full cost of such audit. Cell Cure may exercise its right of audit under this Section 6.6 only once for every calendar year and only once per calendar year for any year ending not more than thirty six (36) months prior to the date of such audit, and with reasonable prior notice to Teva and the relevant Affiliate, and subject to prior coordination. Any such audit shall not unreasonably interfere with the business of Teva or the relevant Affiliate, and shall be completed within a reasonable timeframe. Teva shall promptly transfer to Cell Cure any payment due pursuant to such audit or mutually agreed external audit, as applicable.

6.7. Without derogating from the provisions of the preceding Section 6.6, Cell Cure shall have the right to request that Teva inspect records of its Sublicencees and Further Sublicensees, for the sole purpose of verifying any payments delivered under this Agreement, in which case Teva shall exert its reasonable commercial efforts to perform such audit. In the event that any audit performed under this Section 6.7 reveals an underpayment in excess of [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] and if such underpayment is proven to the satisfaction of a mutually agreed external auditor (to be appointed in accordance with the procedure set out in Section 6.6 above), then Teva shall bear the full cost of such audit and in any other case the out of pocket costs of such audit shall be borne by Cell Cure. Cell Cure may exercise its rights under this Section 6.7 only once for every calendar year and only once every year ending not more than thirty six (36) months prior to the date of such audit.

6.8. Teva or Cell Cure, as applicable, shall immediately pay to the other Party any underpayment or overpayment discovered pursuant to either of Section 6.6 or 6.7 above, together with interest at [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission].

6.9. Teva shall provide Cell Cure[*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission] a written periodic report concerning all material activities undertaken in respect of the exercise of the License and/or the use of Licensed Materials furnished to Teva hereunder if conducted outside of Hadasit/HMO ("Development Reports"). The Development Reports shall include a summary of the research progress, a detailed report of the testing results regarding the Licensed Materials, and any other related work affected by any Affiliate or Further Sublicensee during the 6 (six) month period prior to the report. Development Reports shall also set forth a general assessment regarding the achievement of any milestones, the projected – or actual – completion date of the development of Licensed Product and the marketing thereof and sales forecasts, if any have been made in the regular course of Teva's business. The Parties agree that all information which Teva provides to Cell Cure pursuant to this Section 6.9 shall be treated as Confidential Information for the purposes of Section 14.

7. **Intellectual Property Rights**

7.1. As between the Parties, Teva acknowledges Cell Cure's Control of the Cell Cure IP.

7.2. If during the term of this Agreement, and subject to Teva exercising the License Option, any Affiliate of Cell Cure, or any company with which Cell Cure merges (if such shall exist), shall license to Cell Cure any IP that would be necessary or useful in the exercise of the License, then Cell Cure shall immediately notify Teva of such IP and same shall be deemed as part of the Cell Cure IP, at no additional cost to Teva.

7.3. As between the Parties, all IP relating to Licensed Product which is developed by or on behalf of Teva on or after the date on which Teva serves the License Notice, other than Cell Cure IP, shall be exclusively owned by Teva, and Teva shall have all right, title and interest thereto (the "**Teva IP**").

7.4. Each Party agrees to sign, execute and deliver all documents and papers that may be required, and perform such other acts as may be reasonably required in order to ensure the assignment to Cell Cure of the Cell Cure IP and the assignment to Teva of the Teva IP and any registration of the License with the relevant authorities anywhere in the world.

7.5. For the avoidance of doubt, Cell Cure shall be fully and solely responsible for all payments to Hadasit under the Hadasit License Agreement and to ESI under the ESI License Agreement as well as to BioTime in relation to any patent that may be granted to BioTime under its patent application App. no.:12/504,630 entitled: "Methods to Accelerate the Isolation of Novel Cell Strains from Pluripotent Stem Cells and Cells Obtained Thereby" filed on July 16, 2009, should such technology be required for the exploitation of the License, and Teva shall be fully and solely responsible for any and all other royalty payments which may be due by reason of the exploitation of the License by Teva, its Affiliates, Sublicensees or Further Sublicensees.

8. **[*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]**

8.1. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.2. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.3. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.4. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.5. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.6. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.7. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.8. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.9. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.10. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.11. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

8.12. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

General

8.13. The Parties agree to provide each other with reasonable cooperation in the defense of any claims brought against the other Party in connection with the substance of this Agreement and shall join any such litigation as a party if required by law. The Parties agree to execute all documents reasonably necessary for the relevant Party to defend such action and shall provide documents and help with making contact with witnesses that are or were their employees, consultants or otherwise connected to them, whose assistance or testimony is necessary in the reasonable judgment of the lawyers who conduct of the proceedings.

8.14. In no event shall either Party enter into any settlement, consent order, consent judgment or any voluntary disposition of such action that would adversely affect the rights of the other without the prior written consent of such other Party, which consent shall not be unreasonably withheld or delayed.

9. **Representations and Warranties**

9.1. Each Party hereby represents and warrants to the other Party that:

9.1.1. it has the full power and authority to enter into this Agreement and to perform its obligations hereunder, and all corporate approvals required have been obtained;

9.1.2. it is a limited liability corporation duly organized, validly existing under the laws of Israel and it has all necessary corporate power and authority to carry on its business as currently conducted or proposed to be conducted; and

9.1.3. entering into this Agreement shall not constitute a breach of any agreement, contract, understanding and/or obligation, including such Party's documents of incorporation which it is currently bound by, and as long as this Agreement is in effect and without derogating from the rights to terminate the Agreement pursuant to Section 10 below, such Party shall not undertake any obligations which conflict with its obligations under this Agreement.

9.2. In addition, Cell Cure hereby represents and warrants that:

9.2.1. the First Licensed Product is being developed under the licenses granted to Cell Cure pursuant to the ESI License Agreement and the Hadasit License Agreement and no additional agreements with third parties;

9.2.2. it Controls and shall Control the Cell Cure IP during the term of this Agreement and that its rights thereto shall remain free and clear of any pledge, encumbrance or lien whether arising by contract, agreement or by operation of law or order of a court;

9.2.3. it shall refrain from committing any act or omission which would constitute a breach under the ESI License Agreement or the Hadasit License Agreement;

9.2.4. to the best of its knowledge the performance of Cell Cure's obligations under this Agreement do not and will not infringe any third party IP rights;

9.2.5. to the best of its knowledge and without enquiry, the exploitation by Teva of the License shall not infringe any third party IP rights, other than potentially those of Wisconsin Alumni Research Foundation (WARF) and Advanced Cell Technology (ACT);

9.2.6. it has the right and authority to grant the License Option and the License;

9.2.7. it has no knowledge of any legal suit or proceeding by any third party against Cell Cure contesting the ownership or validity of the Cell Cure IP or any part thereof or contesting the possible exploitation of the License (including as it relates to the commercialization of Licensed Product);

9.2.8. it has the necessary experience and expertise to manage the R&D Program and to perform the R&D Program through external sources;

9.2.9. in carrying out its obligations and responsibilities pursuant to this Agreement it shall obtain or procure all necessary approvals and consents and shall comply with all applicable laws and regulations, licenses, permits, approvals and procedures, including without limitation, the approval of the OCS to the grant of the License, if required;

9.2.10. the current approval for carrying out the R & D Program through Hadasit at HMO is attached hereto as **Annex I;**;

9.2.11. it has paid all maintenance and other required fees related to the Patents;

9.2.12. it shall not, during the term of this Agreement, perform any work or other activities or grant rights to a third party on or in connection with Licensed Product, except in accordance with the R&D Program and this Agreement; and

9.2.13. it is not aware, as of the date hereof, of any use of the "Materials" (as such term is defined in the Hadasit License Agreement by the current members of the Bereshith Consortium which is contradictory to the Cell Cure's rights thereunder.

9.3. In addition, Teva hereby represents, warrants and covenants that:

9.3.1. Teva is aware that Cell Cure has received funding for the development of the First Licensed Product from the OCS. Teva acknowledges that the Cell Cure IP is subject to the Encouragement of Industrial Research and Development Law- 1984 (the "**Law**"), so that certain portions of the Cell Cure IP may not be transferred to a foreign person or entity without the prior consent of the OCS, which Teva undertakes to obtain, should it so require, at its sole expense;

9.3.2. In carrying out its undertakings and responsibilities pursuant to this Agreement, Teva shall comply, and shall require that is Affiliates, Sublicensees and Further Sublicensees comply with all applicable laws and regulations, standards and guidelines, including applicable local and international ethical guidelines (such as the ISSCR guidelines and the American Academy of Science guidelines, to the extent applicable), licenses, permits, approvals and procedures, including, without limitation, the Law, including in the use of the Licensed Materials and in respect of any transfer thereof by or from Teva and in the performance of Teva's obligations in the development, production, use and sale of Licensed Product; and

9.3.3. Teva shall be responsible for obtaining and causing to remain in effect, and shall comply with such licenses, permits, approvals, and consents, including any MOH Ethics Committee approvals, as may be required for performance by Teva and/or Further Sublicensees of this Agreement, including, the development, manufacture, use and sale of Licensed Product.

9.4. Without derogating from any of the remedies available to either Party hereunder or under applicable law, if either Party shall become aware of the inaccuracy of any of the above representations and warranties, such Party shall immediately notify the other Party of such in writing.

9.5. Except as otherwise expressly provided in this Agreement, no Party makes any warranty with respect to any technology, patents, goods, services, rights or other subject matter of this Agreement and each Party hereby disclaims warranties of merchantability and fitness for a particular purpose with respect to any and all of the foregoing. Without derogating from the generality of the foregoing, nothing contained in this Agreement is a warranty or representation by any Party that any efforts to be exerted by such Party in connection with this Agreement including without limitation any development activities to be performed by them under this Agreement will achieve their aims or succeed, and the Parties make no warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such efforts or activities; and that any Patents will be issued, valid or afford proper protection or that the Cell Cure IP will be commercially exploitable or of any other value.

10. Term and Termination

10.1. This Agreement shall continue in full force and effect until terminated in accordance with the terms hereof.

10.2. This Agreement shall automatically terminate upon the earlier of (i) expiration of the Option Period if Teva does not exercise the License Option within such Option Period; and (ii) Teva failing to provide funding as required for the continuation of the R&D Program over and above Cell Cure's Participation pursuant to Section 2.1.7 above. For the avoidance of doubt, upon the termination of this Agreement pursuant to this Section 10.2, Teva shall have no rights in any Cell Cure IP and any information sublicensed to Teva hereinunder and Teva shall promptly transfer to Cell Cure, upon its written request, all related documents, instruments, records and data generated, developed or disclosed to it during the term of this Agreement and the R&D Program, in its possession, and shall be allowed to retain one copy for archival purposes.

10.3. At any time, Teva shall have the right at its sole discretion to terminate this Agreement for any or for no reason, by providing Cell Cure with thirty (30) days' written notice of such decision. In this event Teva shall not be obliged to pay any compensation to Cell Cure as a result of such termination.

10.4. Without derogating from any other remedies that either Party may have under the terms of this Agreement or at law, each Party shall have the right to terminate this Agreement upon the occurrence of any of the following:

10.4.1. the other Party commits a material breach of this Agreement and fails to remedy that breach within forty-five (45) days after being requested to do so by the non-breaching Party; or

10.4.2. upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other Party; provided, however, in the case of any involuntary bankruptcy, reorganization, liquidation, receivership or assignment proceeding such right to terminate shall only become effective if such other Party consents to the involuntary proceeding or such proceeding is not dismissed within ninety (90) days after the filing thereof.

10.5. Without derogating from and subject to Teva's obligations pursuant to Section 10.6 below, upon the termination of this Agreement by Teva for any reason whatsoever after Teva has exercised the License Option:

10.5.1. the License granted to Teva by Cell Cure shall be terminated;

10.5.2. Teva, its Sublicensees and Further Sublicensees shall cease all use of the Cell Cure IP and Licensed Product including the commercialization of Licensed Product;

10.5.3. Each Party, at the written request of the other Party, shall immediately return to the other Party all materials, reports, updates, documentation, written instructions, notes, memoranda, discs or records or other documentation or physical matter of whatsoever nature or description provided by the other Party, except in the event that such material is owned by such Party pursuant to the terms of this Agreement, and provided that each Party shall be allowed to retain one copy for archival purposes;

10.5.4. At the request of either Party, the other Party shall execute and deliver such assignments and licenses and other documents as may be necessary to fully vest in the requesting Party all right, title and interest to which it is entitled pursuant to this Section 10; and

10.5.5. Each Party shall be entitled to collect any debt then owed to it by the other Party.

10.6. In addition to the provisions set forth in Section 10.5 above, upon the termination of this Agreement by Teva pursuant to Section 10.3 above or by Cell Cure pursuant to Section 10.4 above, after Teva has exercised the License Option:

10.6.1. Teva shall promptly transfer to Cell Cure, upon Cell Cure's written request, all documents, instruments, records and data relevant to the development or commercialization of Licensed Product generated, developed or disclosed to it during the term of this Agreement, including, but not limited to, all documentation and information related to the Teva IP, in its possession, that are solely and directly related to Licensed Product, and shall be allowed to retain one copy for archival purposes;

10.6.2. Teva shall provide Cell Cure with a report summarizing its development activities and the results up to termination;

10.6.3. Teva shall be deemed without any further action to have granted to Cell Cure a non-exclusive, worldwide license (including the right to grant sublicenses), under Teva's interest in any Teva IP that is solely and directly related to Licensed Product, to develop, have developed, make, have made, use, have used, offer for sale, sell, have sold, import and have imported Licensed Product; and

10.6.4. Teva shall transfer and assign to Cell Cure all existing marketing applications, registrations, marketing approvals, pricing approvals and similar rights with respect to Licensed Product.

10.7. Save as otherwise provided in this Agreement, any provision that by its nature is intended to survive termination or expiry shall survive the termination or expiry of this Agreement.

11. **Indemnification**

11.1. Teva shall indemnify, defend, and hold harmless Cell Cure, ESI, Hadasit, HMO and the directors, officers, employees, and agents of any of the foregoing and their respective successors, heirs and assigns (the "**Cell Cure Indemnitees**"), from and against any liability, damage, loss, or expense (including reasonable attorney's fees and expenses) incurred by or imposed upon any of the Cell Cure Indemnitees in connection with any claims, suits, actions, demands or judgments of third parties ("**Claims**") arising out of or resulting from (i) a breach of a representation or warranty of Teva under this Agreement; (ii) any Claim that the practice of the License or the development, manufacture, use, sale or other disposition of Licensed Product infringes or violates any IP rights of such third party, (iii) the exercise of the License and/or use or exploitation of the Cell Cure IP or Licensed Product by Teva, or any of its Affiliates, Sublicensees, Further Sublicensees, subcontractors or distributors of Teva or its Affiliates, Sublicensees or Further Sublicensees ; (iv) any death, illness, injury or adverse event arising or allegedly arising from or in connection with the use of Licensed Product manufactured, produced, packaged, sold, delivered, provided (including but not limited to Licensed Product provided in clinical trials or provided without compensation or charge) or distributed, directly or indirectly by Teva, or any of its Affiliates, Sublicensees, Further Sublicensees, or by any subcontractors or distributors of Teva, or its Affiliates, Sublicensees or Further Sublicensees, except in cases where, and to the extent that, such Claims result from the breach of this Agreement or the ESI License Agreement or the Hadasit License Agreement, negligence or willful misconduct, by or on the part of any of the Cell Cure Indemnitees and/or any misrepresentation by the any of the Cell Cure Indemnitees under any such agreements.

11.2. Teva's undertakings under Section 11.1 above shall be subject to: (a) receipt of prompt written notice of any Claim by the Cell Cure Indemnitee (provided, however, that the failure to give such notice shall not affect Teva's indemnification undertakings provided hereunder except to the extent that any material substantive or procedural right of Teva shall have been actually materially prejudiced as a result of such failure), (b) the cooperation of the Cell Cure Indemnitee(s) regarding the response to and the defense of any such Claim, and (c) Teva's right, by written notice to the Cell Cure Indemnitees, to assume the defense of the Claim or represent the interests of the Cell Cure Indemnitees with respect to such Claim, that shall include the right to select and direct legal counsel and other consultants to appear in proceedings on behalf of the Cell Cure Indemnitees and to propose, accept or reject offers of settlement, all at its sole cost; provided however, that no such settlement shall be made without the written consent of the Cell Cure Indemnitees, such consent not to be unreasonably withheld or delayed. Nothing herein shall prevent the Cell Cure Indemnitees from retaining their own counsel and participating in their own defense at their own cost and expense. If the Cell Cure Indemnities shall determine that a conflict of interest arose between Teva and the Cell Cure Indemnities and the attorney is unable to continue to represent Teva together with the Cell Cure Indemnities, the Cell Cure Indemnities shall provide Teva with written detailed reasons for such determination, and following receipt of such reasons then senior representatives of the Parties shall meet to resolve such conflict, but, if after 7 days such senior representatives are unable to resolve such conflict, then the Cell Cure Indemnities shall be entitled, at Teva's expense, to appoint their own counsel (to be prior agreed by Teva, such agreement not to be unreasonably withheld or delayed) to represent them in such litigation and the Teva counsel shall fully inform such counsel and provide all necessary material.

11.3. Cell Cure shall indemnify, defend, and hold harmless each of Teva and its directors, officers, employees, and agents and its respective successors, heirs and assigns (the "**Teva Indemnitees**"), from and against any liability, damage, loss, or expense (including reasonable attorney's fees and expenses) incurred by or imposed upon any of the Teva Indemnitees in connection with any Claims arising pursuant to a breach of a representation or warranty of any of the Cell Cure Indemnitees under this Agreement or the ESI License Agreement or the Hadasit License Agreement and/or concerning negligent acts or omissions to act by Cell Cure Indemnitees or their subcontractors in the activities of Cell Cure under this Agreement or ESI under the ESI License Agreement or Hadasit and/or HMO under the Hadasit License Agreement, except in cases where, and to the extent that, such Claims result from the breach of this Agreement, negligence or willful misconduct by or on the part of any of the Teva Indemnitees and/or any misrepresentation by Teva under this Agreement.

11.4. Cell Cure's undertakings under Section 11.3 above shall be subject to: (a) receipt of prompt written notice of any Claim by the Teva Indemnitee (provided, however, that the failure to give such notice shall not affect their indemnification undertakings provided hereunder except to the extent that any material substantive or procedural right of Cell Cure shall have been actually materially prejudiced as a result of such failure), (b) the cooperation of the Teva Indemnitee(s) regarding the response to and the defense of any such Claim, and (c) Cell Cure's right, by written notice to the Teva Indemnitees, to assume the defense of the Claim or represent the interests of the Teva Indemnitees with respect to such Claim, that shall include the right to select and direct legal counsel and other consultants to appear in proceedings on behalf of the Teva Indemnitees and to propose, accept or reject offers of settlement, all at its sole cost; provided however, that (a) the legal counsel and consultants selected by Cell Cure to represent the Teva Indemnitees shall be different from Cell Cure's legal counsel and consultants, if any defenses available to any Teva Indemnitees conflict with or are different from those available to Cell Cure, or if any other conflict of interest would result from such legal counsel or consultants representing both Cell Cure and any Teva Indemnitees, and (b) no such settlement shall be made without the written consent of the Teva Indemnitees, such consent not to be unreasonably withheld or delayed. Nothing herein shall prevent the Teva Indemnitees from retaining their own counsel and participating in their own defense at their own cost and expense. If the Teva Indemnities shall determine that a conflict of interest arose between Cell Cure and the Teva Cure Indemnities and the attorney is unable to continue to represent Cell Cure together with the Teva Indemnities, the Teva Indemnities shall provide Cell Cure with written detailed reasons for such determination, and following receipt of such reasons then senior representatives of the Parties shall meet to resolve such conflict, but, if after 7 days such senior representatives are unable to resolve such conflict, then the Teva Indemnities shall be entitled, at Cell Cure's expense, to appoint their own counsel (to be prior agreed by Cell Cure, such agreement not to be unreasonably withheld or delayed) to represent them in such litigation and the Cell Cure counsel shall fully inform such counsel and provide all necessary material.

12. **Insurance**

12.1. Each Party shall maintain, for the term of this Agreement and thereafter, insurance sufficient to cover its obligations under this Agreement and under law as it customarily maintains for similar activities in the regular course of its business. Teva may fulfill its obligation under this Section 12 to obtain insurance by the maintenance of appropriate self insurance regardless of the nature or title thereof.

12.2. During the term of this Agreement, Cell Cure shall maintain, at its cost, insurance against legal liability and other risks associated with its activities and obligations under this Agreement, in such amounts which in any case shall not be less than [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission], subject to such deductibles and on such terms as are customary for a company such as Cell Cure for the activities to be conducted by it under this Agreement. Cell Cure shall furnish Teva with evidence of such insurance upon Teva's request.

13. **Limitation of Liability**

EXCEPT IN THE CASE OF A WILLFUL OR FRAUDULENT MISREPRESENTATION UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER OR ANY OF ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, BUSINESS OR GOODWILL) SUFFERED OR INCURRED BY SUCH OTHER PARTY OR ITS AFFILIATES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE OR TORT, OR OTHERWISE, ARISING OUT OF THIS AGREEMENT.

14. **Confidentiality**

14.1. Other than as expressly set forth herein, Teva and Cell Cure undertake to treat and to maintain and to ensure that their Representatives (as defined below) shall treat and maintain, in strict confidence and secrecy any information disclosed by either Party under this Agreement, whether before of following the Effective Date, whether disclosed in oral or visual form or in writing and shall keep in confidence the existence and contents of this Agreement (the "**Confidential Information**") and shall not disclose, publish, or disseminate in any manner, any Confidential Information including, without limitation, any aspect thereof, to a third party other than those of its Representatives with a need to know the same for the purpose of performing its obligations under this Agreement (the "**Purpose**"). In addition, each Party agrees to treat and maintain (and to ensure that its Representatives treat and maintain) in strict confidence and secrecy and to prevent any unauthorized use, disclosure, publication, or dissemination of the Confidential Information, except for the Purpose. Each Party agrees to be responsible for any use or disclosure of Confidential Information of any of its Representatives.

14.2. Each Party shall:

14.2.1. safeguard and keep secret all Confidential Information, and will not directly or indirectly disclose to any third party the Confidential Information without written permission of the other.

14.2.2. in performing its duties and obligations hereunder, use at least the same degree of care as it does with respect to its own confidential information of like importance but, in any event, at least reasonable care.

14.3. The undertakings and obligations under Sections 14.1 and 14.2 shall not apply to any part of the Confidential Information which:

14.3.1. was known to the recipient of the Confidential Information (the "**Recipient**") prior to disclosure by the disclosing Party (the "**Discloser**");

14.3.2. was generally available to the public prior to disclosure to the Recipient;

14.3.3. is disclosed to the Recipient by a third party who is not bound by any confidentiality obligation, having a legal right to make such disclosure;

14.3.4. has become through no act or failure to act on the part of the Recipient public information or generally available to the public;

14.3.5. was independently developed by the Recipient without reference to or reliance upon the Confidential Information;

14.3.6. is required to be disclosed by the Recipient or any Affiliate of the Recipient by law, by court order, or governmental regulation (including securities laws and/or exchange regulations), provided that the Recipient or its Affiliate gives the Discloser reasonable notice prior to any such disclosure and cooperates (at the Discloser's expense) with the Discloser to assist the Discloser in obtaining a protective order or other suitable protection from disclosure (if available) with respect to such Confidential Information.

Notwithstanding the foregoing, in the event that either Party is required to disclose Confidential Information pursuant to securities laws or the rules or regulations of any securities exchange, then the provisions of Section 15.1 below shall apply.

14.4. Teva and Cell Cure acknowledge that their respective Confidential Information is of special and unique significance to each of them and that any unauthorized disclosure or use of the Confidential Information could cause irreparable harm and significant injury to the Discloser that may be difficult to ascertain. Accordingly, any breach of this Agreement may entitle the aggrieved Party in addition to any other right or remedy that it may have available to it by law or in equity, to remedies of injunction, performance and other relief, including recourse in a court of law.

14.5. Each Party agrees to inform the other Party of any breach or threatened breach of the provisions hereof by its Representatives (as defined below).

14.6. Notwithstanding the foregoing, Cell Cure shall be permitted to provide copies of reports furnished to it by Teva pursuant to Section 6.1, Development Reports and other information disclosed to it hereunder to Cell Cure's Affiliates subject to confidentiality provisions no less stringent than those contained herein, and to ESI and Hadasit to the extent required for Cell Cure to meet its obligations pursuant to the ESI License Agreement and the Hadasit License Agreement and subject to the confidentiality provisions thereunder.

14.7. Moreover, each Party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable laws, as well as to prospective and current financial investors pursuant to appropriate non-disclosure arrangements, provided however that prior to any disclosure, the disclosing Party shall consult with the non-disclosing Party, and the non-disclosing Party shall have the right to delete business sensitive information. In the event of a potential investor or sublicensee who is a big pharmaceutical company or the investment arm of a big pharmaceutical company, Cell Cure may disclose only a redacted version of this Agreement, in a form approved by Teva in advance. Notwithstanding the foregoing, it is understood and agreed that Cell Cure shall be entitled to provide a copy of this Agreement, as well information furnished to it hereunder, to its current licensors, in order and only to the extent required to fulfill its contractual obligations towards them.

14.8. The provisions relating to confidentiality in this Section 14 shall remain in effect during the term of this Agreement and for a period of seven (7) years after its termination.

14.9. For the purposes of this Section 14 "**Representatives**" shall mean employees, officers, agents, subcontractors, consultants, and/or any other person or entity acting on either Party's behalf, individually or collectively and which shall be exposed to Confidential Information. For the avoidance of doubt, with respect to Teva, the Teva Representative shall be deemed a Representative for the purposes of the foregoing definition.

15. **Publication**

15.1. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

15.2. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

15.3. [*Certain information has been omitted under a request for confidential treatment, and the omitted information has been filed with the Commission]

16. **Independent Contractors**

16.1. It is expressly agreed that the Parties shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture or agency. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party.

16.2. Cell Cure agrees that its employees, officers, agents, subcontractors, consultants, and/or any other person or entity acting on Cell Cure's behalf, individually or collectively, shall be the sole responsibility of Cell Cure and shall not be considered at any time as Teva employees and shall not have any claims against Teva whatsoever.

17. **General Payment and Tax Provisions**

17.1. All amounts required to be paid pursuant to this Agreement are final and inclusive of all taxes and/or duties, of whatsoever nature, except for VAT which will be added, where applicable, to all payments to be made by Teva to Cell Cure against the appropriate tax invoices.

17.2. If applicable laws require that taxes be withheld from any amounts due to Cell Cure under this Agreement, Teva shall (a) deduct these taxes from the remittable amount, (b) pay the taxes to the proper taxing authority, and (c) deliver to Cell Cure a statement including the amount of tax withheld and justification therefore, and such other information as may be necessary for tax credit purposes. For the avoidance of doubt, any amounts due to Cell Cure under this Agreement shall be reduced by any withholding or similar taxes applicable to such payment, such that the actual maximum payment by Teva shall not exceed the amounts or the rates provided in this Agreement.

17.3. All payments to be made hereunder shall be made by the due date for payment as provided herein, in US Dollars or in New Israeli Shekels, as converted from US Dollars as per the conversion rate existing in the US (as reported in the Wall Street Journal) last published prior to the actual date of payment.

17.1. Teva shall be entitled to set-off from any amounts due to Cell Cure under this Agreement, amounts not exceeding the amounts of any damage caused to Teva as a result of Cell Cure's breach under this Agreement. For the avoidance of doubt, should Teva duly exercise the step-in rights extended to it by ESI and/or Hadasit under the side letters attached hereto as **Annex E** and **Annex F**, then should Teva choose not to terminate this Agreement, Teva shall have the right to set-off any amounts paid by Teva to ESI and/or Hadasit under any license(s) granted to it pursuant to such side letters, from any amount that may be due from Teva to Cell Cure hereunder.

18. **Assignment and Subcontracting**

18.1. Teva is permitted to assign its rights and obligations under this Agreement to its Affiliates either with respect to the entire Agreement or with respect to the rights and obligations related to any part of this Agreement and shall further be entitled to perform any and all of its rights hereunder either directly or through its Affiliates or subcontractors, provided that Teva shall remain liable to Cell Cure for the performance of all its obligations under this Agreement notwithstanding any such assignment.

18.2. Cell Cure shall not, without the prior written consent of Teva, assign, charge or mortgage in any other manner all or any of its rights or obligations under this Agreement, except that Cell Cure may assign, pledge, mortgage, grant a security interest in, or otherwise encumber its rights to payments from Teva. Any assignment not in accordance with this Agreement shall be null and void. Notwithstanding the foregoing, Cell Cure may assign its rights and its obligations hereunder to any entity that acquires all or substantially all of its business and/or assets which are the subject of this Agreement, provided that such entity shall first undertake to Teva in writing to meet all undertakings and obligations of Cell Cure hereunder, and shall execute this Agreement and become a party hereto as if same had been the original signatory to this Agreement from the Effective Date hereof in place of Cell Cure.

19. **Amendments**

No amendment of this Agreement shall be valid unless it is in writing and signed by, or on behalf of, each of the Parties.

20. **Severance**

Should any part or provision of this Agreement be held unenforceable or in conflict with the applicable laws or regulations of any applicable jurisdiction, the invalid or unenforceable part or provision shall, provided that it does not go the essence of this Agreement, be replaced with a revision which accomplishes, to the extent possible, the original commercial purpose of such part or provision in a valid and enforceable manner, and the balance of this Agreement shall remain in full force and effect and binding upon the Parties.

21. **Entire Agreement**

This Agreement and its annexes constitute the entire agreement between the Parties with respect to its subject matter and supersede all prior agreements, arrangements, dealings or writings between the Parties.

22. **Waiver**

No waiver of a breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

23. **Further Assurances**

Each Party agrees to execute, acknowledge and deliver such further documents and instruments and do any other acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

24. **Third Parties**

None of the provisions of this Agreement shall be enforceable by any person who is not a party to this Agreement. Notwithstanding the foregoing, the Cell Cure Indemnitees shall be treated as third party beneficiaries of this Agreement with full authority to enforce the terms of Section 11 hereof.

25. **Notices**

Any notice, declaration or other communication required or authorized to be given by any Party under this Agreement to the other Party shall be in writing and shall be personally delivered, sent by facsimile transmission (with a copy by ordinary mail in either case) or dispatched by courier addressed to the other Party at the address stated below or such other address as shall be specified by the Parties by notice in accordance with the provisions of this Section 25. Any notice shall operate and be deemed to have been served, if personally delivered, sent by fax or by courier on the next following business day.

Teva's and Cell Cure's addresses for the purposes of this Agreement shall be as follows:

If to Teva:

Teva Pharmaceutical Industries Ltd.
Innovative Ventures
Attention: Dr. Aharon Schwartz
16 Basel Street, Petah Tiqva 49131, Israel
Telephone: 972-3-9267277
Facsimile: 972-3-9267581

With a copy (that will not constitute notice) to:
Teva Pharmaceutical Industries Ltd.
Attention: General Counsel, Legal Department
5 Basel Street, Petah Tiqva 49131, Israel
Telephone: 972-3-926-7297
Facsimile: 972-3-926-7429

If to Cell Cure:

Cell Cure Neurosciences Ltd.
Kiryat Hadassah, PO Box 12247
Jerusalem 91121, Israel
Facsimile: + 972 2 642 9856
Attention: The Managing Director

With a copy (which will not constitute notice):

Baratz & Co.
Attorneys-at-Law & Notaries
1 Azrieli Center, Round Tower, 18th Floor
Tel Aviv 67021
Israel
Attention: Adv. Yael Baratz
Facsimile: +972 3 6960986

26. **Governing Law and Jurisdiction**

This Agreement shall be governed by the laws of the state of Israel. All actions, suits or proceedings arising out of or relating to this Agreement shall be heard and determined in a court sitting in Courts of Tel Aviv-Jaffa, Israel, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding and irrevocably waive any defense of an inconvenient forum to the maintenance of any such action or proceeding.

27. **Force Majeure**

27.1. If either Party is prevented from fulfilling its obligations under this Agreement by reason of any supervening event beyond its control (including but not limited to war, national emergency, flood, earthquake, strike or lockout the party unable to fulfill its obligations (the "Incapacitated Party") it shall immediately give notice of this to the other Party and shall do everything reasonably within its power to resume full performance of its obligations as soon as possible.

27.2. Subject to compliance with the requirements of Section 27.1 the Incapacitated Party shall not be deemed to be in breach of its obligations under this Agreement during the period of incapacity in the circumstances referred to in Section 27.1 and the other Party shall continue to perform its obligations under this Agreement save only in so far as they are dependent on the prior performance by the Incapacitated Party of obligations which it cannot perform during the period of incapacity.

28. **Interpretation**

The Parties have each had the opportunity to have this Agreement reviewed by an attorney; therefore, neither this Agreement nor any provision hereof shall be construed against the drafter of this Agreement.

29. **Counterparts**

This Agreement may be executed in any number of counterparts (including counterparts transmitted by fax or by electronic mail in PDF format), each of which shall be deemed to be an original, but all of which taken together shall be deemed to constitute one and the same instrument.

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Signature page

Research and Exclusive Option Agreement

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its duly authorized representatives:

TEVA PHARMACEUTICAL INDUSTRIES LIMITED	**CELL CURE NEUROSCIENCE LTD.**
signature:	*signature:*
name:	*name:*
designation:	*designation:*
signature:	*signature:*
name:	*name:*
designation:	*designation:*
Date: _____ 2010	**Date: _____ 2010**

List of Annexes:

Annex A	ESI License Agreement
Annex B	Hadasit License Agreement
Annex C	Patents
Annex D	R&D Program
Annex E	Step-in Letter – ESI
Annex F	Step-in Letter – Hadasit
Annex G	Form of MTA
Annex H	Press Release
Annex I	Approval of HMO Ethics Committee

Exhibit 10.34

AMENDED AND RESTATED RESEARCH AND LICENSE AGREEMENT

This Amended and Restated Research and License Agreement (this **"Amendment"**) is made and entered into as of the Date of Amendment (as defined herein), as an amendment of the Research and License Agreement signed between the Parties on the Effective Date (the "**Original Agreement**", and, as amended by this Amendment, the "**Agreement**"), by and between: **HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.**, a company duly incorporated under the laws of Israel (**"Hadasit"**) and **CELL CURE NEUROSCIENCES LTD.**, a company duly incorporated under the laws of Israel (the **"Company"**) (each a **"Party"** and jointly the **"Parties"**).

WHEREAS, in the course of research conducted at Hadassah Medical Organization (**"HMO"**), by Prof. Benjamin Reubinoff ("**Prof. Reubinoff**") and his other HMO colleagues (collectively the "**Researchers**"), the Researchers arrived at certain inventions, being the subject of and more fully described in the PCT patent applications listed in **Annex A** hereto (the "**Patent Applications**"), and created and/or generated the technology described therein and related Know-How (defined below); and

WHEREAS, Hadasit is the commercial arm and a wholly-owned subsidiary of HMO; and

WHEREAS, Hadasit is the exclusive owner of all right, title and interest in and to the Patent Applications and the Licensed Technology (defined below); and

WHEREAS, the Company is engaged in the development and commercialization of cell therapy applications for neurodegenerative diseases; and

WHEREAS, the Company wishes to receive, and Hadasit is willing to grant to the Company, an exclusive, worldwide, royalty bearing license (with the right to grant sublicenses subject to the terms of Section 2.4 below), to use, commercialize and/or exploit the Licensed Technology or any part thereof, in any manner whatsoever and for any purpose or indication whatsoever in the Field (as defined hereafter), all subject to and in accordance with the terms and conditions of this Agreement, and

WHEREAS, the Company wishes to receive and Hadasit is willing to procure the provision to the Company by HMO of the Licensed Materials (as defined below) for use under the license granted hereby, all subject to and accordance with the terms and conditions of this Agreement.

NOW THEREFORE IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Definitions and Interpretation**

1.1. The Preamble and Annexes hereto form an integral part of this Agreement.

1.2. In this Agreement the following terms shall bear the meanings assigned to them below, unless the context shall indicate a contrary intention:

1.2.1. "**Additional Research Agreement**" shall mean an agreement, attached hereto as **Annex E**, governing additional sponsored research to be carried out by HMO for the Company in the field of stem cell applications for neurodegenerative diseases beyond the scope of the Product Development Program, pursuant to which the Company shall commit to transfer the Annual Additional Research Funds to Hadasit to fund additional research at HMO in a total amount of US$ 1,500,000 (One Million Five Hundred Thousand US Dollars), as per the detailed research plan(s) to be mutually agreed upon thereunder.

1.2.2. **"Annual Additional Research Funds"** shall mean the sum of US$ 300,000 (Three Hundred Thousand US Dollars).

1.2.3. "**Affiliate**" shall mean any person who, directly or indirectly, controls or is controlled by, or is under direct or indirect common control with the Company. For the purposes of this definition, "**control**" shall mean the holding, directly or indirectly, of more than 50% (fifty percent) of the issued share capital or the voting power of the Company, or the holding, directly or indirectly, of a right to appoint more than 50% (fifty percent) of the directors of the Company or of the right to appoint the chief executive officer of the Company.

1.2.4. "**Company IP**" shall have the meaning ascribed to such term in Section 8.4 below.

1.2.5. **"Confidential Information**" shall have the meaning ascribed to such term in Section 11.1 below.

1.2.6. "**Controlled IP**" shall mean, with respect to Intellectual Property (other than the Licensed Technology and the Licensed Materials) developed at HMO in the laboratory of Prof. Reubinoff without the use of the Company's manpower, resources or Intellectual Property, the possession, as will be determined at any relevant time for the purposes of Sections 6.4 and 7.5 as applicable, by HMO and/or Hadasit of the ability to grant a license or sublicense of such Intellectual Property without violating the terms of any agreement or arrangement between HMO and/or Hadasit and any third party. For the avoidance of doubt, no portion of the Controlled IP shall be considered incorporated into, or to form a part of, the Licensed Technology or the Licensed Materials, unless such Controlled IP is specifically so included in a separate agreement executed by the Parties.

1.2.7. **"Consulting Agreement"** shall mean a Consulting Agreement between the Company and Hadasit, whereby the Company shall retain, through Hadasit, the services of Prof. Reubinoff and of Dr. Eyal Banin (the "**Scientists**"), pursuant to which, *inter alia*, Hadasit will be granted options to purchase three percent (3%) of the Company's fully-diluted equity at the PPS, as of the Date of Amendment, Prof. Reubinoff will be granted options to purchase one-and-one-half percent (1.5%) of the Company's fully-diluted equity at the PPS, as of the Date of Amendment, and Dr. Eyal Banin will be granted options to purchase one-half percent (0.5%) of the Company's fully-diluted equity at the PPS.

1.2.8. "**Date of Amendment**" shall mean the later of (i) the date on which this Amendment was executed by the Parties and (ii) the date on which all of the Triggering Events have occurred, all subject to Section 13.1.

1.2.9. "**Distributor**" shall mean an independent third party with whom there is a *bona fide* distribution, reseller or similar agreement pursuant to which such third party does not have any rights under or to the Licensed Technology and who purchases Licensed Products in consideration for the purchase price therefor, solely for resale and/or distribution of the Licensed Products in the same form to end-users.

1.2.10. "**Effective Date**" shall mean the date on which the Original Agreement went into force, i.e. August 30, 2009.

1.2.11. "**Field**" shall mean the development and exploitation of human stem-cell ("**hSC**") (such as human embryonic SC ("**hESC**") and induced pluripotent hSC (**"iPS**") derived retinal pigment epithetlial cells ("**hESC-derived RPE Cells**" and "**hSC-derived RPE Cells**", as the case may be) solely for cell replacement therapy of conditions involving retinal degenerative diseases.

1.2.12. **"First Batch Release"** shall have the meaning ascribed to such term in Section 2.5(B) below.

1.2.13. "**Hadasit IP**" shall have the meaning ascribed to such term in Section 8.2 below.

1.2.14. **"Indemnitees"** shall have the meaning ascribed to such term in Section 12 below.

1.2.15. "**Intellectual Property**" shall mean patents, trademarks, trade names, domain names, copyright, trade secrets, know-how, rights in respect of technical information and any other intellectual property whatsoever, registrable or otherwise, and all applications (including, patent applications) for any of the foregoing.

1.2.16. "**Joint IP**" shall have the meaning ascribed to such term in Section 8.1 below.

1.2.17. "**Know-How**" shall mean discoveries and inventions (whether patented or not) and any information, data, designs, formulae, ideas, methods, models, assays, research plans, procedures, designs for experiments and tests and results of experimentation and testing (including results of research or development) processes (including manufacturing processes, specifications and techniques), laboratory records, chemical, pharmacological, toxicological, clinical, analytical and quality control data, trial data, case report forms, data analyses, reports or summaries and information contained in submissions to, and information from, ethical committees and regulatory authorities. For the avoidance of doubt, Know-How does not include any materials, such as cells.

1.2.18. "**License**" shall mean the rights and licenses granted pursuant to Section 2.1 below.

1.2.19. "**Licensed Materials**" shall mean 1 (one) hESC line (the "**hESC Line**") and 1 (one) cord feeder cell line (the "**Feeder Line**") produced under current Good Manufacturing Practice ("**cGMP**") conditions by or on behalf of HMO in compliance with all applicable ethical standards and (subject to the qualification in Section 2.5(A) below) the provisions of **Annex B**, including any progeny, modified or unmodified derivatives, genetically modified hESC's or clones of such cells or cell line and fibroblast feeder line as produced or derived by or on behalf of HMO or the Company, to be chosen among the Materials, as set forth in **Annex B**.

1.2.20. "**Licensed Patents**" shall mean the Patent Applications and all corresponding patent applications in all jurisdictions, as well as all patents which may be granted on any of the foregoing patent applications; as well as all substitutions, registrations, revalidations, confirmations, reissues, reexaminations, continuations, continuations-in-part, patents of addition, divisions, renewals, reissues and extensions (including any patent term extension such as but not limited to supplementary protection certificates pursuant to Council Regulation (EEC) No. 1768/92, any Pediatric Exclusivity Extension, and foreign equivalents of any of the foregoing relating to such patents) of any of the foregoing patents. Licensed Patents shall also be construed as including, where the context requires, patent applications and patents covering Hadasit IP and Hadasit's rights in the Joint IP.

1.2.21. "**Licensed Products**" shall mean (i) all products, the development, production and/or sale of which is based on, or involves, in whole or in part, the use of Licensed Technology (or any part thereof) or which is produced and/or manufactured in whole or in part, using a process, method or system covered by, or falling within the Licensed Patents or the Licensed Technology (or any part thereof) including any other use, commercialization and/or exploitation of the Licensed Technology in any manner whatsoever and for any purpose or indication whatsoever in the Field and (ii) any tangible products or materials that are produced using the Licensed Materials and/or originating from the Licensed Materials or that wholly or partially incorporate Licensed Materials, in any manner whatsoever and for any purpose or indication whatsoever in the Field. "**Licensed Research Materials**" shall have the meaning ascribed to such term in Section 2.1 below.

1.2.22. "**Licensed Technology**" shall mean (i) the Licensed Patents and the inventions described therein, (ii) the Know-How related to the technology described in the Licensed Patents, and (iii) to the extent applicable, the Hadasit IP and Hadasit's rights in the Joint IP.

1.2.23. **"Loss"** shall have the meaning ascribed to such term in Section 12 below.

1.2.24. **"Magnet Consent**" shall mean the consent of the Magnet authority of the Ministry of Industry, Trade & Labor to the scope of the license granted hereunder to the Licensed Materials.

1.2.25. **"Master Cell Banks"** shall have the meaning ascribed to it in Section 2.5(B) below.

1.2.26. "**Materials**" shall mean hESC lines and mitotically active human fibroblast feeder cell lines including any progeny, modified or unmodified derivatives, genetically modified hESC's or clones of such cells or cell line and fibroblast feeder line as produced or derived by or on behalf of HMO. Some of the Materials, such as the HADC100 hESC line, were developed by the Researchers in part within the framework of the "Bereshith" Consortium for Cell Therapy formed for purposes thereof and funded by the OCS (the "**Bereshith Consortium**") on the basis of certain pre-existing methodology. The Materials shall meet the requirements stated in **Annex B**.

1.2.27. "**Net Sales**" shall mean the gross amount billed or invoiced by or on behalf of the Company and/or its Affiliates and/or Sublicensees (the "**Invoicing Entity**") on Sales of Licensed Products, less the following: (i) sales taxes (including value added taxes) to the extent applicable to such sale and included in the invoice in respect of such Sale; (ii) discounts, credits or allowances, if any, actually granted on account of price adjustments, recalls, rejections or returns of Licensed Products previously sold; (iii) bad debts, provided that they are recorded as such in the Invoicing Entity's books, in accordance with acceptable accountancy practices; and (iv) packaging, freight, shipping and insurance charges, to the extent that such items are separately itemized and invoiced and actually paid as evidenced by invoices, receipts or other appropriate documents; provided however, that in any transfers of Licensed Products between the Invoicing Entity and an Affiliate of the Invoicing Entity, Net Sales shall be equal to the total amount invoiced by such Affiliate on resale to an independent third party purchaser, in each case, after deducting the amounts referred to in clauses (i) through (iv) above, to the extent applicable. In case the Affiliate uses the Licensed Products internally without resale within 6 (six) months from such invoice, the Company shall pay royalties as if such resale occurred at market price.

1.2.28. "**OCS**" shall mean the office of the Chief Scientist of the Israeli Ministry of Industry, Trade & Labor.

1.2.29. **"PPS"** shall mean, with respect to the first 1/3 (one third) of the options granted to Hadasit and to the Scientists under the Consulting Agreement, that vest in accordance with Section 10.3.1 of the Consulting Agreement, a price per share of US$ 32.02 (thirty two US Dollars and two cents), reflecting a 20% (twenty percent) discount on the price per share paid by Teva within the framework of the investment round in the Company by Teva, HBL-Hadasit Bio-Holdings Ltd. and BioTime Inc. scheduled to be consummated in October, 2010 (the "**Round**") and with respect to the remaining 2/3 (two thirds) of the options granted to Hadasit and to the Scientists under the Consulting Agreement, that vest in accordance with Sections 10.3.2 and 10.3.3 of the Consulting Agreement, a price per share of US$ 40.02 (forty US Dollars and two cents), which is the price per share paid in the Round.

1.2.30. "**Product Development Agreement**" shall mean the Product Development Agreement executed between the Parties and attached hereto as **Annex F** and which governs the conduct of the Product Development Program as may be amended from time to time.

1.2.31. "**Product Development Program**" shall mean the research and development carried out by HMO for the Company, as of January 1, 2009 for the development of clinical grade Licensed Product pursuant to the Product Development Agreement entered into on the Effective Date, some of which has been funded, and is to be funded, subject to OCS approval, by the Company via grants from the OCS, and to be paid for by the Company in quarterly advance installments from January 31, 2010 and prior to such time, on a monthly basis against invoices on a net plus 30 (thirty) days basis. The current Product Development Program (updated September 2010) is attached hereto as **Annex G**.

1.2.32. **"R & D Law"** shall mean the Law for Encouragement of Research and Development in Industry – 1984, as amended from time to time.

1.2.33. **"Research License"** shall have the meaning ascribed to such term in Section 2.1 below.

1.2.34. "**Royalties**" shall have the meaning ascribed to such term in Section 3.1.3 below.

1.2.35. "**Sale**" or "**Sold**" shall mean the transfer or disposition of a Licensed Product by the Company, an Affiliate or a Sublicensee, to a party other than a transfer (i) by the Company to an Affiliate of the Company or (ii) by a Sublicensee to an Affiliate of such Sublicensee, except if without charge for testing purposes. For the avoidance of doubt, the term "Sale" shall include any use, commercialization or exploitation of the Licensed Technology, such as but not limited to lease, rent, subscription or provision of services.

1.2.36. **"Sublicense"** shall mean any right granted, option or license given, or agreement entered into by the Company or its Affiliate under the License, to or with any other person or entity, permitting use of the Licensed Technology (or any part thereof) for the manufacture and/or marketing and/or distribution (except to a Distributor) and/or Sale of Licensed Products in the Field; and the term "**Sublicensee**" shall be construed accordingly.

1.2.37. "**Sublicensing Receipts**" shall mean consideration of any kind, whether monetary or otherwise, received by the Company for or in connection with the grant of Sublicenses and/or options for Sublicenses and further sublicenses, including one-time, lump sum or other payments except for: (i) amounts received by the Company which constitute royalties based on Sales of Licensed Products by Sublicensees in respect of which the Company has paid royalties to Hadasit based on Net Sales of such Sublicensee; (ii) amounts received by the Company from a Sublicensee, not to exceed $250,000 (two hundred and fifty thousand US Dollars) in the aggregate, and actually expended by the Company in respect of Licensed Product-related research and/or development activities to be performed by the Company for such Sublicensee, plus reasonable overhead, provided that

(a) any such amounts constitute research and/or development funding only and not payment for Licensed Products nor any other type of grant or benefit;

(b) such research and/or development activities are performed pursuant to a defined research and development program and research and development budget agreed with the relevant Sublicensee, a copy of which is provided to Hadasit; and

(c) the Company submits to Hadasit a written expense report, confirmed by the Company's chief financial officer, demonstrating that such amounts have actually been expended and/or incurred by the Company in the conduct of such research and/or development activities in accordance with such work program and budget, and that the expenses actually incurred by the Company as aforesaid include reasonable overhead costs,

it being agreed, for the removal of doubt, that any amounts received by the Company as aforesaid, but not expended and/or incurred as set out above, shall be deemed to be Sublicensing Receipts.

1.2.38. **"Term"** shall have the meaning ascribed to such term in Section 13.1 below

1.2.39. **"Teva"** shall mean Teva Pharmaceutical Industries Ltd.

1.2.40. "**Triggering Events**" shall mean the following events: (i) the approval, by the Board of Directors of the Company, of this Agreement, the Additional Research Agreement, the Consulting Agreement (as defined above) and the issuance of the Options to Hadasit and the Scientists under the Consulting Agreement; and (ii) the execution of this Agreement, the Additional Research Agreement and the Consulting Agreement by all of the respective parties thereto; and (iii) the Company, together with Hadasit's reasonable assistance, obtaining the Magnet Consent; and (iv) the closing of the Round.

1.3. In this Agreement, the terms "**Amendment**", "**Original Agreement**", "**Agreement**", "**Hadasit**", "**Company**", a "**Party**", the "**Parties**", "**HMO**", "**Prof. Reubinoff**", "**Researchers**" and "**Patent Applications**" shall bear the definitions assigned to them respectively in the heading or in the preamble hereto, as the case may be.

1.4. In this Agreement, (including the Annexes hereto), unless the context otherwise requires:

1.4.1. **"including"**, **"includes"** means including, without limiting the generality of any description preceding such terms;

1.4.2. any reference to **"persons"** includes partnerships, corporations, and unincorporated associations;

1.4.3. use of the singular includes the plural and *vice versa* and the use of any gender includes the other genders;

2. **License**

2.1. Hadasit hereby grants to the Company and the Company hereby accepts, subject to the terms and conditions set out in this Agreement: an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses (subject to the terms set out in Section 2.4), to use, commercialize and/or exploit the Licensed Technology and (subject to the requirements of the Magnet Program) the Licensed Materials (selected in accordance with the provisions of **Annex B**) for use in accordance with the applicable ethical guidelines, in any manner whatsoever and for any purpose or indication whatsoever, solely in the Field. For avoidance of doubt, the License does not include any license in any materials produced at HMO other than the Licensed Materials. For the avoidance of doubt, the Company shall have a research license, with the right to grant sublicenses (subject to the terms set out in Section 2.4 below) solely in order to test (internally or through sub-contractors) up to three (3) hESC Lines (HADC100, HADC102 and HADC106) and three (3) Feeder Lines of the Materials prior to the selection of the Licensed Materials in accordance with the provisions of **Annex B** (the "**Licensed Research Materials**" and the "**Research License**", respectively), which Research License shall expire upon the selection by the Company of the Licensed Materials, in respect of all other Materials.

2.2. For the removal of doubt, the term "exclusive", in the context of the Licensed Technology and the Licensed Materials in the Field, means that HMO shall not grant such licenses or rights to any third party in the Licensed Technology or to any Licensed Materials in the Field in order to research, develop, make, have made, register, import, manufacture, use, sell, offer for sale, produce, commercialize and distribute Licensed Products or exercise any of such rights itself in the Field, *subject*, *however*, to the right of HMO, Hadasit, and their respective researchers, employees, students and other researchers at collaborating research institutions to practice the Licensed Technology and to use the Licensed Materials (A) within the Field, to: (i) practice the Licensed Technology and to use the Licensed Materials solely for HMO's own internal academic and non-commercial research and instruction, and (ii) license or otherwise convey to other academic and not-for-profit research organizations such Licensed Technology (for no charge other than customary expense coverage and the like, in accordance with the MTA mentioned below) for use in non-commercial research, provided that such Licensed Technology will be transferred pursuant to an MTA substantially in the form attached hereto as **Annex J** and subject to the prior written consent of Cell Cure and Teva (the consent of Teva being required for as long as it has an option to Sublicense or is a Sublicensee), which consent will not be unreasonably withheld, and (B) utilize and license/commercialize the Licensed Technology and the Licensed Materials for any purpose outside of the Field, without restriction. Moreover, subject to a separate agreement being reached between Hadasit, the Company and any other party who may be party to such grant (such agreement to take into account the Teva License Option Agreement mentioned below), Hadasit may practice the Licensed Technology and use the Licensed Materials in the Field for purposes of the European Research Council (ERC) Advanced Investigators Grant submitted within the framework of the Seventh Framework Programme (FP7) by Prof. Reubinoff in 2010, provided that no Company or Sublicensee Confidential Information are used or disclosed.

2.3. For the further removal of doubt, the Company shall not be entitled to use the Licensed Technology or the Licensed Materials for any purpose outside of the Field, other than as may be permitted pursuant to the Additional Research Agreement. For the further removal of doubt, and without derogating from any other provision hereunder, neither HMO nor Hadasit nor any of their licensees shall be restricted or prevented from using the Licensed Technology or the Materials for any purposes whatsoever outside the Field.

2.4. The Company shall be entitled to grant Sublicenses under the License provided that in each case (i) Hadasit approves the identity of the Sublicensee, which consent shall not be unreasonably withheld or delayed; (ii) each Sublicense agreement shall contain *inter alia*, provisions necessary to ensure the Company's ability to perform its obligations under this Agreement, including with respect to reporting requirements and Hadasit's audit rights as well as a provision that specifies that the Sublicense automatically expires upon termination of the License; (iii) the Company remains responsible to Hadasit for its adherence to the terms and obligations of this Agreement; (iv) the Company shall not grant any right or license in the Licensed Technology or the Licensed Materials outside of the Field; (v) each Sublicensee commits to at least the same level of insurance coverage, liability and indemnification obligations towards the Company and Hadasit/HMO as set forth herein; (vi) the Sublicense is at *bona fide* arms-length conditions; (vii) the Sublicense agreement and all other related agreements are provided to Hadasit at least 21 (twenty one) business days prior to the signature of the Sublicense agreement by the parties thereto and if Hadasit informs the Company within this period that the Sublicense agreement derogates from its rights under, or is otherwise inconsistent with, this Agreement the Company shall amend the Sublicense agreement accordingly, and shall resubmit such agreement to Hadasit under this clause, prior to execution thereof, provided that nothing in this provision shall be construed as exempting the Company from any of its obligations under this Agreement; (viii) the Company and each Sublicensee commits in writing (A) to report to HMO, in advance, in accordance with the guidelines of the Institution Review Board of HMO (Helsinki Committee), regarding any potential and/or planned use of the Licensed Materials and (B) to comply with all applicable ethical guidelines; (ix) the approval of the OCS to the transfer of Licensed Technology and Licensed Materials to the Sublicensee is obtained by the Company, to the extent applicable; (x) the approval of the Israeli Ministry of Health (the "**MOH**") and the Bereshith Consortium (as applicable) to the transfer of the Licensed Materials to the Sublicensee is obtained by the Company, to the extent applicable; in this respect, HMO agrees to use its reasonable efforts to assist the Company in obtaining such approval; and (xi) the Company shall provide to Hadasit a copy of the signed agreement and all amendments thereto (any which proposed amendment shall again be subject to the provisions of this Section 2.4 before being signed and coming into force), forthwith upon the signature thereof.

For the avoidance of any doubt, it is hereby acknowledged and agreed that (A) nothing contained in any sublicense agreement under the License shall be interpreted or applied as (i) diminishing or derogating from the rights of Hadasit hereunder for any purpose, (ii) increasing or extending the liability, obligation or commitment of Hadasit to the Company or any Sublicensee on any account, (iii) expanding or extending the rights granted hereunder by Hadasit to the Company for such Sublicense or any other purpose, or (iv) diminishing or derogating from the liability, obligation or commitment of the Company to Hadasit hereunder for any purpose; and (B) the foregoing provision shall apply notwithstanding the application or otherwise of Section 2.4(vii) above.

2.5. (A) As soon as practicable following its receipt of the Company's written confirmation of the occurrence of all of the Triggering Events, Hadasit shall procure the provision of the Licensed Research Materials to the Company by HMO (*i.e.* one of three (3) hESC Lines (HADC100, HADC102 and HADC106) and one of three (3) Feeder Lines of the Human Embryonic Stem Cells Research Center, which are currently in the possession of HMO and which can be replaced twice by HMO in accordance with Section 2.7). The foregoing shall be transferred to the Company or to researchers carrying out the Product Development Program, on its behalf, as living cultures and as frozen ampoules, together with the accompanying documentation. The same have been produced (i) using cGMP grade materials; (ii) under cGMP conditions; (iii) using human feeders and no animal products; and (iv) in accordance with any other requirement set out in **Annex B** hereto and all applicable ethical standards (it being understood that the technical specifications set forth therein are subject to any mutually agreed modifications which may be required for compliance with regulatory requirements of the FDA and other regulatory bodies); provided however that the Company acknowledges that, as of the execution of this Amendment, none of the cell lines has been fully characterized (and two of the cell lines are far from being fully characterized) and none yet meets the requirements of **Annex B**, and there can be no guarantee that any of such cell lines will succeed in becoming fully characterized or meeting the requirements of **Annex B**.

(B) As soon as practicable following batch release of the first clinical grade Licensed Product pursuant to the Product Development Program (the "**First Batch Release**"), Hadasit shall provide to the Company (i) three (3) ampoules of the Master Cell Bank of the hESC cell line chosen by the Company, (ii) three (3) ampoules of the Master Cell Bank of the feeder cell line, (iii) detailed protocols (SOPs) for the expansion, cryopreservation and thawing of cells from the Master Cell Bank according to the currently available technology or any adaptations/revisions that will be introduced prior to the date of provision of such SOPs resulting from the Product Development Program; and (iv) any adaptations/revisions that will be introduced – as a result of the Product Development Program or any other agreement between the Parties or research funded by the OCS – into the detailed protocols (SOPs) for the derivation, expansion and cryopreservation of RPE cells from hESCs according to the currently available technology.

(C) The Company shall bear the costs of Hadasit's/HMO's producing and storing the Licensed Research Materials, the Licensed Materials, the Master Cell Banks and the SOPs, and making any modifications thereto, if any, and providing such Licensed Research Materials, Licensed Materials, Master Cell Banks, and SOPs to the Company, all as detailed in the Product Development Program and the budget attached thereto, as same may be amended from time to time by mutual consent.

2.6. Hadasit shall procure that HMO: (i) keeps on record data characterising the Licensed Materials in accordance with the parameters set out in **Annex B** hereto; (ii) transfers all documentation related to the Licensed Materials set out in **Annex B**; (iii) makes reasonable efforts to provide additional documentation that may be required from time to time, in order to obtain regulatory approval of Licensed Products, or make the documentation available for inspection by regulatory authorities, if not transferable; and (iv) if so requested by Company or Sublicensee, shall register the Licensed Materials with the National Institute of Health (NIH) as soon as practicable provided that the Company shall supply Hadasit with administrative support in respect thereto and all reasonable out of pocket expenses shall be borne by the Company.

2.7. In the event that, prior to the grant of the first regulatory approval for the first Licensed Product hereunder, the Materials supplied by HMO as aforesaid do not meet the requirements set forth in **Annex B** hereto (it being understood that the technical specifications are subject to any mutually agreed modifications which may be required for compliance with regulatory requirements of the FDA and other regulatory bodies) are found to be unsuitable for the production of RPE cells or are rejected by the regulatory authorities, then the Company will require that HMO make its best efforts to replace the Materials with equivalent (to the characterization levels existing as of the Date of Amendment) Materials and Master Cell Banks, that meet such requirements (whereby all deficient undifferentiated research grade and GMP grade hESC cells and the previous Master Cell Banks shall be returned to HMO). All additional costs (over and above those provided for in the budget of the Development Program) incurred in all such replacements and modifications shall be borne by the Company.

2.8. During the Term, Hadasit shall procure to the Company, that HMO shall use its best efforts to maintain a backup of the Licensed Research Materials (only prior to the grant of the first regulatory approval for the first Licensed Product hereunder) and the Licensed Materials, in a manner that such can be supplied to the Company in the event that the Company or its Sublicensee's stock of such Licensed Research Materials (only prior to the grant of the first regulatory approval for the first Licensed Product hereunder) and Licensed Materials is destroyed, contaminated, exhibit problems in terms of pluripotency and/or genetic stability, or are lost for any reason. The Company shall pay for the preparation and storage of such backup (including but not limited to the costs required for purchase by HMO of a liquid nitrogen container, connecting it to HMO alert system, costs of liquid nitrogen and other related costs, if not available and accessible at HMO at the relevant time). For the avoidance of doubt, once the backup is provided to the Company hereunder, Hadasit shall have no further obligation to maintain or provide any additional backups and the Company shall be free to store the Licensed Materials at its own facility or with a third party.

2.9. Hadasit shall procure that HMO shall be solely responsible for the proper storage of the Licensed Research Materials and the Licensed Materials while in the possession of Hadasit and/or HMO. The Company shall be solely responsible for the proper storage of the Licensed Research Materials and the Licensed Materials at all times following its receipt thereof if not stored at HMO facilities under an arrangement pursuant to which the Company is paying Hadasit/HMO for such storage services.

2.10. For the removal of doubt, the Company shall not be restricted or prevented from developing, producing, marketing, distributing and/or selling (whether by itself or by third parties) any materials or products for the treatment of retinal degenerative diseases and/or any other types of material or product for any purpose whatsoever, on the basis of cells manufactured by the Company and/or procured from third parties, provided, however, that such cells and other cells derived, developed or produced therefrom are maintained, stored and documented separately from the Licensed Materials and all other Materials, and that such cells were not directly produced using or with reference to Hadasit or HMO's Confidential Information, the Licensed Patents or the Licensed Materials or any other Materials, or any other patent of Hadasit or HMO and did not originate from such Confidential Information or from any Licensed Patents or Licensed Materials or any other Materials, or any other patent of Hadasit or HMO, and do not incorporate the Confidential Information, Licensed Patents or Licensed Materials or any other Materials, or any other patent of Hadasit or HMO wholly or partially. For the avoidance of doubt, any tangible products or materials that are produced using such third party cells and/or originating from such third party cells or that wholly or partially incorporate third party cells, to the exclusion of the Licensed Materials, shall not be "Licensed Products" for the purposes hereof, unless they fall within the definition set forth in Section 1.2.16(i) hereto.

2.11. All amounts which the Company is committed to bear and which may be charged by Hadasit to the Company pursuant to this Section 2 and otherwise under this Agreement, shall be at quoted to the Company in advance for its approval, at reasonable current market rates or at rates charged by HMO to other companies, in Hadasit's discretion.

3. **Consideration; Royalties; Additional Understandings**

3.1. In consideration for the grant of the License, Company agrees to pay Hadasit the following:

3.1.1. a one time lump sum payment of NIS 249,058 (two hundred forty nine thousand and fifty eight New Israeli Shekels) on account of the reimbursement of all patent expenses incurred and paid for by Hadasit in respect to the Patent Applications prior to the Effective Date, the receipt of which Hadasit hereby confirms;

3.1.2. Payments for the Product Development Program in accordance with the Product Development Agreement;

3.1.3. a royalty of 5% (five percent) of Net Sales from Sales of Licensed Products by any Invoicing Entity ("**Royalties**"); and

3.1.4. percentages of Sublicensing Receipts:

(a) 30% (thirty percent) of all Sublicensing Receipts received pursuant to or in connection with Sublicenses (or options for a Sublicense) signed prior to submitting a Phase II clinical trials completion report to the relevant regulatory agency with a copy of the report and its submission letter to be forwarded to Hadasit with respect to any Licensed Product;

(b) 25 % (twenty five percent) of all Sublicensing Receipts received pursuant to or in connection with Sublicenses (or options for a Sublicense) signed after submitting a Phase II clinical trials completion report to the relevant regulatory agency but prior to the date of commencement of the first phase III clinical trials with respect to any Licensed Products as evidenced by a signed informed consent form of the first patient recruited for such trial to whom the relevant therapy is actually administered;

(c) 20 % (twenty percent) of all Sublicensing Receipts received pursuant to or in connection with Sublicenses (or options for a Sublicense) signed on or after the date of commencement of the first phase III clinical trials as aforesaid but prior to the date of the first FDA or EMEA approval of any of the Licensed Products; and

(d) 10 % (ten percent) of all Sublicensing Receipts received pursuant to or in connection with Sublicenses (or options for a Sublicense) signed on or after the date of the first FDA or EMEA approval of a Licensed Product.

3.2. From the 8th (eighth) year following the Effective Date, the Company shall pay Hadasit an annual minimal non-refundable royalty ("**Minimum Royalty**") of US$100,000 (one hundred thousand United States Dollars) to be paid in the first day (January 1) of each of the years (2017 onwards) which Minimum Royalty shall be creditable against future Royalties and Sublicensing Receipts collected by the Company during the same calendar year; provided however that, if (i) in the year prior to January 1 of such year, the Company had Sales of Licensed Products, or (ii) as of January 1 of such year, the Company has in force any Sublicense which, in the year prior to January 1 of such year, produced Sublicensing Receipts, then (without derogating from the obligation to make quarterly Royalty payments and payments in respect of Sublicensing Receipts pursuant to Section 3.5) the Company shall not be required to pay the Minimum Royalty until December 31 of such year, to the extent that its aggregate Royalties and Sublicensing Receipts in such year failed to reach such amount.

3.3. Notwithstanding the provisions of Sections 3.1.3, 3.1.4, 3.2 and 3.4, should the Company grant a Sublicense to Teva, pursuant and subject to the Teva License Option Agreement attached hereto as **Annex D**, for the development and commercialization of Licensed Products as may be amended from time to time subject to the provisions of paragraph 5 of **Annex C** attached hereto, then, if Teva exercises such option in accordance therewith, the commercial terms as set forth in **Annex C** shall apply. It is clarified for the avoidance of doubt that this Section and **Annex C** shall become null and void immediately if Teva fails to exercise the option under the Teva License Option Agreement prior to the expiration of the exercise period thereunder, and that paragraph 6 of **Annex C** shall apply if the Teva License Option Agreement is terminated.

3.4. In addition to the Royalties, the Company agrees to pay Hadasit non-refundable milestone payments as follows, it being agreed, however, that the milestone payments are creditable by the Company against monetary Sublicensing Receipts payable to Hadasit at the time of each milestone for said milestone, except that in respect to Subsection 3.4 (c) the milestone payment shall only be creditable by the Company if the monetary Sublicensing Receipts received by the Company reach at least US$50,000,000 (fifty million US Dollars):

(a) US$ 250,000 (two hundred and fifty thousand US dollars) upon the completion of enrollment of patients in the first Phase I clinical trials, within 30 (thirty) days of the foregoing milestone,

(b) US$ 250,000 (two hundred and fifty thousand US dollars) upon submitting a report summarizing Phase II clinical trial to the relevant regulatory agency within 30 (thirty) days of the foregoing milestone.

(c) US$ 1,000,000 (one million US dollars) upon the enrollment of the first patient in the first Phase III clinical trials, within 30 (thirty) days of the foregoing milestone.

3.5. Unless otherwise agreed in writing, all amounts payable to Hadasit pursuant to this Section 3 shall be paid to Hadasit in US Dollars as follows: (i) in the case of Royalties, on a quarterly basis within 30 (thirty) calendar days after March 31, June 30, September 30, and December 31 of each calendar year during the Term; (ii) in the case of Sublicensing Receipts, no later than 30 (thirty) days after any such Sublicensing Receipts are received by the Company from Sublicensees; and (iii) in case of the Product Development Program, starting from January 31, 2010 in quarterly installments paid in advance according to the Product Development Program, and prior to such time, on a monthly basis against invoices on a net plus 30 (thirty) days basis.

3.6. In the event that the Sublicensing Receipts comprise, in whole or in part, of non-cash consideration (including shares or other securities of the Sublicensee or other entity) which cannot be transferred to Hadasit in the same form as received, or which Hadasit has not consented to accept (which consent shall not be unreasonably withheld or delayed), then the fair market value thereof for the purposes of calculating Sublicensing Receipts, will be determined by mutual agreement of the Parties, and failing agreement between the Parties as aforesaid, the fair market value shall be determined by an expert appointed by mutual agreement of the Parties, who shall act as an expert and not an arbitrator and whose decision shall be final and binding on the Parties. Hadasit will notify the Company within 30 (thirty) days from the Company's notice of such non-cash consideration whether it wishes to receive a non-cash consideration or pecuniary equivalent consideration (for which the Company shall be obliged from its own sources or otherwise to redeem the non-cash consideration for cash). The Company's notice should include all relevant documents and will provide Hadasit with the option to defer any tax liability by allowing the Company to transfer Hadasit's non-cash share to a trustee until such non-cash consideration becomes publicly traded with unbiased market value, without the Company incurring any liability or expense. If the Parties fail to appoint such expert within 15 (fifteen) days of either Party's written request to do so, then the expert shall be designated at the request of either Party by the President of the Israeli CPA Association.

3.7. All payments made hereunder to Hadasit shall be made by wire transfer to the following bank account or to any other bank account designated by Hadasit during the Term: Leumi Bank, Jerusalem main branch No. 901, Account No. 605100/21, Interbank Swift Code (TID): LUMIILITTLV IBAN: IL650109010000060510021.

3.8. All payments due under this Agreement shall be payable in US dollars, except in the event of Net Sales or Sublicense Receipts which are invoiced, billed or received in New Israeli Shekels, Euro, or Pounds Sterling, with respect to which payments to Hadasit will be made in New Israeli Shekels, Euro, or Pounds Sterling respectively. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the US (as reported in the Wall Street Journal) last published prior to the actual date of payment.

3.9. Any amount payable hereunder, which has not been made upon its due date of payment, shall bear interest from the date such payment is due until the date of its actual payment at a interest rate charged by Leumi Bank of Israel Ltd. for a loan of the said amount in the said currency plus an annual compounded interest at a rate of 3% (three percent).

3.10. The Company shall pay to Hadasit all amounts of Value Added Tax imposed on Hadasit in connection with the transactions under this Agreement. All amounts referred to in this Agreement are exclusive of Value Added Tax. For the removal of doubt, in calculating amounts received by the Company, whether by way of Net Sales, Sublicensing Receipts or Royalties, any amount deducted or withheld in connection with any such payment on account of taxes on net income (including income taxes, capital gains tax, taxes on profits or taxes of a similar nature) payable by the Company in any jurisdiction, shall be deemed, notwithstanding such deduction or withholding, to have been received by the Company.

3.11. Save for the deduction of withholding tax as required under applicable law, all payments to be made to Hadasit hereunder shall be made free and clear of, and without any deduction for or on account of, any set-off, counterclaim or tax.

3.12. If the Company or its Affiliates, if incorporated outside of Israel, elect to make payments net of any withholding tax that they may be required to deduct at source under law other than the law of Israel, then in addition to the mechanism detailed in Section 18.3 below the Company, its Affiliates or Sublicensees will provide Hadasit with reasonable assistance with Hadasit's efforts to claim an exemption from or reduction in any applicable tax withholdings and (if applicable) a refund of tax withheld, or to obtain a credit with respect to the tax paid. Each party will promptly notify the other if it becomes aware of a change in withholding tax rates.

4. **Development Efforts**

The Company undertakes, at its own expense, to make such commercially reasonable efforts to commercialize the Licensed Products including, the performance of the necessary tests, validation of Licensed Research Materials under the Research License and the Licensed Products, bio-testing of the Licensed Materials and the Licensed Products, clinical trials and other steps required for obtaining regulatory approvals from the relevant authorities as are consistent with the commercial efforts generally applied to similar products of similar potential throughout the Term.

5. **MAGNET Program; Approvals; Applicable Laws; Clinical Trials**

5.1. The Company hereby acknowledges that it is aware that some of the Materials to be supplied to the Company as provided herein were developed by Prof. Reubinoff at HMO in part within the framework of a MAGNET program funded by the OCS of the Ministry of Industry, Trade & Labour within the framework of the Bereshith Consortium (in which the Company is also a member) and that Hadasit and the Company's rights therein, are subject to the terms and conditions that apply to all of the members thereof under the regulations of the Bereshith Consortium (the **"Bereshith Regulations**").

5.2. Each of Hadasit and the Company represents and warrants that as of the date hereof: (i) it is not aware of any use of the Materials by the current industrial members of the Bereshith Consortium which is contradictory to the rights of the Company hereunder; and (ii) as of the Date of Amendment, it has not received any request by the current industrial members of the Bereshith Consortium to receive and/or use the Materials in the Field. Hadasit shall further notify the Company of any written request made to Hadasit by any industrial member of the Bereshith Consortium for the transfer to such industrial member of the Materials and related know-how or materials which constitute "New Know-how" ("*Yeda Hadash*") or "Existing Know-how" ("*Yeda Kayam*") under the Bereshith Regulations, which Hadasit has reason to believe may be used by such industrial member for the development and/or production of products comprising or embodying hSC-derived RPE Cells for the treatment of retinal degenerative diseases by cell replacement therapy methods, and of any transfer of such Materials and related know-how or materials to such industrial member following such request.

5.3. Without derogating from the foregoing, the Parties acknowledge that MAGNET Consent may be required with respect to the grant to the Company of the License to the Licensed Materials under this Agreement, due to the rights granted to the Company to sub-license. Company shall use its best efforts to obtain such consent if and as required and Hadasit shall provide reasonable assistance in this effort.

5.4. Each of the Parties shall comply (and, to the extent applicable, the Company shall require Sublicensees to undertake to comply, vis-a-vis HMO, prior to the transfer of any Licensed Materials) with the requirements as set out in the approvals of the Ethics Committee for Genetic Studies in Humans of the MOH (the **"MOH Ethics Committee"**) as issued from time to time in relation to each particular activity/study; HMO shall provide copies of the same to the Company upon request, which it may then forward to its Sublicensees. Each of the Parties shall also comply (and, to the extent applicable, the Company shall require Sublicensees to undertake to comply) with all applicable laws and regulations, standards and guidelines, including applicable local and international ethical guidelines (such as the ISSCR guidelines and the American Academy of Science guidelines, to the extent applicable) and the relevant restrictions set out in the R & D Law, including in the use of the Materials and in respect of any transfer thereof by or from HMO and/or the Company and/or the Sublicensee (as applicable) and in the case of each Party, in the performance of all the obligations of such Party under this Agreement, under the Product Development Agreement and in the case of the Company and its Sublicensees, also in the development, production, use and sale of the Licensed Products (to the extent applicable).

5.5. Hadasit hereby represents that HMO holds and maintains all of the required approvals from the MOH Ethics Committee with respect to the Materials as was required for the performance by Hadasit (directly or through HMO) of this Agreement, and which are currently required for the ongoing Product Development Program and will act diligently to obtain such approval, if required, with regards to the fulfillment of any of its future obligations hereunder or thereunder. A copy of the approval pursuant to which the Product Development Program is currently being carried out, is attached hereto as **Annex H** Hadasit hereby also represents that HMO holds all of the requisite informed consents signed by the patients on a form a sample of which is attached hereto as **Annex I,** and that it shall provide copies of consents signed by the patients and/or originals as required for NIH registration or regulatory approvals, and as permitted under applicable law and in compliance with patient confidentiality requirements.

5.6. Without derogating from the foregoing, the Company undertakes that it shall be responsible for obtaining and causing to remain in effect, and shall comply with (and shall require that Sublicensees undertake to comply, directly vis-a-vis HMO, with), such licenses, permits, approvals, and consents, including any MOH Ethics Committee approval, as may be required for performance by the Company and/or Sublicensees of this Agreement, including, the development, manufacture, use and sale of the Licensed Products.

5.7. Hadasit shall procure that HMO shall give notification promptly after the transfer and/or supply of Materials to the Company as provided herein, to: (i) the MOH Ethics Committee if and as required in any approval granted by it; and (ii) if and as required, the Committee monitoring stem cell research at HMO.

5.8. Company shall use its best efforts to obtain, maintain, cause to remain in effect (and shall, to the extent the Company deems necessary, employ at its expense a R&D coordinator to perform/coordinate these tasks, including responsibility for documentation and the procedures involved), and Company and Hadasit shall comply with, and shall procure the ongoing compliance with, by its representatives, and employees and (in the case of Hadasit), HMO and researchers at HMO, all licenses, permits, approvals and consents, including any additional MOH Ethics Committee approval and any local and international accepted ethical guidelines (such as the ISSCR guidelines and the American Academy of Science guidelines, to the extent applicable) as may be required for the conduct of the Product Development Program.

5.9. Upon the Company entering a clinical stage, during which it shall negotiate with various entities the performance of a clinical trial in the Field, Hadasit will be granted with a right of first refusal to perform a Phase I/IIa clinical trial and to serve as a leading clinical site in Phase IIb and Phase III clinical trials in the Field at HMO, provided however that:

5.9.1. There is no regulatory hindrance to perform the clinical trial at HMO;

5.9.2. Hadasit matched the timetable and budget proposal for performing the clinical trial by an institutional third party.

6. **Representations and Warranties**

6.1. Each of the Parties hereby represents and warrants to the other Party that it has the right, power and authority (including full corporate power and authority) to enter into and perform this Agreement and has taken all necessary action to authorize the entry into and performance of this Agreement.

6.2. Hadasit hereby represents and warrants to the Company the following:

6.2.1. Hadasit is the registered owner of the Patent Applications;

6.2.2. HMO and the Researchers have assigned their entire right, title, and interest in and to the Licensed Technology to Hadasit;

6.2.3. HMO is the owner of the Materials and Hadasit has the right to grant the License to the Licensed Research Materials and the Licensed Materials in accordance with the terms hereof;

6.2.4. subject to any rights of any granting agency from which the Company may receive funding, Hadasit possesses full title and interests in and to the Licensed Technology and has not and will not, during the Term, grant any rights in the Licensed Technology or (subject to the requirements of the Magnet Program and applicable ethical guidelines) the Licensed Materials in the Field;

6.2.5. pursuant to agreements between HMO and Hadasit, Hadasit has the sole authority to enter into this Agreement;

6.2.6. subject to any rights of any granting agency from which the Company may receive funding, all parts of the Licensed Technology in the Field, are to the best knowledge of Hadasit, and shall remain during the Term free and clear of any prior assignment or option;

6.2.7. Hadasit does not currently own nor is it in possession of any patent or patent application covering technology for the conversion of hESC cells into RPE cells invented by the Researchers other than the Licensed Patents;

6.2.8. Hadasit has not used any Intellectual Property which is not owned by or licensed to the Company pursuant to this Agreement or otherwise in the course of the Product Development Program as of the Date of the Amendment; and

6.2.9. Hadasit has not received written notice as of the Date of Amendment of any legal suit or proceeding by a third party against it or against HMO contesting its ownership of the Licensed Technology or the Materials or claiming that the practice of the Licensed Technology or the use of the Licensed Materials would infringe the rights of a third party.

6.3. Nothing in this Agreement shall constitute a representation or warranty by Hadasit, express or implied, that any results will be achieved by the Product Development Program, or that any portion of the Licensed Technology is or will be commercially exploitable or of any use or other value.

6.4. Should the Parties agree that Controlled IP is required or useful for the performance of the Product Development Program or commercialization of a Licensed Product within the Field, then the Parties shall negotiate in good faith a non-exclusive license for such Controlled IP for bundling with the Licensed Technology, with additional royalties. Before Hadasit grants an exclusive license in the Field regarding any portion of the Controlled IP, it will first notify the Company. If the Company notifies Hadasit in writing, within 30 (thirty) days of its receipt of such notice, of its interest in acquiring an exclusive license in the Field to such portion, then the Parties shall enter negotiations therefor. If the Parties are unable to reach agreement regarding license terms being negotiated pursuant to (and subject to the provisions of) this Section 6.4, within 90 (ninety) days after the commencement of such negotiations, then this Section 6.4 shall no longer apply to such Controlled IP.

7. **Reporting and Inspection**

7.1. The Company shall provide Hadasit at least every 6 (six) months a written periodic report concerning all material activities undertaken in respect of the exercise of the Licensed Technology and/or the Materials furnished to the Company hereunder if conducted outside of Hadasit/HMO ("**Development Reports**"). The Development Reports shall include a summary of the research progress, a detailed report of the testing results regarding such Materials, and any other related work affected by any Affiliate or Sublicensee during the 6 (six) month period prior to the report. Development Reports shall also set forth a general assessment regarding the achievement of any milestones, possible changes to the Product Development Program resulting therefrom; the projected – or actual – completion date of the development of Licensed Products and the marketing thereof; sales forecasts, if any have been made in the regular course of the Sublicensee's business; a description of any transaction involving the Licensed Technology, the Licensed Materials and/or any Licensed Product, and shall detail all proposed changes including the reasons therefor. The Company shall also provide to Hadasit a copy of all original safety test results and QC characterization results that will be performed on the Licensed Materials by or on behalf of the Company, and any documentation related thereto, as soon as such results are obtained, and Hadasit shall be free to use such results for any academic, commercial or other purposes outside the Field, and for uses in the Field subject to this Agreement, it being understood and agreed, however, that no commercial use shall be made by Hadasit or HMO unless and until the Parties reach an agreement regarding the reimbursement of a portion of the out of pocket expenses incurred by the Company in producing such results, commensurate to the intended commercial use.

7.2. Within 30 (thirty) days after the end of each calendar quarter, commencing from the first Sublicense or Sale of a Licensed Product, the Company shall furnish Hadasit with a full and detailed report certified as being correct by the chief financial officer of the Company, setting out all amounts owing to Hadasit in respect of such previous calendar quarter to which the report refers, and with full details of: (i) the gross commercial sales of all Licensed Products Sold by the Company and Sublicensees during such calendar quarter, (ii) a breakdown of Net Sales according to country, identity of seller, currency of sales, dates of invoices, number and type of Licensed Products sold, (iii) any deductions applicable as provided in the definition of Net Sales, (iv) the exchange rates, if any, used in determining the amount payable to Hadasit in US Dollars and in any calculations of Net Sales and Sublicensing Receipts; and (v) Sublicensing Receipts, including a breakdown of Sublicensing Receipts according to identity of Sublicensees, countries, the nature of the payment, the currency of the payment and date of receipt thereof.

7.3. Company shall keep complete and accurate books of account and records, consistent with sound business and accounting principles and practices and in such form and in such details as to enable the determination of the amounts due to Hadasit in terms hereof. The Company shall retain the foregoing books of account relating to a given calendar quarter for 3 (three) years after the end of that calendar quarter.

7.4. Once every calendar year following the first Sublicense or Sale of a Licensed Product, and upon reasonable prior written notice, the Company agrees to permit Hadasit or its representatives, at Hadasit's expense, to examine their books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. If any amounts due to Hadasit in respect of any year are determined to have been underpaid, in an amount equal to or greater than 5% (five percent) of the amount actually paid by the Company to Hadasit in respect of such year, then the Company shall (in addition to paying Hadasit the shortfall along with applicable interest), bear the reasonable costs of such inspection.

7.5. During the performance of services pursuant to the Product Development Program, Hadasit shall instruct Prof. Reubinoff that he shall not knowingly utilize Controlled IP or any Intellectual Property which is proprietary to Hadasit (other than Licensed Patents, Hadasit IP or Joint IP) or any third party following an initial evaluation by Prof. Reubinoff, without the Company's prior written consent. Hadasit shall provide the Company with periodic reports and working plans, but not less often than once per calendar quarter, with respect to the performance of services pursuant to the Product Development Program. Hadasit shall ensure that such reports and working plans shall include a statement by Prof. Reubinoff (so long as he is the principal investigator with respect thereto) or any person who may replace him, about whether such reports and/or working plans include (a) to his actual knowledge, any Controlled IP, and (b) to his actual knowledge without further investigation or inquiry, any Intellectual Property which is proprietary to Hadasit (other than Controlled IP, Licensed Patents, Hadasit IP or Joint IP) or any third party. The Company will be entitled, within thirty (30) days following its receipt of such working plans, to request that Hadasit revise a working plan so that such Intellectual Property is excluded. Any additional costs or delays that may result from the Company's request shall be the sole responsibility of the Company.

8. **Proprietary Rights**

8.1. All Intellectual Property developed jointly in the course of the Product Development Program ("**Joint IP**") shall be co-owned by the Company and Hadasit.

8.2. All Intellectual Property developed solely by Hadasit or HMO under this Agreement in the course of the Product Development Program shall be solely owned by Hadasit (the "**Hadasit IP**").

8.3. Without derogating from the generality of Section 8.2 above, Intellectual Property developed in the course of the Product Development Program under OCS funding received by the Company and transferred to Hadasit (and as long as such Intellectual Property is subject to the R&D Law as a result of OCS funding) even if developed solely by Hadasit or HMO, shall (but only if and as required by such Law) become Joint IP.

8.4. As between the Parties, all Intellectual Property developed by the Company under this Agreement in the Field, solely or jointly with other third parties (other than Hadasit or HMO) without the involvement of Hadasit or HMO or without the transfer of any proprietary materials of Hadasit (including but not limited to the Licensed Materials) to such third party shall be solely owned by the Company (the "**Company IP**").

9. **Patents**

9.1. As of the Effective Date, the Company shall be solely responsible for the filing and prosecution of the Licensed Patents, and the maintenance of all the Licensed Patents and any challenge or opposition relating thereto, at its sole expense, after consultation with Hadasit with respect thereto. The Company shall notify Hadasit, upon its written request, of the status of such patenting activities. If Hadasit licenses to a third party, any of the Licensed Patents outside of the Field, then the Parties shall reach an amicable decision as to the equitable division of the ongoing related patent expenses after license has been granted to that third party.

9.2. Hadasit shall cooperate and shall cause the Researchers to cooperate with the Company and/or its representatives, at no additional direct payment by the Company to the Researchers for provision of this support, as long as no additional lab work is requested outside the scope of the Product Development Program, with regard to the preparation, filing, prosecution and maintenance (as the case may be) of the Licensed Patents, including the disclosure to the Company of all relevant information with respect thereto and the execution of all documents which the Company and/or its representatives may request them to sign, from time to time, for the said purpose.

9.3. The Company shall maintain any patents or patent applications of the Licensed Patents pursuant to this Agreement at least in the following territories: United States of America, European Union, Australia, Canada, China, India & Israel, to the extent permitted by applicable law. After approval of any patent in the European Union the Company will validate and maintain such patent in at least the following countries, to the extent permitted by applicable law: UK, France, Germany, Switzerland and Italy. If at any time during the Term the Company decides that it is undesirable, as to 1 (one) or more of the aforesaid territories, to prosecute or maintain any patents or patent applications within the Licensed Patents, it shall give at least 60 (sixty) days written notice thereof to Hadasit, and upon the expiration of such 60 (sixty) day notice period (or such longer period specified in the Company's notice) the Company shall be released from its obligations to bear the expenses to be incurred thereafter as to such patent(s) or patent application(s). Thereafter, such patent(s) or application(s) shall be deleted from the Licensed Technology in such territory and Hadasit shall be free to grant any rights in and to such patents or patent applications in such territory to third parties, without further notice or obligation to the Company, and the Company shall have no rights whatsoever to exploit such Licensed Patents or patent applications in that territory. In case of Joint IP, the assignment mechanism described in Section 13.5 below shall apply per such territory.

10. **Patent Infringement**

10.1. Each Party shall immediately notify the other Party in writing of any infringement by a third party of any Licensed Patent of which such Party becomes aware, and of any action instituted by a third party concerning any alleged infringement or any allegation by any third party of infringement resulting from the use and commercialization of the Licensed Patents of which such Party becomes aware.

10.2. The Company shall be obligated to defend any third party infringement action as aforesaid, at its sole expense, and Hadasit shall reasonably cooperate with the Company, in connection with the investigation and defense of any infringement action as aforesaid at the Company's expense Hadasit shall have the right (but not the obligation) to be represented by counsel of its choice, at its sole expense (except in the case that representation of both Hadasit and the Company by the same counsel will impose a potential conflict of interests, in such case the Company will cover Hadasit's out-of-pocket counsel expenses), however without having power to overrule the Company's sole discretion regarding directing the defense. Notwithstanding the foregoing, the Company shall not compromise or settle such litigation without the prior written consent of Hadasit, which consent shall not be unreasonably withheld or delayed.

10.3. Hadasit and HMO shall cooperate and shall cause the Researchers to cooperate with the Company and/or its representatives, in connection with the investigation, prosecution or defense of any infringement action as aforesaid, at the Company's expense and, if required under applicable law, Hadasit shall consent to be named a party to any such action.

10.4. The Company shall have full control of such action and full authority to settle such action on terms that the Company shall determine, provided that any settlement of such action shall not derogate from Hadasit's rights under this Agreement. If the settlement adversely affects the interests of Hadasit or involves any act or omission by Hadasit, such settlement shall be subject to Hadasit's prior written approval, which shall not be unreasonably withheld or delayed. Any proceeds received by the Company in any such litigation shall first be applied to cover out-of pocket costs and thereafter divided 75% (seventy-five) percent to the Company and 25% (twenty-five) percent to Hadasit.

10.5. For the removal of doubt, Hadasit shall not itself be obliged to take any action to defend any action as referred to in this Section 10, save as set forth in Sections 10.2 and 10.3.

10.6. If the Company fails to take action to defend any action as aforesaid, within 60 (sixty) days after having been duly served with such lawsuit and/or receiving notice from Hadasit in respect thereof (or within a shorter period, if required to preserve the legal rights of Hadasit and/or HMO under applicable law), then Hadasit shall have the right (but not the obligation) to take such action at its expense and the Company shall cooperate in the investigation and defense of such action, at Hadasit's expense and, if required under applicable law or contract, consent to be named as a party to any such action. Hadasit shall have full control of such action and shall have full authority to settle such action on such terms as Hadasit shall determine. Any recovery in any such litigation shall be for the account of Hadasit only.

11. **Confidential Information; Publicity; Publications**

11.1. Each Party shall maintain in confidence all "**Confidential Information**" of the other Party, which shall include any and all information relating to this Agreement and the terms thereof, Know-How and all information and reports received by such Party from the other Party, whether in written, oral, electronic or any other form and which has been designated in writing as confidential. Confidential Information shall not include:

11.1.1. is in the public domain at the time of disclosure or becomes part of the public domain thereafter other than as a result of a violation by the receiving Party of its confidentiality obligations; or

11.1.2. was already known by the receiving Party at the time of disclosure; or

11.1.3. is lawfully obtained from a third party under no obligation of confidentiality;

11.1.4. is independently developed by the receiving Party without the use of the Confidential Information; or

11.1.5. is required by law, court or any competent authority to be disclosed, provided that the receiving Party gives the disclosing Party reasonable prior written notice thereof.

11.2. Each Party undertakes and agrees that it shall not, without the prior written consent of the other Party, disclose the Confidential Information to any third party or use the Confidential Information other than for the purposes of this Agreement (including, the exercise of any rights hereunder or in the fulfillment of any obligations hereunder).

11.3. Notwithstanding the foregoing, a Party may disclose the Confidential Information to: (i) those of its employees, representatives, advisors, subcontractors, agents or sublicensees as, and to the extent necessary for the exercise by it of its rights hereunder, in the fulfillment of its obligations hereunder and/or for the implementation of the provisions of this Agreement and to potential investors in the Company, provided that it shall first bind such employees, representatives, advisors, subcontractors, agents, sublicensees and potential investors with a similar undertaking of confidentiality and in no event below a reasonable degree of care in writing; and (ii) any competent authority for the purposes of obtaining any approvals, permissions and/or waivers (if any) required for the exercise of the License and/or implementation of this Agreement, or in the fulfillment of any legal duty owed to such competent authority (including a duty to make regulatory filings or to comply with any other reporting requirements).

11.4. The confidentiality and non-use undertakings in this Section 11 above shall survive the termination or expiration of this Agreement.

11.5. The Company shall not use the names of Hadasit, HMO or any of their respective employees (including, Prof. Reubinoff and other Researchers) and Hadasit shall not use the names of the Company or its employees in any announcement, press release, promotional literature, publication, presentation or other publicity in relation to this Agreement, its subject-matter or otherwise, without the prior written consent of other Party, unless such mention is to any competent authority for regulatory approval or in fulfillment of any legal duty owed to such competent authority or is required by applicable law.

11.6. Hadasit, Prof. Reubinoff and other Researchers shall have the right to publish the Licensed Technology or information connected with or arising from the utilization of the Materials including in the Field in any scientific journals, manuscripts, book chapters or at any scientific conferences or meetings or to give oral presentations (including lectures or seminars) to third parties relating thereto. Notwithstanding the foregoing, any such publication shall be on the condition that, to the extent that the information to be published or disclosed is information which is not in the public domain, the said contemplated publication or disclosure shall have been furnished to the Company in advance and in writing and the Company shall have failed to notify Hadasit in writing, within 30 (thirty) days from receipt of the said draft publication or disclosure, that it identified confidential information that should be protected by a patent application. Should the Company notify Hadasit pursuant to the preceding sentence that it would like to file a patent application accordingly, then Hadasit shall postpone such publication or disclosure for a cumulative period of 60 (sixty) days (as of the submission of Hadasit's written notification as provided herein above), or, at Hadasit's election, the relevant confidential information shall be deleted from such publication or disclosure. If the Company identifies in the proposed publication confidential information which is Company IP, the Company will be entitled to request the deletion of such confidential Company IP from the publication and Hadasit will accede to such request.

11.7. The Parties agree that each publication or presentation as aforesaid shall be made in compliance with accepted scientific standards. Without derogating from the foregoing, such publication or presentation shall adequately acknowledge and appropriately reflect the contribution of the Researchers and employees of HMO and/or the Company (if applicable) and the source of information in accordance with customary scientific practice. Each of the Parties acknowledges that it is aware of the importance to the Researchers of publishing their work, and accordingly, it will use its reasonable efforts not to oppose such publications.

12. **Indemnification and Insurance**

The Company shall defend, indemnify and hold harmless the Researchers, Hadasit, HMO, and their respective officers, employees, and agents (hereinafter collectively, the "**Indemnitees"**) from and against any loss, damage, liability and expense (including legal fees), charges, damages and/or product liability claim (all of the foregoing, collectively **"Loss"**) which may result from the exercise of the License and/or use or exploitation of the Licensed Technology and/or the Materials by the Company, its Affiliates or any of its subcontractors, Distributors or Sublicensees provided, however that:

12.1. the Company's liability under this Section 12 shall be proportionately reduced to the extent the Loss was caused or increased by the negligence or willful misconduct of an Indemnitee, or by any act or omission by an Indemnitee in violation of applicable laws and regulations or in breach of this Agreement;

12.2. the Company is notified promptly in writing of any claim or action for which indemnity is or may be sought from the Company pursuant to this Section 12, such notice to set out the details of such complaint or claim;

12.3. the Indemnitee has not made any admissions or taken any action or proceeding relating to such claim or action which may prejudice the defense thereof, or compromised or settled such claim or action, without the prior written consent of the Company;

12.4. the Company shall have sole control over the defense with counsel of its own choice and the right to settle or compromise such claim or action, within its sole discretion provided that any settlement of such action that adversely affects the interests of Hadasit or involves any act or omission by Hadasit shall be subject to Hadasit's prior written approval, which shall not be unreasonably withheld or delayed; and

12.5. Hadasit and HMO shall cooperate fully, and shall cause the Researchers and the employees and agents of Hadasit and HMO respectively, to cooperate fully with the Company and its legal representatives, in the investigation and defense of such claim or action, including the provision of such records, information and testimony, such witnesses and the attendance of such conferences, discovery proceedings, hearings, trials and appeals as may reasonably be requested by the Company in connection therewith, at the Company's sole expense (except in the case that representation of both Hadasit and the Company by the same counsel will impose a potential conflict of interests, in such case the Company will cover Hadasit's out-of-pocket counsel expenses).

12.6. The Indemnitee shall be entitled, at its discretion, to engage separate legal counsel to represent such Indemnitee with respect to any such claim or action, at its sole expense.

12.7. Neither Party shall be liable to the other Party for any special, punitive, indirect, incidental or consequential damages of any kind, including lost profits, arising out of, or in connection with this Agreement, even if such Party is advised of the possibility thereof.

12.8. During the Term, Cell Cure shall maintain, at its cost, insurance against legal liability and other risks associated with its activities and obligations under this Agreement, in such amounts which in any case shall not be less than $ 4,000,000 (four million dollars) subject to such deductibles and on such terms as are customary for a company such as Cell Cure for the activities to be conducted by it under this Agreement. The named insured under such insurances shall be the Company, the inventors, the Scientists, Hadasit and HMO and the beneficiaries thereof shall include also the respective employees, officers and directors of Hadasit and HMO. The policy or policies so issued shall include a "cross-liability" provision pursuant to which the insurance is deemed to be separate insurance for each named insured (without right of subrogation as against any of the insured under the policy, or any of their representatives, employees, officers, directors or anyone in their name) and shall further provide that the insurer will be obliged to notify each insured in writing at least 30 (thirty) days in advance of the expiry or cancellation of the policy or policies. Cell Cure shall furnish Hadasit with evidence of such insurance at Hadasit's request.

13. **Termination**

13.1. Subject to all of the Triggering Events taking place, this Amendment shall be deemed as having come into full force and effect upon the occurrence of all of the Triggering Events and shall remain in effect unless it expires or is terminated in accordance with any of the provisions of this Section 13 (the "**Term**"). From the date of the execution of this Amendment, until the occurrence of all of the Triggering Events, the Original Agreement shall continue to remain in force and effect. If all of the Triggering Events do not occur by December 1, 2010, this Amendment shall be deemed null and void and the Original Agreement shall continue to remain in force and effect.

13.2. This Agreement shall automatically terminate upon the later to occur of the following (i) the expiry of all of the Licensed Patents; or (ii) 15 (fifteen) years following the first Sale on a country-by-country and Licensed Product-by-Licensed Product basis following whereby the Company shall have a fully paid up license to continue to exploit the License without having to pay Hadasit any Royalties or Sublicensing Receipts.

13.3. Either Party may terminate this Agreement hereunder by serving a written notice to such effect on the other Party upon or after:

13.3.1. the commitment of a material breach hereof by the other Party, which has not been cured by the Party in breach within 60 (sixty) days after receipt of a written notice from the other Party in respect of such breach; or

13.3.2. the granting of a winding-up order in respect of the other Party, or upon an order being granted against the other Party for the appointment of a receiver or a liquidator in respect of a substantial portion of such other Party's assets, or if such other Party passes a resolution for its voluntary winding-up; provided that such order or act as aforesaid is not cancelled or withdrawn within 60 (sixty) days of the grant of such order or the performance of such act.

13.4. Without derogating from the foregoing, Hadasit shall be entitled to terminate this Agreement, by providing 60 (sixty) days' prior written notice to the Company, if:

13.4.1. The Company fails to perform any research and development or take any actions to commercialize or sell the Licensed Products over a consecutive 12 (twelve) month period;

13.4.2. The Company fails to provide a Development Report within a 6 (six) months period and the Company fails to remedy this within 30 (thirty) days of Hadasit's notice;

13.4.3. Company fails to pay Hadasit any payment including payment in respect of the Development Program when due pursuant to Section 3.1.2 above, and the Company fails to remedy this within 30 (thirty) days of Hadasit's notice;

13.4.4. The Company is delinquent in transferring the "Annual Additional Research Funds" to the escrow agent when due pursuant to the Additional Research Agreement, and fails to remedy this within 30 (thirty) days of Hadasit's notice;

13.4.5. Company fails to raise the equivalent of at least US$1,000,000 (one million US Dollars) within 1 (one) calendar year from the Effective Date and an additional US$2,000,000 (two million US Dollars) within 2 (two) years from the Effective Date, by way of one or a combination of the following sources: (i) equity investments; (ii) licensing fees; (iii) research grants; and/or (iv) commitments for funding from governmental and quasi governmental sources;

13.4.6. The Company fails to invest at least US$ 3,000,000 (three million US dollars) in developing the Licensed Products within 4 (four) years from the Effective Date; or

13.4.7. The Company or any of its Affiliates, Sublicensees, or Distributors contests the validity of any of the Licensed Patents.

13.5. Upon the due termination of this Agreement by Hadasit for any of the Sections of Section 13.4 and 13.5 above, the Company's share in the Joint IP shall be assigned to Hadasit, subject to its compliance with its undertakings to the OCS. For that purpose, upon submission of an application related to the Joint IP, the Company shall sign a deed of assignment of the Company's interests in the Joint IP to Hadasit, detailing the Joint IP application. Such assignment shall be held under trust by the patent attorney appointed by the Company to handle the Licensed Patents pursuant to Section 9 above. Upon termination of this Agreement in accordance with Sections 13.3 and 13.4 above, any and all such deeds of assignments so held in trust shall be surrendered to Hadasit within 30 (thirty) calendar days of its written demand, stating the grounds for due termination.

13.6. Upon termination hereof for any reason, each Party shall be entitled to collect any debt then owed to it by the other Party hereunder.

13.7. Save as explicitly stipulated otherwise in any Agreement, any provision, that by its nature, is intended to survive termination, shall survive the termination or expiration of this Agreement.

14. **Assignment**

14.1. Neither Party shall be entitled to assign this Agreement or any or all of its rights, interests, or obligations hereunder to a third party without the prior written consent of the other Party, which consent shall not be withheld or delayed unreasonably and any unauthorized assignment or transfer shall be deemed null and void. A merger of the Company with another entity whereby the Company is not the surviving entity, or the acquisition of all or substantially all of the Company's assets or business, shall be deemed to be an assignment, under which the Company shall be entitled to assign all its rights and/or obligations, provided that: (i) the Company provides written notice to Hadasit of such assignment, merger or acquisition, and (ii) the assignee shall undertake in writing to be bound by all of the terms and conditions of this Agreement.

14.2. Notwithstanding the foregoing, the Company shall be entitled to assign all its rights and/or obligations hereunder to any of its Affiliates, or to any entity that acquires all or substantially all of the Company's shares, assets or business in accordance with the provisions set out in Section 14.1 above. The Company shall provide Hadasit with written notice of any such assignment and a written undertaking by the assignee to be bound by the terms of this Agreement.

14.3. Save as provided in Section 14.1 above, the Company will not be entitled to assign or encumber any or all of its rights or obligations under this Agreement or arising therefrom without the prior written consent of Hadasit.

15. **Severability**

The provisions of this Agreement are severable and, if any provision of this Agreement is held to be invalid, illegal or unenforceable under applicable law, then such provision shall be modified as set out below and the balance of this Agreement shall be interpreted as if such provision were so modified and shall be enforceable in accordance with its terms. The Parties shall negotiate in good faith in order to agree on the terms of an alternative provision which complies with applicable law and achieves, to the greatest extent possible, the same effect as would have been achieved by the invalid, illegal or unenforceable provision.

16. **Governing Law and Jurisdiction**

This Agreement shall be governed in all respects by the laws of Israel and the Parties hereby submit to the exclusive jurisdiction of the competent courts in Jerusalem.

17. **Notices**

Any notice or other communication required to be given by one Party to the other under this Agreement shall be in writing and shall be deemed to have been served: (i) if personally delivered, when actually delivered; or (ii) if sent by facsimile, the next business day after receipt of confirmation of transmission; or (iii) 5 (five) days after being mailed by certified or registered mail, postage prepaid (for the purposes of proving such service, it being sufficient to prove that such notice was properly addressed and posted) to the respective addresses of the Parties set out below, or to such other address or addresses as any of the Parties hereto may from time to time in writing designate to the other Parties hereto pursuant to this Section 17:

If to the Company:
Cell Cure Neurosciences Ltd.
Kiryat Hadassah, PO Box 12247
Jerusalem 91121, Israel
Facsimile: + 972 2 642 9856
Attention: The Managing Director

With a copy (which will not constitute notice):
Baratz & Co.
Attorneys-at-Law & Notaries
1 Azrieli Center, Round Tower, 18th Floor
Tel Aviv 67021
Israel
Attention: Adv. Yael Baratz
Facsimile: +972 3 6960986

If to Hadasit:
Hadasit Medical Research and Development Ltd.
POB 12000
Jerusalem 91120 Israel
Facsimile: +972 3 6437712
Attention: Ms. Carole Grumbach

With a copy (which will not constitute notice) to:
Ephraim Abramson & Co., Law Offices
2 Beitar Street, Third Floor
Jerusalem 93386 Israel
Fax: +972-2-565-4001
Attention: Harry Grynberg, Adv. and Ami Hordes, Adv.

18. **Miscellaneous**

18.1. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the interpretation of this Agreement.

18.2. Save as expressly provided in Section 12 above, this Agreement does not, and is not intended to, create or confer any enforceable rights or remedies upon a third party (being any person other than the Parties to this Agreement and their permitted successors and assignees).

18.3. If applicable laws require that taxes be withheld from any amounts due to Hadasit under this Agreement, the Company shall (a) deduct these taxes from the remittable amount, (b) pay the taxes to the proper taxing authority, and (c) deliver to Hadasit a statement including the amount of tax withheld and justification therefore, and such other information as may be necessary for tax credit purposes.

18.4. This Agreement, constitutes the entire agreement between the Parties hereto in respect of the subject-matter hereof, and supersedes all prior agreements or understandings between the Parties relating to the subject-matter hereof and this Agreement may be amended only by a written document signed by the Parties hereto. In the event of any contradiction between this Agreement (and its Annexes) and the provisions of the Sponsored Research Agreement between the Parties dated September 1, 2006, the provisions of this Agreement (and its Annexes) shall prevail.

18.5. This Agreement may be executed in any number of counterparts (including counterparts transmitted by fax or by electronic mail in PDF format), each of which shall be deemed to be an original, but all of which taken together shall be deemed to constitute one and the same instrument.

18.6. No waiver by any Party hereto, whether express or implied, of its rights under any provision of this Agreement shall constitute a waiver of such Party's rights under such provisions at any other time or a waiver of such Party's rights under any other provision of this Agreement. No failure by any Party hereto to take any action against any breach of this Agreement or default by another Party hereto shall constitute a waiver of the former Party's rights to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by such other Party.

18.7. Nothing contained in this Agreement shall be construed to place the Parties in a relationship of partners or parties to a joint venture or to constitute either Party an agent, employee or a legal representative of the other Party and neither Party shall have power or authority to act on behalf of the other Party or to bind the other Party in any manner whatsoever.

18.8. Hadasit hereby represents and warrants that it is authorized to represent and to bind HMO with respect to the matters contained herein and that HMO shall abide by the terms and conditions of this Agreement as if it were a party hereto.

18.9. Each Party agrees to execute, acknowledge and deliver such further documents and instruments and to do any other acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

18.10. For the avoidance of doubt, any references in the Product Development Agreement to provisions of the Original Agreement shall, upon the coming into force of this Amendment, be deemed to refer to the corresponding provisions of this amended Agreement.

[Remainder of Page Intentionally Left Blank]

Signature Page
Amended and Restated Research and License Agreement

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first aforementioned.

CELL CURE NEUROSCIENCES LTD.

By: Dr. Charles S. Irving
Title: C.E.O.
Date:

HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.

By:
Title:
Date:

By:
Title:
Date:

I hereby confirm that I will abide by the instructions issued to me by Hadasit pursuant to Section 7.5 of the Agreement.

Prof. Benjamin Reubinoff
Date: _____

List of Annexes:

Annex A Patent Applications
Annex B Licensed Materials Specifications
Annex C Commercial Terms – Teva Sublicense
Annex D Teva License Option Agreement
Annex E Additional Research Agreement
Annex F Product Development Agreement
Annex G Product Development Program
Annex H Approval of HMO Ethics committee
Annex I Informed Consent Form
Annex J Form of MTA

Annex A
Patent Applications

Exclusive License in the Field

Family: 249 Title: Stem Cells Culture Systems

Only Claims 20-39 (p.24 line 23 - p. 28 line 28) of the PCT application #249-01 and the parts of the corresponding National Phase applications that include the mentioned claims and the related parts of the detailed description are included in the License.

Inventor	University	Faculty	Department
Banin Eyal	Hadassah Ein Kerem	Opthalmology	
Ben Shushan Etti	Hadassah Ein Kerem		
Itsykson Pavel	Hadassah Ein Kerem		
Tannenbaum Shelly	Hadassah Ein Kerem	Gene Therapy	
Reubinoff Benjamin	Hadassah Ein Kerem	Gene Therapy	

Patent ID	Application				Publication		Patent	
	Status	Country	Date	Number	Date	Number	Date	Number
249-00	Expired	US	31/12/2004	60/639,809				
249-01	Expired	PCT	29/12/2005	IL2005/001397	06/07/2006	WO2006/070370		
249-02	Pending	US	02/04/2007	11/730,560				
249-03	Pending	Europe	29/12/2005	05821535.01				
	Pending	US	29/12/2005	11/794,262	23/04/2009	2009-0104695		

Family: 315 Title: Stem Cell Derived Retinal Pigment Epithelial Cells

Inventor	University	Faculty	Department
Alper Pinus Ruslana	Hadassah Ein Kerem		
Banin Eyal	Hadassah Ein Kerem	Opthalmology	
Idelson Masha	Hadassah Ein Kerem		
Obolensky Alexey	Hadassah Ein Kerem		
Reubinoff Benjamin	Hadassah Ein Kerem	Nuclear Medicine	

Patent ID	*Application*				Publication		Patent
	Status	Country	Date	Number	Number	Date	Number
315-00	Expired	US	18/04/2007	60/907,818			
315-01	Expired	PCT	27/04/2008	IL08/000556	WO2008/129554		
315-02	Pending	Canada	27/04/2008	2,684,460			
315-03	Pending	Europe	27/04/2008	08738258.6			
315-04	Pending	US	27/04/2008	12/450,943			
315-05	Pending	Japan	27/04/2008	2010-503665			
315-06	Pending	Israel	27/04/2008	210600			
315-07	Pending	China	27/04/2008	200860020748.0			
315-08	Pending	Australia	27/04/2008	2008242106			
315-09	Pending	India	27/04/2008	6790/CHENP/2009			
315-10	Pending	Hong Kong	27/04/2008	1017017.2			

Annex B

LICENSED MATERIAL SPECIFICATIONS

Each cell line has been produced under cGMP conditions, and xeno-free at primary level.

The hESC are being provided for use as a source material for a therapeutic product and Hadasit has no reason to believe that the hESC and feeder cell lines, if used by the Company in accordance with regulatory guidelines, are not consistent with such use.

One WCB of cord feeder cell line that will include a minimum of 40 vials (with a minimum of 5X106 per vial or equivalent) and additional 10 vials (with a minimum of 2.5x106 per vial) will be provided and shall be replication incompetent, meaning irradiated. The specified number of vials is before any characterization and safety testing

Five ampoules of 2 x 10^6 cells/ampoule of WCB cord feeders, which have not been irradiated or blocked by mitomycin C and are at passage earlier than ten (10) and are from the same MCB from which the irradiated WCB was developed will be provided. As part of the company's OCS 2010 or OCS 2011 project or other funding source, the Company will cover all costs related to the preparation of the WCB from which these five ampoules will originate and the characterization of the WCB according to the recommendations of FDA consultant .

Three vials of the feeder MCB from the same MCB from which the irradiated WCB was developed will be provided.

Three ampoules of MCB of the hESC line that will be chosen by the Company to be used for the development of the RPE cell batch will be provided.

Each feeder and hESC cell line will be provided with a certificate of analysis (COA).

The Company shall also be provided with the following documentation that are required for the Company's quality system and regulatory submissions:

1) Complete development reports for the WCBs of feeder cell line and the MCB of the hESC line. The reports will contain donor testing results for human pathogens, and descriptions of the propagation and cryopreservation procedures and materials used for developing the lines. The reports will include the qualification of all key cytokines, growth factors, media, etc used for propagation and cryopreservation of the lines. The reports should also contain descriptions of the procedures and materials that the donated cells were exposed to
2. Complete characterization reports for the feeder cell line and hESC line in the form of Certificates of Analysis (COA). The reports will contain test results of the master banks for adventitious viruses (if available), karyology, identity, purity, phenotyping and proliferative ability.

3. A report of the tests that demonstrates MCB hESC viability after thawing and that their proliferation potential is maintained and that they retain their pluripotent characteristics. This report will be in the form of the batch-related COA

4. A complete report of the tests performed on the WCB of feeders that demonstrate the ability of the feeder cells to support undifferentiated growth of the hESCs following cryopreservation and thawing. This report will be in the form of the batch-related COA.

5. A summary of all coded patient information related to the specific hESC and cord feeder line(s) as listed in the donor-specific Case Report Forms (CRF) will be supplied. The coded patient summary will include,embryo and tissue donor medical histories and compliance with acceptance or exclusion criteria, and embryo and tissue donor testing results for human communicable diseases. Sample informed consent forms will be appended.

6. The SOPs and analytical methods that the company requires for the thawing, expansion, characterization, and freezing of feeder cells and hESC under cGMP conditions as well as irradiation of feeders will be provided.

7. SOPs related to establishing and operating a quality system for production under cGMPs will be provided.

Annex C

Commercial Terms – Teva Sublicense

Should a Sublicense be granted by the Company to Teva pursuant and subject to the Teva License Option Agreement attached hereto as **Annex D**, as may be amended from time to time, subject to the provisions of paragraph 5 of this **Annex C,** if Teva exercises the option thereunder in accordance therewith (the "**Teva Sublicense**"), then all of the terms of the Agreement shall continue to be applicable, subject to the following qualifications:

1. Notwithstanding the provisions of Sections 3.1.3 and 3.1.4 of the Agreement, Hadasit shall not be entitled to Royalties or payments of Sublicensing Receipts in respect of the Teva Sublicense as required under such Sections, but rather will be entitled to 30% (thirty percent) of all Teva Sublicensing Receipts. For purposes hereof, "**Teva Sublicensing Receipts**" shall mean any and all consideration of any kind, whether monetary or otherwise, received by the Company for or in connection with the grant of, or otherwise pursuant to, the Teva Sublicense (including any payments which may be made prior to the exercise of the option), including, without limitation, one-time, lump sum, and other payments (including milestone payments), sublicensing and further sublicensing receipts and amounts received by the Company which constitute royalties based on Sales of Licensed Products by Teva, its affiliates or its sublicensees except for (i) amounts received by the Company from Teva as loan capital or equity capital loaned or purchased at or below fair market value;(ii) amounts received by the Company in reimbursement of patent expenses and (iii) amounts received by the Company from Teva, and actually expended by the Company in respect of research related to Licensed Products covered by the Teva Sublicense and/or development activities to be performed by or for the Company, plus reasonable overhead, provided that:

    1.1. any such amounts constitute research and/or development funding only and not payment for Licensed Products nor any other type of grant or benefit;

    1.2. such research and/or development activities are performed pursuant to a defined research and development program and research and development budget agreed with Teva, a copy of which is provided to Hadasit; and

    1.3. the Company submits to Hadasit, by no later than 60 (sixty) days of the filing of a BLA or equivalent, a written expense report, confirmed by the Company's chief financial officer, demonstrating that such amounts have actually been expended and/or incurred by the Company in the conduct of such research and/or development activities in accordance with such work program and budget, and that the expenses actually incurred by the Company as aforesaid include reasonable overhead costs,

    it being agreed, for the removal of doubt, that any amounts received by the Company as aforesaid, but not expended and/or incurred as set out above, shall be deemed to be Teva Sublicensing Receipts.

2. Section 3.2 of the Agreement shall be of no further effect.

3. Section 3.4 of the Agreement shall be of no further effect.

4. The rest of the provisions of the Agreement shall continue to apply, *mutatis mutandis*. All references to "Sublicensing Receipts" shall be deemed as including "Teva Sublicensing Receipts", unless the context dictates otherwise, in view of the provisions of Section 1 of this **Annex C**.

5. The Company shall not amend the Teva License Option Agreement, in a way which is adverse to Hadasit, without Hadasit's prior written consent, it being understood and agreed, however, that the investment by Teva of research and development funds into the Company which are recognized under Section 1(ii) of this **Annex C**, shall not be considered as being adverse to Hadasit.

The Parties agree that, for the avoidance of doubt, in the event that Teva does not exercise its option for the Teva License in accordance with the Teva License Option Agreement, or if the Teva License Option Agreement is for any or no reason cancelled or terminated at any time then the terms of this Annex C shall be terminated and null and void, it being understood and agreed, however, that Hadasit shall not be entitled to milestone payments pursuant to Section 3.4 of the Agreement in respect of development milestones that took place prior to the termination of the Teva License Option Agreement, provided that Teva previously effected all corresponding milestone payments that were due under the Teva License Option Agreement prior to such termination and Hadasit received the corresponding payments therefor.

For the avoidance of doubt, in the event of any contradiction between the side letter delivered to Teva in respect of Teva's "step in rights" within the framework of the Round and the provisions of Section 2.4 (other than sub-clauses (iii), (iv), (viii), (ix), (x), and (xi) thereof) of this Agreement, the provisions of such side letter shall prevail. Nothing contained in the Teva License Option Agreement or in Sections 4 and 5 of such side letter shall be interpreted or applied as increasing or extending the liability, obligation or commitment of Hadasit to Cell Cure or Teva on any account.

For the further avoidance of doubt, the foregoing provisions of this Annex C shall also apply to any license granted to Teva in respect to OpRegan Plus™, so long as such license is upon the same terms as the Teva License Option Agreement.

Exhibit 10.35

ADDITIONAL RESEARCH AGREEMENT

This Additional Research Agreement (this "**Agreement**"), by and between Hadasit Medical Research Services and Development Ltd., a company duly incorporated under the laws of Israel ("**Hadasit**") and Cell Cure Neurosciences Ltd., a company duly incorporated under the laws of Israel (the "**Company**"), is entered into and is effective subject to and as of the going into force of the Amended License Agreement (as defined below) (the "**Effective Date**").

(The parties hereto may be referred to herein individually a "**Party**" and jointly as the "**Parties**").

WHEREAS, the Parties entered into a certain License and Sponsored Research Agreement dated September 1, 2006 (the "**2006 Agreement**") pursuant to which, *inter alia*, Hadasit granted certain rights and a license to the Company and Hadasit has and is currently carrying out certain research for the Company in respect to the derivation and characterization of neural cells from human embryonic stem cells; and

WHEREAS, the Parties entered into a License and Sponsored Research Agreement which went into effect on August 30, 2009 (the "**2009 License Agreement**"), which the Parties are amending pursuant to an Amended and Restated Research and License Agreement (the "**Amended License Agreement**") dated October 7, 2010, which Amended License Agreement will go into force upon the occurrence of the Triggering Events defined therein, and pursuant to which, *inter alia*, Hadasit will grant the Company a license to certain of its technology for the development and exploitation of human stem cells and induced pluripotent hESC derived retinal pigment epithetlial cells solely for cell replacement therapy of conditions involving retinal diseases (the "**RPE License**" and the "**RPE Field**"); and

WHEREAS, in furtherance of the RPE License, the Company has procured the services of Hadasit to carry out research in the RPE Field which started on January 1, 2009, pursuant to a Product Development Agreement which went into effect on August 30, 2009 (the "**Product Development Agreement**"); and

WHEREAS, the Company receives funding for its research programs, from time to time, from various sources, including, *inter alia*, from the Office of the Chief Scientist of the Ministry of Trade, Commerce and Labor (the "**OCS**"); and

WHEREAS, the Parties wish to expand their collaboration in the field of stem cell applications for neurodegenerative diseases (the "**Field**") and Cell Cure has agreed to fund additional research at Hadasit in the Field in a cumulative amount of US$1,500,000 (One Million and Five Hundred Thousand US Dollars) envisaged to be conducted over a period of 5 (five) consecutive years (the "**Additional Research**"), in accordance with the terms and conditions herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereby agree as follows:

1. Definitions

1.1. Terms defined in this Section 1 and elsewhere, parenthetically, in this Agreement, shall have the same meaning throughout this Agreement. Defined terms may be used in the singular or in the plural.

1.2. **"Annual Additional Research Funds"** shall mean the sum of US$ 300,000 (Three Hundred Thousand US Dollars).

1.3. **"Arbitrators"** shall mean Dr. Michael West or any person who may replace him as Chief Executive Officer of BioTime, Inc. and Prof. Shlomo Mor-Yosef or any person who may replace him as Director General of Hadassah Medical Organization. In the event of an irresolvable dispute between the Arbitrators, a final decision on the matter shall be made by a third party to be chosen by agreement of the Arbitrators, which third party shall, solely in respect to such matter, be deemed the "Arbitrator" hereunder.

1.4. "**Escrow Agent**" shall mean Ephraim Abramson & Co Trust Company Ltd. or any other person the identity of whom is mutually agreed upon by the Parties.

1.5. **"Facilities"** shall mean the facilities of HMO.

1.6. **"HMO"** shall mean Hadassah Medical Organization.

1.7. "**Invention**" shall mean any data, discoveries or inventions developed or generated in the performance of the Additional Research (and any and all vested, contingent and future intellectual property rights therein) including without limitation any inventions or discoveries, applications, concepts, ideas, documents, information, know-how, trade secrets, reports, analyses and data (all - including but not limited to processes, methods, software, formulae, techniques, compositions of matter, devices, and improvements thereof and know-how relating thereto), all whether or not patentable or copyrightable.

1.8. **"Letter of Instructions"** shall mean the Letter of Instructions to the Escrow Agent substantially in the form attached hereto as **Annex A**, to be executed on even date herewith by all parties thereto.

1.9. **"Principal Investigator"** shall mean Professor Benjamin Reubinoff.

2. Scope and Conduct of Services

2.1. The Company hereby retains Hadasit to provide certain research and development activities in the Field, as to be specified in mutually agreed upon annual written work orders. Work orders, once signed by both Parties or issued by the Company pursuant to Section 2.2 below, reflecting the decision of the Arbitrators (each, a "**Work Order**"), will be deemed as having been incorporated into and shall form an integral part of this Agreement. Unless agreed otherwise between the Parties in writing, each Work Order will include, as appropriate, a scope of work for the next calendar year, time lines and a breakdown showing the usages of the Annual Additional Research Funds (which usages shall not include covering patent expenses, as may be required to be borne by the Company pursuant to this Agreement) as well as any amount that may be added thereto by mutual consent. The services to be provided by Hadasit pursuant to this Agreement and any Work Order hereunder shall be in the Field, shall be consistent with applicable ethical standards and shall be within the scope of the expertise of the Principal Investigator (the "**Scope of Services**").

2.2. For as long as the cumulative Additional Research Funds (defined below) have not been completely expended on the Additional Research or agreed to be expended, pursuant to Work Orders, the Parties shall commence negotiating each Work Order for the next calendar year by no later than September 1st of each year during the term of this Agreement, but not beyond the calendar year 2016 (up to one years extension beyond the term originally envisaged). If the Parties are unable to reach an agreement as to the contents of any Work Order by December 1st of the same year, then the Arbitrators, following consultation with the Principal Investigator, shall have the authority to decide upon any specific matter that the Parties have not been able to conclude by such time in respect of such Work Order, which decision the Arbitrators shall submit to the Parties in writing. The Work Order shall be subsequently issued by the Company by the end of such year, reflecting the Arbitrators' determination, and shall be deemed a Work Order hereunder and shall be final and binding on both Parties. For the avoidance of doubt, the Arbitrators (i) shall not have the authority to change any terms which have been agreed to previously by the Parties; (ii) shall not have the authority to determine that Hadasit shall perform services which are beyond the Scope of Services; and (iii) shall use commercially reasonable judgment in determining the value of the services to be provided, based upon comparable market standards.

2.3. Each Work Order shall be subject to all of the terms and conditions of this Agreement. To the extent any terms or provisions of a Work Order conflict with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall govern, except to the extent that the applicable Work Order expressly and specifically states an intent to supersede the Agreement on a specific matter. Notwithstanding the foregoing, each Work Order is independent and may be terminated separately in accordance with the provisions of Section 2.6 below.

2.4. Subject to the terms and conditions herein, Hadasit hereby accepts said engagement and agrees to provide the services set out in each Work Order.

2.5. Any material change in a Work Order or the assumptions upon which the Work Order is based shall require a written amendment to the Work Order (a "**Change Order**"). Each Change Order shall detail the requested changes to the applicable task, responsibility, duty, budget, time line or other matters. The Change Order will become effective upon the execution of the Change Order by both Parties, and Hadasit will be given a reasonable period of time within which to implement the changes. Both Parties agree to act in good faith and promptly when considering a Change Order requested by the other Party. In the event that the Parties will not reach an agreement with respect to the details of the Change Order, the Company shall be entitled to terminate the Work Order in accordance with Section 2.6 of this Agreement; provided in all events that this provision shall not derogate from the Company's obligation to pay Hadasit, in such year, the full amount of the Annual Additional Research Funds for such year, and any Annual Additional Research Funds due thereafter hereunder, regardless of whether another Work Order is actually issued by the Company during such year or thereafter, subject to the provisions of Section 2.6 below.

2.6. The Company, at its sole discretion, may terminate a specific Work Order in whole or in part for any reason with a prior written notice of 30 (thirty) days to Hadasit. In such event, that portion of the budget that would have been allocated to services so terminated shall be reallocated, by mutual consent, for other services to be provided during that same year pursuant to a new Work Order for that year or credited by Hadasit towards Additional Research to be performed under the subsequent Work Order; provided in all events that this provision shall not derogate from the Company's obligation to pay Hadasit, in such year, the full amount of the Annual Additional Research Funds for such year, and any Annual Additional Research Funds due thereafter hereunder, regardless of whether another Work Order is actually issued by the Company during such year or thereafter, it being understood and agreed, however, that the Annual Additional Research Funds may be applied by Hadasit only for the conduct of Additional Research from 2011 through 2016. If there is any excess which are not utilized in the implementation of any Work Plan due to a termination of a Work Order pursuant to Section 2.6, then Hadasit shall be free to utilize such excess as from January 1, 2017, in any manner that it deems fit, without reference to this Agreement.

2.7. Hadasit and the Principal Investigator shall, using their best efforts, professionally and diligently perform the Additional Research in accordance with each Work Order at the Facilities of HMO and shall devote qualified personnel and adequate resources in order to carry out each specific Work Order as provided therein. Hadasit and the Principal Investigator shall provide the services set forth herein consistent with applicable standards of practice and protocols; the applicable standards, rules and regulations of accreditation organizations, if relevant and, all other applicable laws and regulations, as may be amended from time to time.

2.8. Hadasit or HMO (as applicable) shall obtain and maintain all authorizations and approvals (if any) required from the appropriate authorities as may be required for the performance of the Additional Research. The Company shall provide reasonable assistance to Hadasit/HMO in this regard.

3. Principal Investigator and Research Team

3.1. The Additional Research shall be conducted and managed by, and shall be under the direct control of, the Principal Investigator, with the participation of other clinical and research personnel of Hadasit and/or HMO. In the event that the Principal Investigator ceases to be available for purpose of the Additional Research, Hadasit shall be responsible, within 60 (sixty) days from the date the Principal Investigator is no longer available for such purpose, for the procurement of his substitution by a suitably qualified researcher, who shall be reasonably acceptable to the Company. In the event that Hadasit fails to provide such substitute or in the event that the Company does not reasonably approve the identity of such proposed substitute within the prescribed 60 (sixty) day period, then the Company shall be entitled to terminate this Agreement by rendering Hadasit written notice with immediate effect; provided however that in such event, the Company shall be responsible to pay all of Hadasit's previously-committed (sunk) costs hereunder until the later of the end of the calendar quarter following the quarter in which such termination occurs.

3.2. Hadasit may not employ, in the performance of a Work Order hereunder, the services of any person who is not an employee within the organization of Hadasit or HMO or a student or visiting scientist, unless such person is bound in writing by confidentiality and invention assignment obligations in connection with the Additional Research. Hadasit may not employ, in the performance of the Research Plan hereunder, the services of an external contractor unless it informs the Company in writing of the identity of such person, his/her status as an external services provider, and obtained the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed.

4. Independent Contractors

The business relationship of Hadasit, HMO and the Principal Investigator to the Company is that of an independent contractor and not of a partner, joint venturer, employer, employee or any other kind of relationship. Each Party and HMO will be solely responsible for expenses and liabilities associated with the employment of its employees, agents and assigns.

5. Records and Reporting

5.1. Hadasit will procure that HMO and/or the Principal Investigator's team prepares and keeps complete and accurate records of the status and progress of the Additional Research carried out pursuant to each Work Order in notebooks, and in compliance with the applicable laws, rules and regulations, including, the relevant regulations of the OCS or any other funding entity (if applicable). Should any special records be required by the OCS or any other funding entity, the Company shall provide administrative support to Hadasit, at the Company’s own expense and the Company shall cover all of Hadasit’s out-of-pocket expenses. Additional Research documentation will be promptly and fully disclosed to the Company by Hadasit upon request and also shall be made available at Hadasit's site upon request for inspection, copying, review and audit during any inspections conducted pursuant to Section 6 of this Agreement. Hadasit agrees to promptly take any steps that are requested by the Company as a result of an audit to cure deficiencies in the research documentation as long as such steps are in accordance with ethical standards and that all out-of-pocket costs are covered by the Company.

5.2. Additional Research documentation shall be retained as reasonably required by the Company and/or as set forth in the respective Work Order. Hadasit and the Principal Investigator shall cooperate with the authorized representatives of the Company in connection with any reasonable concern, inquiry, instruction or demand raised or made by such representatives in connection with the performance of the Additional Research, provided that the Company shall reimburse Hadasit for all of its out-of-pocket expenses so incurred.

5.3. If a Work Order is active, Hadasit shall furnish the Company, on a quarterly basis, short written summary reports (up to 1-2 pages long or in the form of a PowerPoint presentation, in each quarter, in the agreed format attached hereto as **Annex B** (the "**Quarterly Reports**") indicating the progress of the Additional Research, all critical results obtained (including, without limitation, whether there are any patentable Inventions) and the state of the advancement of the Additional Research in relation to the Work Order, no later than 30 (thirty) days after the end of each calendar quarter during the term of this Agreement, starting from the end of the first quarter of 2011.

5.4. Hadasit shall provide the Company with a final report within 90 (ninety) days of the completion of each Work Order or, if this Agreement is terminated in the course of any Work Order (except if there is an outstanding uncured material breach by the Company), within 90 (ninety) days of the termination of this Agreement. Such final reports will indicate all results obtained (including, without limitation, whether there are any patentable Inventions) and shall comprise, *inter alia*, experimental results, statistical evaluation, and any other requirements as set forth in the respective Work Order. Hadasit shall also provide access to raw data as requested by the Company. Should any special reports be required by the OCS or any other funding entity, the Company shall provide administrative support to Hadasit, at the Company's own expense and the Company shall cover all of Hadasit's out-of-pocket expenses so incurred.

6. Inspection

Subject to any limitation deemed necessary by Hadasit and/or the Principal Investigator to maintain patient confidentiality, at any time during the provision of the Additional Research, but in all events not more than 1 (one) time per month, Hadasit will permit the Company and/or its designated representatives, during normal operating hours and at mutually agreeable times, to visit the Facilities to monitor Hadasit's performance of the Additional Research, examine and inspect the Facilities, review all records, procedures and other materials related to the Additional Research, and audit the results of each Work Order, all as deemed necessary and appropriate by the Company and/or the OCS (if applicable).

7. Compensation; Escrow Funds

7.1. The Company commits to finance the Additional Research at Hadasit, in a cumulative amount of US$ 1,500,000 (One Million and Five Hundred Thousand US Dollars) (the "**Additional Research Funds**") by paying the Annual Additional Research Funds to Hadasit each year for 5 (five) consecutive years, as provided herein, commencing as of the calendar year starting on January 1, 2011. For the avoidance of doubt, Hadasit acknowledges that the source of the Additional Research Funds may include grants from third parties, including but not limited to, the OCS. Moreover, the Company confirms that the Additional Research Funds are being committed over and above the amounts that may be payable by the Company to Hadasit pursuant to any other arrangement, including without limitation the 2006 Agreement, the 2009 License Agreement, the Amended License Agreement, any OCS grants that were approved in relation to the period prior to December 31, 2010, any grants received under the Seventh Framework Programme (FP7) sponsored by the European Research Council in relation to OpRegen Plus, and the Product Development Agreement.

7.2. The Company shall deposit the Annual Additional Research Funds by no later than December 1st of the previous year for each coming year, starting December 1, 2010 and ending on December 1, 2014, with the Escrow Agent. The Annual Additional Research Funds shall be held in escrow by the Escrow Agent. The Letter of Instructions shall be signed by the Parties and the Escrow Agent upon even date herewith, and shall instruct the Escrow Agent to release the Annual Additional Research Funds to Hadasit each year in 4 (four) equal quarterly installments of US$ 75,000 (Seventy Five Thousand US Dollars) each (the "**Quarterly Installments**"). Each Quarterly Installment shall be released by the Escrow Agent to Hadasit on the first day of such calendar quarter (i.e., January 1, April 1, July 1, and October 1). In the event that, prior to the release date for a quarter, the Escrow Agent and Hadasit have received a document from the Company, which is not disputed or cured by Hadasit, indicating that the Quarterly Report was not submitted by Hadasit to the Company in respect of the calendar quarter before last (for example, a notice before July 1 that the Quarterly Report for Q1 was not received), then the Escrow Agent shall not release such Quarterly Installment until Hadasit submits such Quarterly Report to the Company.

8. Product Orientated Additional Research

8.1. Subject to the provisions of this Section 8 and Section 10 below, any and all Inventions that are product orientated, i.e. supporting specific indications within the Field ("**Product Orientated Inventions**") (e.g. multiple sclerosis) shall be the exclusive property of Hadasit, provided that ownership of any patentable Product Orientated Inventions ("**Product Orientated Patent Rights**") shall be determined based on relative contribution by the Company and Hadasit, such that if HMO researchers are joint inventors of such patentable Product Orientated Inventions together with other inventors who are employed by the Company, then Hadasit and the Company shall be co-assignees.

8.2. Subject to the terms and conditions of this Agreement, Hadasit hereby grants a worldwide exclusive license under its rights in the Product Orientated Inventions to the Company, solely within the Field, with the right to sublicense, subject to the following:

8.2.1. The filing of any patents covering the Product Orientated Patent Rights and the prosecution and maintenance thereof shall be the sole responsibility of the Company, but will be performed in consultation with Hadasit in such way that Hadasit will be properly informed of each and any activity and will be copied on all correspondence of the Company with the patent attorneys, and the Company shall be responsible for all expenses related thereto. The Company shall reimburse Hadasit for any related out-of-pocket expenses incurred by it against substantiating documentation;

8.2.2. The Company shall have the right to lead any litigation in respect to the Product Orientated Patent Rights, in ongoing consultation with Hadasit, and provided that in the defense of any litigation, the Company will cover (in addition to its own expenses) all Hadasit out-of-pocket expenses with regard to such litigation (including but not limited to Hadasit's independent attorneys). The Company shall promptly notify Hadasit of any threatened or actual litigation;

8.2.3. The Company shall confirm to Hadasit in writing its commitment to make commercially reasonable efforts to develop a product based on the Product Orientated Patent Rights for the relevant indication as consistent with the commercial efforts generally applied to similar products of similar potential;

8.2.4. The Parties shall negotiate the royalty rate and other financial consideration that shall be due to Hadasit in respect of each new product on the basis of the relative contribution of each Party to creating the respective Product Orientated Invention. If the Parties are unable to reach a mutual agreement within a reasonable time, then they will appoint a mutually agreed upon third party expert who shall determine the terms of such license. For the avoidance of doubt, the license shall remain in effect during this process; and

8.2.5. The following terms of the Amended License Agreement shall apply to such license under Section 8, *mutatis mutandis* (and ignoring specific provisions and references therein which are not applicable to the subject matter of such license): 2.1, 2.2, 2.3, 2.4, 2.10, 3.5, 3.6 through 3.12, 4, 5.4, 5.6, 7.1 through 7.4, 8, 9, 10, 11, 12, 13.2, 13.3, 13.6, 13.7, 14, 16, 18.1 through 18.3 and 18.6 through 18.9.

8.2.6. To the extent of any inconsistency between (A) the provisions of the Amended License Agreement which are incorporated by reference in Section 8.2.5 above, and (B) this Agreement as it relates to the license granted under the other provisions of this Section 8.2, sub-clause (B) shall prevail.

8.3. Notwithstanding the foregoing, if a Product Orientated Invention falls within the RPE Field, then same shall be deemed as part of the "Licensed Technology" under the Amended License Agreement, for all intents and purposes and no royalties or other consideration shall be payable to Hadasit in respect thereto, other than as provided thereunder. Moreover, all patents which constitute the subject matter of Product Orientated Patent Rights hereunder shall be treated as “Licensed Patents” under the Amended License Agreement for all intents and purposes.

9. Technology Orientated Inventions

9.1. The Company acknowledges that HMO has received, is currently receiving and may continue to receive funding from other sources that support the generic-across indication research so that it is not possible to determine the exact source of funding that leads to specific inventions, including inventions pertaining to human embryonic stem cells that are technology orientated, i.e. supporting general uses of technology within the Field (e.g. sustaining cell growth). Hadasit represents and warrants to the Company, that notwithstanding the foregoing, it shall, subject to the rights of any third-party grantors (including, without limitation, the OCS), have the rights and the authority, to grant certain rights and licenses to the Company in any such technology oriented inventions that are used in the performance of the Additional Research (“**Technology Oriented Inventions**”), as envisaged in this Section 9.

9.2. Subject to the provisions of this Section 9 and Section 10 below, as between the Parties, any and all Technology Orientated Inventions having application in the Field invented solely by Hadasit or HMO employees/contractors shall be the exclusive property of Hadasit. Any Technology Orientated Inventions that were invented jointly by Hadasit and/or HMO employees/contractors and the Company's employees shall be jointly owned by Hadasit and the Company.

9.3. Subject to the terms and conditions of this Agreement, Hadasit hereby grants to the Company a worldwide, royalty free, non exclusive, license to its rights in the Technology Orientated Inventions for the development and manufacturing of Licensed Products (as defined in the Amended License Agreement) or products that are covered by Product-Orientated Patent Rights solely in the Field and in the RPE Field (the "**Technology Orientated License**"), with the right to sublicense solely in the Field and in the RPE Field, subject to the following:

9.3.1. Following consultation with the Company, the filing of any patents covering the Technology Orientated Inventions (the "**Technology Orientated Patents**") and the prosecution and maintenance thereof shall be the sole responsibility of Hadasit, and shall be at Hadasit's sole discretion, subject to the provisions of Section 9.4 below;

9.3.2. Until Hadasit has granted 2 (two) or more licenses under the Technology Orientated Patents to third parties, the Company shall reimburse Hadasit for 50% (fifty percent) of the Technology Orientated Patent expenses, including past patent expenses not reimbursed by third parties. Once there are more than 2 (two) third party licensees of the Technology Orientated Patents Hadasit shall use commercially reasonable efforts to ensure that the Company shall pay a proportionate amount of the foregoing patent expenses together with such other licensees, such that if there are "n" licensees (including the Company), the Company's share will be a percentage of the expenses equal to 100/n and Hadasit will reimburse to the Company a proportional share of past patent expenses transferred to it by any third party licensees;

9.3.3. For the avoidance of doubt, other than the patent expenses set forth in Section 9.3.2 above, the Company shall not be obligated to pay to Hadasit any consideration of any kind whatsoever, including but not limited to royalty or milestone payments, for the Technology Orientated License; and

9.3.4. The following terms of the Amended License Agreement shall apply to such license under this Section 9, *mutatis mutandis* (and ignoring specific provisions and references therein which are not applicable to the subject matter of such license, and taking account of the fact that this is a non-exclusive, royalty-free license): 2.3, 2.4, 5.4, 5.6, 11, 13.2, 13.3, 13.6, 13.7, 14, 16, 18.1 through 18.3 and 18.6 through 18.9.

9.3.5. To the extent of any inconsistency between (A) the provisions of the Amended License Agreement which are incorporated by reference in Section 9.3.4 above, and (B) this Agreement as it relates to the license granted under the other provisions of this Section 9.3, sub-clause (B) shall prevail.

9.4. Should Hadasit choose not to file for patent protection of any Technology Oriented Invention, or to abandon any Technology Oriented Patents, then the Company shall have the right, but not the obligation, to file and/or prosecute and/or maintain such Technology Oriented Patent, in Hadasit's name, at the Company's own responsibility and cost, and shall have the right to abandon any such process, at any time, at its full discretion. For as long as the Company so maintains any such Technology Oriented Patent, the Company shall be deemed as having an exclusive, royalty-free right to exploit the underlying technology thereunder, in the Field.

10. OCS Funded Inventions

Notwithstanding the provisions of Sections 8 and 9 above, any Inventions developed in the course of the Additional Research with OCS funding pursuant to the Law for Encouragement and of Industrial Research and Development, 1984, as amended from time to time (the "**R & D Law**") even if developed solely by Hadasit or HMO, shall be jointly owned by the Company and Hadasit, if and to the extent required by the R&D Law.

11. Certain IP

11.1. For the avoidance of doubt, if intellectual property ("**IP**") of the Company or any intellectual property or materials licensed-in by the Company from its affiliates or any other third party is used by Hadasit in the development of any Technology Orientated Inventions (such intellectual property and materials, the "**Company Background IP**"), then any license granted by Hadasit to a third party to the Technology Orientated Inventions will not include any express or implied license to the Company Background IP. Hadasit shall preserve the confidentiality of the Company Background IP in accordance with the provisions of this Agreement and not utilize the same for any purpose other than for the Additional Research as set forth in this Agreement, and then only to the extent provided in the Work Order(s).

11.2. Hadasit shall advise the Company, in advance, if the implementation of any particular services involves the use of any of Hadasit's IP or other intellectual property owned by Hadasit and which is not otherwise licensed to the Company. Hadasit shall refrain from utilizing any such intellectual property, in the conduct of the Additional Research, without the approval of the Company, in writing, in advance. If the Company is interested in acquiring a license to such IP, the parties will negotiate such license in accordance with the provisions of Section 8.2.4, *mutatis mutandis*.

11.3. If the Company is interested in a license to any Hadasit IP that is relevant to the subject matter of any Work Order, then provided that Hadasit is contractually free to grant the Company a license to such IP:

11.3.1. The Parties shall negotiate in good faith the terms of a license, including the royalty rate and other financial consideration for each license. If the Parties are unable to reach a mutual agreement within a reasonable time, then Hadasit shall not be required to grant such license and the Company shall have no further rights thereto.

11.3.2. It shall be a condition of any such license that the Company shall reimburse Hadasit for any prior patent expenses incurred by it against substantiating documentation and which have not been reimbursed to it by any third party.

12. Materials

All costs regarding the use of any biological materials required for the performance of the Additional Research shall be included in the budget for the Additional Research. If such materials are proprietary to Hadasit and/or HMO and not already licensed to the Company for other uses or other fields of use, Hadasit will inform the Company in advance if it is going to make use of such materials in the Additional Research, and the Company will have the opportunity to negotiate a license therefor. For the avoidance of doubt, materials licensed to the Company under other agreements for other uses or other fields of use, may be used in the course of the Additional Research and in the exploitation of Product Oriented Inventions and Technology Orientated Inventions under the terms and conditions of this Agreement at no extra costs, royalties or other consideration except for (i) extra cost required to produce the amount of materials to be transferred and (ii) any additional costs required to maintain or characterize the material by Hadasit in order to comply with any specification requirements set by the Company, to the extent requested of Hadasit by the Company. Nothing in the foregoing shall be construed as derogating from any costs, royalties or other consideration that may be due to Hadasit pursuant to any other agreement.

13. Confidential Information

13.1. Each Party shall maintain in confidence any and all information relating to this Agreement and the terms thereof and all information and reports received by such Party from the other Party, whether in written, oral, electronic or any other form and which has been designated in writing as confidential (collectively, the "**Confidential Information"**). Confidential Information shall not include information that:

13.1.1. is in the public domain at the time of disclosure or becomes part of the public domain thereafter other than as a result of a violation by the receiving Party of its confidentiality obligations;

13.1.2. was already known by the receiving Party at the time of disclosure;

13.1.3. is lawfully obtained from a third party under no obligation of confidentiality;

13.1.4. is independently developed by the receiving Party without the use of the Confidential Information; or

13.1.5. is required by law, court or any competent authority to be disclosed, provided that the receiving Party gives the disclosing Party reasonable prior written notice thereof.

13.1.6. Each Party undertakes and agrees that it shall not, without the prior written consent of the other Party, disclose the Confidential Information to any third party or use the Confidential Information other than for the purposes of this Agreement (including, the exercise of any rights hereunder or in the fulfillment of any obligations hereunder).

13.2. Notwithstanding the foregoing, a Party may disclose the Confidential Information to: (i) those of its employees, representatives, advisors, subcontractors, agents or sublicensees as, and to the extent necessary for the exercise by it of its rights hereunder, in the fulfillment of its obligations hereunder and/or for the implementation of the provisions of this Agreement and the Company may disclose Confidential Information to potential investors in the Company, provided that it shall first bind such employees, representatives, advisors, subcontractors, agents, sublicensees and potential investors with a similar undertaking of confidentiality in writing; and (ii) any competent authority for the purposes of obtaining any approvals, permissions and/or waivers (if any) required for the exercise of any license envisaged hereinunder and/or implementation of this Agreement, or in the fulfillment of any legal duty owed to such competent authority (including a duty to make regulatory filings or to comply with any other reporting requirements).

14. Publications

14.1. Hadasit and the Principal Investigator may freely publish and disseminate the results of their investigative findings hereunder in any media and determine the authorship and contents (including without limitation scientific conclusions and professional judgments) of any such publication subject to their compliance with the provisions of this Section 14.1. Hadasit or the Principal Investigator, as the case may be, shall provide the Company with a copy of the intended written publication (or reasonably detailed summary of any other oral publication) at the earliest practical time, but in any event not less than 90 (ninety) days prior to their submission to a scientific journal or presentation at a scientific meetings and shall allow the Company to review such submission to determine whether the publication or presentation contains subject matter for which patent protection should be sought prior to publication or presentation.

14.2. The Company undertakes to provide its written comments with respect to such publication or presentation within 30 (thirty) days following its receipt of such written material.

14.3. If the Company, in its written comments, identifies material for which patent protection should be sought, then Hadasit or the Principal Investigator shall cause the publication or presentation of such submission to be delayed for a period of not more than 60 (sixty) days from the date of the Company's response, to enable the Company to make the necessary patent filings.

15. Indemnification, Warranty, Limitation of Liability

15.1. Indemnification. The Company shall defend, indemnify and hold harmless Hadasit, HMO, the Principal Investigator and any of their employees, agents or contractors (collectively the "**Indemnitees**") from and against any loss, damage, liability and expense (including legal fees), and/or any responsibility, charges, damages and/or product liability claim (a "**Claim**") which may result from the exploitation of the licenses granted to the Company hereinunder provided, however:

15.1.1. that the Company's indemnification obligations under this Section 15 shall be proportionately reduced to the extent the loss was caused or increased by the negligence or willful misconduct of an Indemnitee or by the failure of an Indemnitee to comply with the provisions or this Agreement, the Work Order or any written instructions of the Company; and

15.1.2. that any Indemnitee has not made any admission in respect of such Claim or proceeding and has not taken any action relating to such Claim or proceeding prejudicial to the defense of such Claim, without the prior written consent of the Company, such consent not to be unreasonably withheld.

15.2. Notwithstanding the above, neither Party shall be liable to the other Party's employees, agents or contractors, except in case of gross negligence or willful misconduct, for injuries to a person or property suffered during their collaboration at the Facilities. Each Party shall use its reasonable efforts to cover such contingencies by an insurance policy reasonably adequate in scope and coverage.

15.3. Notice and Assumption of Defense. Hadasit shall promptly provide the Company with written notice of the circumstances of any Claim potentially subject to indemnification and receipt of any claim, suit, demand or notice with respect thereto. Hadasit shall allow the Company to assume the defense of any such Claim, including the right to select counsel of its choosing and the right to compromise or settle any loss; provided however that, without the written consent of the Indemnitees, the Company will not consent to the entry of any judgment with respect to the matter, or enter into any settlement that does not include a provision whereby the plaintiff or claimant in the matter releases the Indemnitees from all liability with respect thereto. If the Company is required to defend any Claim, Hadasit shall, and shall cause its employees and agents to, at the Company's sole expenses, to cooperate fully in the defense thereof and furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Company in connection therewith. In no event shall Hadasit compromise, settle or otherwise admit any liability with respect to any Claim subject to indemnification under this Agreement without the prior written consent of the Company, which shall not be unreasonably withheld or delayed.

15.4. Disclaimer of Warranty. Nothing contained in this Agreement shall be construed as a warranty by Hadasit, HMO or the Principal Investigator that the results of the Additional Research will be useful or commercially exploitable or of any value whatsoever. Hadasit, HMO and the Principal Investigator disclaim all warranties, either express or implied warranties of merchantability, efficacy and fitness of the results of the Additional Research for a particular purpose.

15.5. Limitation of Liability. Neither Party shall be liable for penalties or liquidated damages or for special, indirect, consequential or incidental damages of any type or kind (including, without limitation, lost profits) regardless of whether any such losses or damages are characterized as arising from breach of contract, breach of warranty, tort, strict liability or otherwise, even if such Party is advised of the possibility of such losses or damages, or if such losses or damages are foreseeable. Nothing herein is intended to exclude or limit liability for death or personal injury caused by either Party.

16. Term and Termination

16.1. This Agreement shall be deemed as having been effective upon the Effective Date and unless mutually agreed otherwise between the Parties in writing or terminated pursuant to any provision of this Section 16, shall remain in full force and effect until the Additional Research Funds are expended in full or Hadasit is free to utilize them for other purposes pursuant hereto and the final report is issued to the Company pursuant to Section 5.4 above.

16.2. Either Party may terminate this Agreement at any time upon 60 (sixty) days' prior written notice to the other Party, for any material breach of this Agreement by the other Party where such breach is not remedied within the 60 (sixty) day notice period.

16.3. Either Party may terminate this Agreement, upon written notice taking immediate effect, upon the filing by any person of a petition for the winding-up or liquidation or the appointment of a receiver on most of the assets of the terminated party, if petition has not been withdrawn or dismissed within 60 (sixty) days of its filing.

16.4. All provisions which by their terms survive termination, including, without limitation, the confidentiality, intellectual property and indemnification provisions of this Agreement, shall survive termination or expiration of this Agreement for any reason whatsoever. For the avoidance of doubt, all rights and obligations accrued through the date of termination, including, without limitation, licenses granted hereunder, shall survive termination or expiration of this Agreement.

17. Entire Agreement

17.1. This Agreement represents the entire understanding of the Parties with respect to the subject matter hereof.

17.2. The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision hereof.

18. Amendment

This Agreement may be amended only by a written document signed by the Parties hereto which expressly indicates that this Agreement is being amended thereby.

19. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of Israel. The competent courts in Jerusalem shall have exclusive jurisdiction over any dispute that may arise with respect to this Agreement.

20. Notices

Any notice required or permitted to be given hereunder shall be in writing and shall be considered given when mailed by pre-paid registered or certified mail, return receipt requested, or delivered by hand, to the Parties at the following addresses (or such other address as a Party may specify by notice hereunder):

If to the Company:

Cell Cure Neurosciences, Ltd.
Kiryat Hadassah, PO Box 12000
Jerusalem 91120, Israel
Fax: + 972 2 643 7712
Attn: The Managing Director

With a copy (which will not constitute notice):
Baratz & Co.
Attorneys-at-Law & Notaries
1 Azrieli Center, Round Tower, 18th Floor
Tel Aviv 67021
Israel
Attn: Adv. Yael Baratz
Fax: 972 3 6960986

If to Hadasit:
Hadasit Medical Research and Development Ltd.
POB 12000
Jerusalem 91120 Israel
Fax: + 972 2 643 7712
Attention: The Managing Director

With a copy (which will not constitute notice) to:
Ephraim Abramson & Co., Law Offices
2 Beitar Street, Third Floor
Jerusalem 93386 Israel
Fax: +972-2-565-4001
Attention: Harry Grynberg, Adv. and Ami Hordes, Adv.

21. Miscellaneous

21.1. Each of the Parties agrees that any breach of this Agreement by it will cause irreparable damage to the other Party and that in the event of such breach, the other Party shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent the violation of a Party's obligations hereunder. Nothing contained herein shall be construed as prohibiting a Party from pursuing any other remedy available for such breach or threatened breach.

21.2. This Agreement may not be assigned by a Party hereto without the consent of the other Party, which consent shall not be unreasonably withheld or delayed, and any unauthorized assignment or transfer shall be deemed null and void. The Company may assign this Agreement to an affiliate, or to a third party in the context of an M&A Transaction, subject to the Company's provision to Hadasit of prior written notice of any such assignment and a written confirmation of the assignee confirming its undertaking to be bound by the terms of this Agreement. For the purposes hereof, the term "**M&A Transaction**" shall mean a transaction in which all or substantially all of the shares or assets of the Company are acquired by or assigned to a third party.

21.3. Hadasit hereby represents and warrants that it is authorized to bind HMO for the matters contained herein, and that HMO shall abide to the terms and conditions of this Agreement as though it were a party hereto.

21.4. The preamble is an integral part hereof.

21.5. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Transmission by facsimile or by electronic mail in PDF format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

Signature Page

Additional Research Agreement

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date set forth below.

CELLCURE NEUROSCIENCES LTD.

By: _____
Title: _____
Date: _____

HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.
By: _____
Title: _____
Date: _____

HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.
By: _____
Title: _____
Date: _____

I hereby confirm that I have read and understood this Agreement and that I will abide by its terms to the extent they are applicable to me.

_____
Prof. Benjamin Reubinoff

Date: _____

Annex A

Letter of Instructions

October 7, 2010

To: Ephraim Abramson & Co Trust Company Ltd. (the "**Escrow Agent**")

Re: Letter of Instructions

WHEREAS, Hadasit Medical Research Services and Development Ltd. ("**Hadasit**") and Cell Cure Neurosciences Ltd. (the "**Company**") have entered into an Additional Research Agreement, dated October 7, 2010 (the "**Agreement**"), to which this Letter of Instructions is attached; and

WHEREAS, under the Agreement the Company undertook to finance the Additional Research at Hadasit (as defined in the Agreement) in a cumulative amount of US$ 1,500,000 (One Million and Five Hundred Thousand US Dollars) by paying Hadasit the amount of US$ 300,000 (Three Hundred Thousand US Dollars) (the "**Annual Additional Research Funds**") each year for 5 (five) consecutive years commencing as of the calendar date starting on January 1, 2011; and

WHEREAS, under the Agreement the Company undertook to deposit the Annual Additional Research Funds with the Escrow Agent on an annual basis; and

WHEREAS, Hadasit, the Company and the Escrow Agent (each a "**Party**" and collectively, the "**Parties**") wish to enter into this Letter of Instructions to set forth the terms upon which the Escrow Agent will hold the Annual Additional Research Funds in escrow and release them. Capitalized terms used herein but not defined shall have the meaning ascribed to them under the Agreement. In the event of a conflict between this Letter of Instructions and the Agreement, then the Letter of Instructions shall govern.

NOW THEREFORE, the Parties hereby agree as follows:

1. Escrow Deposit

1.1. During the term of this Letter of Instructions, the Company shall deposit with the Escrow Agent, into an account as designated by the Escrow Agent to the Parties from time to time, the Annual Additional Research Funds plus VAT by no later than December 1st of the previous year for each coming year, starting December 1, 2010 and ending on December 1, 2014.

1.2. The Escrow Agent shall, pending the disbursement of the Annual Additional Research Funds pursuant to this Letter of Instructions, invest the Annual Additional Research Funds in short-term dollar deposits, insofar as available (and recognizing that no or little interest currently accrues on such deposits), or in such deposit as jointly directed in writing by the Company and Hadasit.

2. Escrow Release to Hadasit

2.1. Subject to the provisions of Section 2.2, the Escrow Agent shall unconditionally and without requiring any further authorization from either Party, release the Annual Additional Research Funds to Hadasit each year in 4 (four) equal quarterly installments of US$ 75,000 (Seventy Five Thousand US Dollars) each (each a "**Quarterly Installment**"). Each Quarterly Installment shall be released by the Escrow Agent to Hadasit on the first day of such calendar quarter (i.e., January 1, April 1, July 1, and October 1).

2.2. In the event and only in the event that that, prior to the release date for a quarter, as provided above, (a) the Escrow Agent and Hadasit have received written notification from the Company at least fourteen (14) days prior to the release date of the relevant Quarterly Installment, indicating that the Quarterly Report (as defined in the Agreement) was not submitted by Hadasit to the Company in respect of the calendar quarter immediately before last (for example, a notice before July 1 that the Quarterly Report for Q1 was not received), and (b) the Escrow Agent has not received written notification from Hadasit prior to such Release Date indicating that (i) Hadasit disputes the Company's said written notification, or (ii) Hadasit claims there is no outstanding obligation on the part of Hadasit to submit the Quarterly Report in respect of the calendar quarter in question or that if it had such an obligation, it has been cured since receipt of the Company's said written notification, then and only then the Escrow Agent shall not release such Quarterly Installment until Hadasit submits such Quarterly Report to the Company, as confirmed in writing by the Company to the Escrow Agent and Hadasit within seven (7) days of such receipt of same by the Company.

3. Escrow Agent's Duties and Liabilities

3.1. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Letter of Instructions which are purely ministerial in nature, and no implied duties, covenants or obligations of the Escrow Agent may be read into this Letter of Instructions. The Escrow Agent shall neither be responsible for nor chargeable with knowledge of the terms and conditions of any other agreement, instrument or document between any of the Parties hereto, including without limitation the terms and conditions of the Agreement, and the Escrow Agent shall be required to act only pursuant to the terms and provisions of this Letter of Instructions.

3.2. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to the Escrow Agent hereunder and believed by the Escrow Agent to be genuine and to have been signed or presented by a Party. The Escrow Agent shall be under no obligation to enquire about or make any investigation in relation to the genuineness, authenticity or sufficiency of any fact contained in any notice rendered hereunder.

3.3. The Escrow Agent shall not be liable for any action or omission except for willful or grossly negligent failure to perform the Escrow Agent's duties explicitly referred to herein.

3.4. The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation to the Company and Hadasit specifying a date upon which such resignation shall take effect, whereupon a successor escrow agent shall be appointed by mutual agreement of the Company and Hadasit. The Escrow Agent shall be entitled to release the Annual Additional Research Funds held in escrow to any successor escrow agent so appointed.

4. Escrow Agent's Fee

As full consideration for the Escrow Agent's services hereunder, and subject to the Escrow Agent's additional rights for reimbursement and indemnification as provided herein, the Escrow Agent shall be entitled to deduct from the Annual Additional Research Funds deposited with the Escrow Agent hereunder an amount of US$ 250 (Two Hundred and Fifty US Dollars) plus V.A.T per quarter, on the first day of each calendar quarter throughout the term of this Letter of Instructions, and the Company shall in addition pay an equal amount plus VAT, per quarter, to the Escrow Agent, also on the first day of each calendar quarter throughout the term of this Letter of Instructions.

5. Discretion of Escrow Agent to File an Action

In the event that any dispute shall arise with respect to the interpretation of any provision of this Letter of Instructions, the rights and/or obligations of any Party hereunder, or the propriety of any action contemplated by the Escrow Agent under this Letter of Instructions, or if the Escrow Agent is uncertain as to its rights or duties hereunder, then, in such event, the Escrow Agent may, in its sole discretion, file an application to a court of competent jurisdiction for it to resolve such dispute or uncertainty. The Company and Hadasit shall, jointly and severally, indemnify the Escrow Agent against all costs and expenses, including reasonable attorneys' fees, incurred by the Escrow Agent in connection with any such action or any other related action and the Escrow Agent shall be fully protected in suspending all or part of its activities under this Letter of Instructions until a judgment in the relevant action is entered and becomes final.

6. Consultation with Counsel

The Escrow Agent may consult with outside counsel of its own choice in matters relating to this Letter of Instructions and shall be indemnified by the other Parties hereto for all costs and reasonable attorneys' fees incurred in connection with such consultation.

7. Indemnification

7.1. Unless the Escrow Agent is grossly negligent or guilty of willful misconduct with regard to its duties under this Letter of Instructions, the Escrow Agent shall not be liable to any person for any action taken or loss suffered by such person, nor for any mistake of fact, error of judgment, or for any actions or omissions of any kind. Each of the Parties acknowledge that the Escrow Agent is an affiliate of the Israeli lawyers of Hadasit, Ephraim Abramson & Co. Law Offices (the "**Firm**"), and hereby expressly agree that the Escrow Agent and the Firm shall continue to act in such capacities. The Parties shall, jointly and severally, indemnify and hold harmless the Escrow Agent, the Firm and each of their respective current and former directors, officers, partners, associates and employees (the "**Escrow Agent Indemnitees**") absolutely and forever, from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, taxes and any other expenses whatsoever, including reasonable attorneys' fees and costs that may be asserted against any Escrow Agent Indemnitee in connection with or arising from or referable to this Letter of Instructions or the performance by the Escrow Agent or any Escrow Agent Indemnitee of the Escrow Agent's duties hereunder and/or any action or inaction by any of such parties in relation hereto, provided that the Escrow Agent Indemnitees act without gross negligence or willful misconduct. The Firm and each of its respective Escrow Agent Indemnitees shall be deemed to be beneficiaries of the provisions of this Section 7.1 in every respect whatsoever, and shall be entitled to enforce the provisions hereof as if it were a party hereto as the Escrow Agent.

7.2. The Company and Hadasit shall be jointly and severally liable for remitting all amounts due to the Escrow Agent hereunder within 7 (seven) days of the Escrow Agent’s written demand. Any amount not so indemnified may be drawn by the Escrow Agent from the Annual Additional Research Funds then in its possession, if any.

8. Termination

8.1. The duties of the Escrow Agent under this Letter of Instructions shall be in effect until the earlier of (i) the release by the Escrow Agent of the total Annual Additional Research Funds to Hadasit, (ii) termination of the Agreement, and (iii) the Escrow Agent’s resignation under Section 3.4 above.

8.2. If this Letter of Instructions is terminated due to termination of the Agreement, pursuant to Section 8.1(ii) above, the following shall apply:

8.2.1. In the event of termination of the Agreement by the Company pursuant to Section 3.1 of the Agreement (i.e. the Principal Investigator (as defined in the Agreement) leaving and no suitable substitute being reasonably approved by the Company within the prescribed time), the Escrow Agent shall release the Annual Additional Research Funds held in escrow to the Company, except for the amounts due to Hadasit under Section 3.1 of the Agreement, which shall be released by the Escrow Agent to Hadasit.

8.2.2. In the event of termination of the Agreement by Hadasit pursuant to Section 16.2 (Material Breach) or Section 16.3 (Insolvency) of the Agreement, the Escrow Agent shall release the Annual Additional Research Funds held in escrow to Hadasit.

9. Notices

Any notice required or permitted to be given hereunder shall be in writing and shall be considered given when mailed by pre-paid registered or certified mail, return receipt requested, or delivered by hand, to the Parties at the following addresses (or such other address as a Party may specify by notice hereunder):

If to the Company:

Cell Cure Neurosciences, Ltd.
Kiryat Hadassah, PO Box 12000
Jerusalem 91120, Israel
Fax: + 972 2 643 7712
Attn: The Managing Director

With a copy (which will not constitute notice):
Baratz & Co.
Attorneys-at-Law & Notaries
1 Azrieli Center, Round Tower, 18th Floor
Tel Aviv 67021
Israel
Attn: Adv. Yael Baratz
Fax: 972 3 6960986

If to Hadasit:
Hadasit Medical Research and Development Ltd.
POB 12000
Jerusalem 91120 Israel
Fax: + 972 2 643 7712
Attention: The Managing Director

With a copy (which will not constitute notice) to:
Ephraim Abramson & Co., Law Offices
2 Beitar Street, Third Floor
Jerusalem 93386 Israel
Fax: +972-2-565-4001
Attention: Harry Grynberg, Adv. and Ami Hordes, Adv

If to the Escrow Agent:
Ephraim Abramson & Co Trust Company Ltd.
2 Beitar Street, Third Floor
Jerusalem 93386 Israel
Fax: +972-2-565-4001
Attention: Harry Grynberg, Adv.

10. Amendment

This Letter of Instructions may be amended only by a written document signed by the Parties hereto which expressly indicates that this Agreement is being amended thereby.

11. Applicable Law

This Letter of Instructions shall be governed by and construed in accordance with the laws of Israel. The competent courts in Jerusalem shall have exclusive jurisdiction over any dispute that may arise with respect to this Letter of Instructions.

[*INTENTIONALLY LEFT BLANK*]

Signature Page
Letter of Instructions

IN WITNESS WHEREOF, the Parties have duly executed this Letter of Instructions as of the date set forth below.

CELLCURE NEUROSCIENCES LTD.

By: _____
Title: _____
Date: _____

HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.
By: _____
Title: _____
Date: _____

HADASIT MEDICAL RESEARCH SERVICES AND DEVELOPMENT LTD.
By: _____
Title: _____
Date: _____

EPHRAIM ABRAMSON & CO TRUST COMPANY LTD.
By: _____
Title: _____
Date: _____

Annex B

FORMAT OF QUARTERLY REPORTS

Cell Cure – Hadasit Additional Research – Quarterly Reporting Form
for the Period _____ - _____

Task #1
Task Name:
Planned Objectives for the Reporting Period:
Short Description of Accomplishments (up to 100 words):
Significance:
Planned Objectives for the Upcoming Period:

Task #2
Task Name:
Planned Objectives for the Reporting Period:
Short Description of Accomplishments (up to 100 words):
Significance:
Planned Objectives for the Upcoming Period:

Task #3
Task Name:
Planned Objectives for the Reporting Period:
Short Description of Accomplishments (up to 100 words):
Significance:
Planned Objectives for the Upcoming Period:

(Repeat format above for any additional tasks underway during the reporting period)

Were any critical results obtained? If so, please describe.

Were any innovations made that could be the basis for a patent application? If so, please describe.

Date: _____

Signature: _____
Prof. Benjamin Reubinoff

Exhibit 10.36

LA 08-08

EXCLUSIVE LICENSE AGREEMENT

between

Cell Targeting, Inc.

and

Burnham Institute for Medical Research

This Exclusive License Agreement ("Agreement"), is entered into as of the 20th day of November, 2007 (hereinafter called "Effective Date"), by and between the Burnham Institute for Medical Research (the "Institute"), a California 501(c)(3) corporation, having its principal place of business at 10901 North Torrey Pines Road, La Jolla, CA 92037, and Cell Targeting, Inc. ("Licensee"), a Delaware corporation, having its principal place of business at 11000 Cedar Avenue, Suite 100, Cleveland, OH, 44106.

RECITALS

WHEREAS, the Institute, is the owner of the Licensed Patents (as defined below) and Licensed Know-How (as defined below);

WHEREAS, Licensee desires to obtain a royalty bearing exclusive license under the Licensed Patents and the Licensed Know-How to incorporate homing peptides into cell coatings capable of directing cells to specific organs or tissues, and to test, manufacture and sell these products on an exclusive or non-exclusive basis to researchers or companies working in the field of cell therapy, and to assist such researchers or companies to gain regulatory approval for products incorporating such cell coatings; and

WHEREAS, the Institute is willing to grant a royalty bearing, exclusive license to the Licensed Patents and the Licensed Know-How to Licensee on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties (as defined below) hereto hereby expressly agree as set forth below.

AGREEMENT

1. DEFINITIONS

"Affiliates" means with respect to Licensee, any corporation, partnership, trust or other entity that directly, or indirectly through one or more intermediaries, is controlled by or is under common control with Licensee. For such purposes, "control", "controlled by" and "under common control with" shall mean the possession of the power to direct or cause the direction of the management and/or policies of an entity in general and/or in regard to specific matters relevant to this Agreement, whether through the ownership of voting stock or partnership interest, by contract or otherwise, and regardless of the particular percentage of equity ownership.

1.1 **"Commercially Reasonable Efforts"** means efforts and resources consistent with prevailing cell therapy industry standards for companies of a similar size as Licensee for a product or compound owned by it or to which it has rights, which is of similar market potential at a similar stage in its development or product life, taking into account issues of safety or efficacy, product profile, the competitiveness of the marketplace, the proprietary position of the compound or product, the regulatory structure involved, the profitability of the applicable products, and other relevant factors.

1.2 **"Confidential Information"** means, without limitation, any confidential information of a Party relating to any use, process, method, compound, research project, work in process, future development, scientific, engineering, manufacturing, marketing, business plan, financial or personnel matter relating to the disclosing Party, its present or future products, sales, suppliers, customers, employees, investors or business, whether in oral, written, graphic, electronic, or any other form, which is marked confidential or designated by the disclosing party as being confidential prior to disclosure or which is marked confidential and provided to the other Party within thirty (30) days of such disclosure.

1.3 **"FDA"** means the United States Food and Drug Administration and any equivalent agency thereto.

1.4 **"Field"** means the use of homing peptides in Licensed Products for (1) research use only reagents in preclinical investigations of cell therapy treatments and (2) to enhance cell therapy products for the treatment and/or prevention of disease or injury, in both cases only to the extent that such reagents or therapeutic products incorporate proprietary technology belonging to Licensee or licensed from a third party by Licensee.

1.5 **"First Commercial Sale"** means with respect to any Licensed Product and any country of the world, the first sale of such Licensed Product under this Agreement, for use in the Field, to a third party in such country, after such Licensed Product has been granted regulatory approval for use in the Field by the competent regulatory authorities in such country. Licensed Products used in testing, clinical trials, pre-clinical investigations, for compassionate use, or as marketing samples to develop or promote Licensed Products shall be excluded from commercial sales.

1.6 **"Licensed Know-How"** means all tangible or intangible data pertaining to the Licensed Patents, that to the best of Institute's knowledge are owned or under the control of Institute, and which are not described in the Licensed Patents, but which are necessary or useful for the commercial exploitation of the Licensed Patents, and which are not generally publicly known, and which were prior to the Effective Date, fixed in a tangible medium of expression by Institute.

1.7 **"Licensed Patents"** means the United States patent application(s) listed on Appendix A, the inventions described and claimed therein, and all patents anywhere in the world that issue from these, or any predecessor application, including without limitation, any provisional application, and any application anywhere in the world that claims or is entitled to claim, priority to such applications, or claims such inventions, including but not limited to any divisional, continuations, continuations-in-part, extensions (including supplemental protection certificates), substitutions, registrations, use cases, utility models, confirmations, re-examinations, renewals and any patents issuing on any of the foregoing, as well as extensions and reissues thereof.

1.8 **"Licensed Product(s)"** shall mean any product that the manufacture, use or sale of which would infringe any Valid Claim of the Licensed Patents.

1.9 **"Licensed Technology"** means the Licensed Patents and Licensed Know-How.

1.10 **"Net Commercial Sales"** means the gross amount invoiced and received by Licensee or any Affiliate or Sublicensee as a result of commercial sales of the Licensed Product(s) to any person, entity or party that is not an Affiliate or Sublicensee or Affiliate of Sublicensee, after deduction of all the following to the extent applicable to such sales:

(i) all customary trade, case and quantity credits, discounts, refunds or rebates reflected in written documentation, including without limitation rebates accrued, incurred or paid to Federal Medicare and State Medicaid and any other price reductions required by a United States or foreign governmental agency;

(ii) actual allowances or credits for returns, including without limitation amounts received for sales which become the subject of a subsequent temporary or partial recall by a regulatory agency for safety or efficacy reasons outside the control of Licensee, and retroactive price reductions (including Medicaid, managed care and similar types of rebates) to the extent that each is included in Licensee's, an Affiliate's and/or a Sublicensee's billings, provided, however, that amounts set aside for temporary recalls are added back to Net Commercial Sales should the temporary recall be cancelled;

(iii) cost of freight, postage, and freight insurance, (if paid by seller) to the extent that each is included in Licensee's, an Affiliate's and/or a Sublicensee's billings;

(iv) sales taxes, value added taxes, excise taxes, and customs duties directly imposed and with reference to particular sales;

(v) reasonable and customary sales commissions to non-employees of Licensee reflected in written documentation; and

(vi) cost of export and/or import licenses and any taxes, fees or other charges associated with the exportation or importation of Licensed Products.

A sale or transfer to an Affiliate or a Sublicensee for re-sale by such Affiliate or Sublicensee shall not be considered a sale of Licensed Products for the purpose of this provision but the resale by such Affiliate or Sublicensee shall be a sale for such purposes. Any amounts received by Licensee, its Affiliates and/or Sublicensees in exchange for Licensed Products transferred or provided to any person or entity solely for use in pre-clinical investigations, testing, clinical trials, compassionate use, and/or as marketing samples to develop or promote the Licensed Products (but not for use as a reagent in research unrelated to development or FDA approval of Licensed Products), and income or other amounts received from Sublicensees for research and/or development or obtaining FDA approval of Licensed Products, including grants, gifts, awards, subsides and the like, shall not be included in the definition of Net Commercial Sales.

1.11 **"Net Sublicensing Revenue"** means consideration of any kind and in any form received by Licensee from a Sublicensee pursuant to and in consideration of sublicenses granted pursuant to this Agreement from Net Commercial Sales of Licensed Products by such Sublicensees. Net Sublicensing Revenue shall not include any income to Licensee for research and development or obtaining FDA approval or other financial encumbrances not derived directly from Net Commercial Sales of Licensed Products.

1.12 **"Parties"** means Licensee and the Institute, each of which, individually, is a "Party".

1.13 **"Sublicensee"** shall mean, with respect to any Licensed Product, a non-Affiliate third party that licenses the rights to practice such Licensed Technology from Licensee or its Affiliates.

1.14 **"Territory"** means all countries of the world.

1.15 **"Valid Claim"** means a claim of (i) a pending patent application included within the Licensed Patents, which claim is pending in good faith; or (ii) an issued patent included within the Licensed Patents, which claim has not lapsed, been canceled or become abandoned and has not been declared invalid or unenforceable by an unreversed and unappealable decision or judgment of a court or other appropriate body of competent jurisdiction, and which has not been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise, provided that, with respect to claims of a pending patent application, if any such pending claim has not issued as a claim of an issued patent within four (4) years after the filing date from which such patent application takes priority, such pending claim shall not be a Valid Claim for purposes of this Agreement, unless and until, subsequent to such four (4) year period, such pending claim is issued as a claim of an issued and unexpired patent.

2. GRANT OF LICENSE

2.1 **License Grant.** Subject to the terms and conditions of this Agreement, the Institute hereby grants to Licensee and its Affiliates an exclusive, royalty-bearing license to practice Licensed Technology in the Territory and in the Field. The rights to practice Licensed Technology include the rights to make, have made, use, offer to sell, sell, import, export, or supply the Licensed Technology and to engage in any activity or conduct reasonably related to efforts to obtain any approval from the FDA.

2.2 **Sublicensing.** Notwithstanding the foregoing, Licensee and/or its Affiliates shall have the right to license the rights to any Licensed Product to any third party.

2.2.1 For so long as Licensee is in full compliance with all of its obligations under this Agreement, Licensee may grant sublicenses under the Licensed Patents. Prior to the granting of any sublicense, Licensee will provide Institute with written notification of the name of the intended sublicensee, a brief description of the company, as well as a detailed term sheet containing the financial terms, the territory and all the relevant legal terms of the sublicense to the Institute. Licensee agrees to forward to Institute a copy of each fully executed sublicense postmarked within sixty (60) days of execution of such agreement.

2.2.2 Sublicensee may also grant sublicenses under the Licensed Patents. Prior to the granting of any sublicense, Sublicensee will provide Institute with written notification of the name of the intended sublicensee, a brief description of the company, and a copy of the proposed sublicense to the Institute.

2.2.3 Licensee will be responsible for its Sublicensees' compliance with the terms of this Agreement, and Licensee will not grant any rights which are inconsistent with the rights granted to and obligations imposed on Licensee hereunder. Any act or omission of a Sublicensee, which would be a breach of this Agreement if undertaken or omitted by the Licensee, will be deemed to be a breach by Licensee of this Agreement. In the event of a breach by a Sublicensee of this Agreement, Licensee shall have ninety (90) days to remedy such breach before it is considered a breach of this Agreement by Licensee. Each sublicense granted by Licensee shall include an audit right by Institute of the same scope as provided in Section 5. No sublicense agreement will contain any provision that would cause Institute or Licensee to extend the term of this Agreement.

2.2.4 Termination of the license granted to Licensee under any of the provisions of Section 11 of this Agreement will terminate all sublicenses that may have been granted by Licensee, unless any sublicensee elects to continue its sublicense by advising Institute in writing, within thirty (30) days of the sublicensee's receipt of written notice of such termination, of its election, and of its agreement to assume with respect to Institute all of the obligations (including obligations for payment) of Licensee contained in this Agreement. Any sublicense granted by Licensee will contain provisions corresponding to those of this paragraph respecting termination and the conditions of continuance of sublicenses.

2.3 **Reserved Rights.** The Institute and permitted third party academic institutions may use inventions described or claimed in the Licensed Patents by the Institute, academic institutions or other third parties for non-commercial, non-clinical research. Such non-commercial research use of the Licensed Patents by permitted third party academic institutions shall be subject to the terms of the Material Transfer Agreement attached here as Appendix B. Institute shall inform Licensee of any executed Material Transfer Agreement in the Field.

The license grant set forth in Section 2.1 will be further subject to any license of inventions described or claimed in the Licensed Patents that the Institute is required by law or regulation to grant to the United States of America or to a foreign country or agency thereof, pursuant to an existing or future treaty between the United States of America and any foreign country.

2.4 **U.S. Manufacture.** Licensee agrees that Licensed Products sold in the United States shall be manufactured substantially in the United States to the extent required by 35 U.S.C.§ 204 unless Licensee shall obtain, at its sole expense and effort, written permission from the United States Government to manufacture Licensed Products outside the United States.

2.5 **No Other Rights.** The license granted hereunder shall not be construed to confer any rights, other than those affirmatively granted as set forth in Section 2.1, to Licensee by implication, estoppel or otherwise as to any technology not specifically set forth in this Agreement.

3. DEVELOPMENT EFFORTS

3.1 **Commercially Reasonable Efforts.** Licensee shall use its Commercially Reasonable Efforts to develop and commercialize Licensed Products on a schedule that is consistent with sound and reasonable business practices and judgment. The efforts of Affiliates shall be deemed efforts of Licensee for the purpose of determining Licensee's compliance with this Section 3.1. Such efforts include, but are not limited to:

(i) the development, manufacture and sale of Licensed Products;

(ii) market a Licensed Product in the United States (or foreign territory) within twelve (12) months after FDA (or foreign equivalent) approval has been obtained (the "Milestone Event");

(iii) reasonably fill the market demand for Licensed Products following commencement of marketing at any time during the term of this Agreement; and

(iv) obtain all necessary governmental approvals for the manufacture, use and sale of Licensed Products.

3.2 **Failure to Achieve Milestones.** Licensee may request Institute approval to modify the Milestone Event described in Section 3.1(ii) above, which approval shall not be unreasonably withheld. If Licensee is unable to meet the Milestone Event set forth in Section 3.2(ii) above, Licensee shall be entitled to a twelve (12) month extension of the delayed Milestone Event upon payment to Institute of twenty thousand dollars ($20,000). If Licensee does not make such payment or, if after the extension, Licensee fails to achieve the Milestone Event, Institute shall have the option, in its sole discretion, to modify the Milestone Event or to terminate this Agreement.

3.3 **Reporting.**

3.4.1 Within sixty (60) days of the Effective Date, Licensee shall provide to Institute a written research and development plan under which Licensee intends to research and develop the subject matter of the License granted hereunder. It is understood and agreed that such plan is amendable by Licensee in view of the results of its research and development activities. Such plan and all amendments thereto shall be Licensee's Confidential Information, and Institute agrees to hold same in confidence in accordance with Article 16 below.

3.4.2 No later than sixty (60) days after June 30 of each calendar year, Licensee shall provide to Institute a written annual progress report describing progress on research and development, regulatory approvals, manufacturing, marketing and sales during the preceding twelve (12) month period and plans for the forthcoming year ("Progress Reports"). Licensee shall also provide any reasonable additional data Institute requires to evaluate Licensee's performance. All such Progress Reports and additional data shall be Licensee's Confidential Information and held by Institute in confidence in accordance with Article 16.

3.4.3 If Licensee at any time defaults in providing the written research and development plan or Progress Report when due hereunder and fails to provide the written research and development plan or Progress Report within sixty (60) days after Licensee's receipt of written request there for from Institute, Institute may, at its option, terminate this Agreement and all licenses granted herein upon written notice.

4. PAYMENTS AND REPORTS

4.1 **License Fee.** As partial consideration for the rights conveyed by the Institute under this Agreement, Licensee shall, within thirty (30) days after the Effective Date of this Agreement, pay to the Institute a one-time, non-creditable, non-refundable license fee in the amount of Ten Thousand Dollars ($10,000), and Twenty Thousand Dollars ($20,000) within Thirty (30) days from completion of cumulative equity financing equal to or exceeding two million dollars ($2,000,000). Licensee shall, within thirty (30) days after the Effective Date of this Agreement issue to Institute a number of shares of Licensee's Common Stock to constitute Three Percent (3%) of Licensee's fully-diluted stock.

4.2 **Royalties.** In addition to the consideration described in Section 4.1, Licensee shall pay the Institute a royalty based on Net Commercial Sales of Licensed Products on a Licensed Product-by-Licensed Product, country-by-country basis during the term of this Agreement of:

4% for such Net Commercial Sales of pharmaceutical intermediate products, such as cell coating formulations (described by Licensee as "cell paints") for which Licensee has generated a drug master file including such Net Commercial Sales of Licensed Products by all Sublicensees who have been granted sublicensing rights under this License Agreement;

10% for such Net Commercial Sales of research use only Licensed Products developed by Licensee and sold by a third party; and

20% of all Net Sublicensing Revenue.

If a royalty, upfront payment, milestone payment, or sublicense payment must be paid to a third party by Licensee or its Affiliates or Sublicensee based upon patents or other intellectual property rights in connection with an Licensed Product, then the royalty payable to Institute pursuant to this Section 4.2 shall be reduced by fifty percent (50%) of the applicable third party royalty; provided that, in no instance shall the royalty payable to Institute by Licensee or its Affiliates ever be reduced to less than Fifty Percent (50%) of that due in the absence of the third party obligation.

4.3 **Combination Products.** If Licensee or its Affiliates or Sublicensee sell any Licensed Product that includes components other than those covered by the Licensed Patents that contribute significant and material value to said Licensed Product ("Combination Licensed Product"), then in lieu of the royalty rate specified in Section 4.2, inclusive of any reductions for third party royalties, the applicable royalty rate on the Net Commercial Sales of such Combination Licensed Product shall be calculated as the product obtained by multiplying the royalty rate specified in Section 4.2 by the fraction A/(A+B), in which A is the value of the technology licensed under this Agreement and B is the value of the other components; provided, however, that in no event shall the royalty rate payable to Institute for Net Commercial Sales of Combination Licensed Products ever be reduced to less than Two-and-One-Half Percent (2.5%) of Net Commercial Sales of the Combination Licensed Product. For purposes of this Section 4.3 the "value" of each component contributing value to the Licensed Product shall mean that component's contribution to the combined value of the Combination Licensed Product. Furthermore, carriers, diluents, solvents and other such constituents of a potential Licensed Product shall be deemed not to contribute significant and material value to said Licensed Product.

4.4 **License Maintenance Fee.** Licensee agrees to pay to Institute an annual License Maintenance Fee of Ten Thousand Dollars ($10,000) beginning on the first anniversary of the Effective Date and continuing annually for each subsequent year. The License Maintenance Fee shall be payable within thirty (30) days of such anniversary. The License Maintenance Fee is non-refundable and is not an advance or credit against royalties or any other payments. Following the First Commercial Sale of a royalty-bearing Licensed Product made by Licensee, its Affiliates or a Sublicensee, the License Maintenance Fee shall be creditable on an annual basis against earned royalties actually paid by Licensee.

4.5 **Payments.** Payment of the royalties specified in Section 4.2 and Section 4.3 shall be made by Licensee to the Institute within thirty (30) days after March 31, June 30, September 30 and December 31 of each year during the term of this Agreement covering the quantity of Licensed Products sold by Licensee and/or its Affiliates or Sublicensee, as appropriate, during the preceding calendar quarter. After termination or expiration of this Agreement, a final payment shall be made by Licensee covering the whole or partial calendar quarter. Commencing with the First Commercial Sale, each quarterly payment shall be accompanied by a written statement of Net Commercial Sales of Licensed Products by Licensee and/or its Affiliates or Sublicensee, as appropriate, during such calendar quarter. Such written statements shall be duly signed by the Comptroller, Treasurer or Chief Financial Officer of Licensee on behalf of Licensee and shall show the Net Commercial Sales of Licensed Products by Licensee and/or its Affiliates or Sublicensee, as appropriate, during such calendar quarter and the amount of royalties payable under this Agreement based thereon.

4.6 **Failure to Make Payments.** In the event Licensee fails to make any payment due and payable to the Institute hereunder, the Institute may, at its sole option, terminate this Agreement, in accordance with the procedures and cure provisions of Section 11.2.

4.7 **Form of Payment.** All payments due hereunder are expressed in and shall be paid by wire transfer or check payable in United States Dollars, without deduction of exchange, collection or other charges, to the Institute, or to the account of the Institute at such other bank as the Institute may from time to time designate by written notice to Licensee.

4.8 **Interest.** In the event that any payment due hereunder is not made when due, the payment shall accrue interest beginning on the tenth day following the due date thereof, calculated at the annual rate of the sum of (i) two percent (2%) plus (ii) the prime interest rate quoted by The Wall Street Journal on the date said payment is due, the interest being compounded on the last day of each calendar quarter; provided, however, that in no event shall said annual interest rate exceed the maximum legal interest rate for corporations. Each such royalty payment when made shall be accompanied by all interest so accrued. Said interest and the payment and acceptance thereof shall not negate or waive the right of the Institute to seek any other remedy, legal or equitable, to which it may be entitled because of the delinquency of any payment.

4.9 **Exchange Rate.** With respect to each quarter, for countries other than the United States, whenever conversion of payments from any foreign currency is required, and such conversion shall be made at the rate of exchange reported in The Wall Street Journal on the last business day of the applicable calendar quarter.

4.10 **Taxes.**

4.10.1 The payments required to be paid by Licensee to Institute pursuant to this agreement may be paid with deduction for taxes withheld under United States domestic law. The Licensee will reasonably assist Institute to obtain full benefit of any applicable tax treaty to reduce the amount of such withheld taxes.

4.10.2 In the event that the Licensee sublicenses the Licensed Technology to a third party that qualifies as a Untied States taxpayer, then all royalties payable to Institute on Net Commercial Sales of Licensed Product shall be paid directly to Institute by Sublicensee, to avoid payment of withholding taxes imposed by Licensee's country.

4.10.3 In the event that the Licensee sublicenses the Licensed Technology to a third party that does not qualify as a Untied States taxpayer, then Licensee will ensure that the terms of the sublicense agreement are such that the royalties payable to Institute on Net Commercial Sales of Licensed Product will not be reduced by the amount of any withholding tax imposed by Sublicensee on Licensee's royalty payment.

5. RECORDS AND INSPECTION

Licensee shall maintain or cause to be maintained a true and correct set of records pertaining to the Net Commercial Sales of Licensed Products by Licensee and/or its Affiliates or Sublicensee under this Agreement. Such records shall be kept at Licensee's principal place of business or the appropriate principal place of business of the appropriate Affiliate or Sublicensee to which this Agreement relates. During the term of this Agreement and for a period of three (3) years thereafter, Licensee agrees to permit an independent certified public accountant or other independent agent selected and paid by the Institute, and reasonably acceptable to Licensee, to have access during ordinary business hours to such records as are maintained by Licensee, or its Affiliates or Sublicensee, as may be necessary, in the opinion of such party, to determine the correctness of any report and/or payment made under this Agreement. Such party shall not report to Institute any information other than as to the correctness of any such report or payment. Such audits may be exercised no more than once in any twelve (12) month period upon at least thirty (30) days prior written notice to Licensee. Any and all information learned or acquired by Institute's agent or accountant pursuant to any such inspection shall be treated the same as Confidential Information of Licensee, in accordance with the provisions of Section 16 below. Before undertaking any such inspection, Institute's agent or accountant shall agree in writing to be bound by the terms of this Section 5 and Section 16. The Institute shall bear the full cost of such audit unless the audit reveals an underpayment of royalty by more than five percent (5%). The cost of the audit shall be paid by Licensee if the discrepancy is an underpayment of royalty by more than five percent (5%); if the discrepancy is an overpayment, Institute shall refund to Licensee the amount of such overpayment within fifteen (15) days after the audit. Licensee shall pay the Institute all amounts the Institute is entitled to as determined by the audit, plus a one-and-a-half percent (1.5%) late fee on the amount due to the Institute, compounded monthly for each month that the payment is late from the date originally due.

6. PATENTS

6.1 **Patent Prosecution and Maintenance.** During the term of this Agreement, Institute shall diligently prosecute and maintain Licensed Patents using counsel to be chosen by Institute and to which Licensee has no reasonable objection. Licensee shall be provided with copies of all documents relating to the filing, prosecution, and maintenance of Licensed Patents in sufficient time to review such documents and comment thereon, if desired by Licensee, prior to filing, provided, however, that if Licensee has not commented on such documents prior to the deadline for filing a response with the relevant government patent office, Institute shall be free to respond without consideration of Licensee's comments. Licensee shall keep this documentation confidential in accordance with Section 16 (Confidentiality) herein.

If Institute declines to prosecute or continue to prosecute any patent application or declines to maintain any patent included in the Licensed Patents, Institute shall give Licensee reasonable notice to this effect. From and after the date of such notice, Licensee will have the right, but not the obligation, to pay for the prosecution and/or maintenance of such patent application or patent, and such patent application or patent shall no longer be included in the Licensed Patents.

6.2 **Patent Costs.** Licensee shall reimburse Institute Twenty Five Percent (25%) of all Licensed Patent expenses incurred incident to the filing, prosecution and maintenance of the Licensed Patents incurred and paid by Institute prior to the Effective Date $71,661.91. Payments shall be made in Four (4) equal installments: First (1st) payment shall be made within Thirty (30) days from completion of pre-seed round of financing and the Second (2nd), Third (3rd) and Fourth (4th) payments are due at Ninety (90) day intervals. Licensee shall reimburse Institute Twenty Five Percent (25%) of all ongoing patent related costs incurred during the term of the License payable on a quarterly basis; provided all such ongoing costs must be first approved by Licensee in writing.

6.3 **Effect of Licensee's Discontinuing Payments.** In the event that Licensee decides not to continue to support the prosecution of any patent or patent application in the United States or in the territories agreed in writing in Section 6.2, or the maintenance of a patent within the Licensed Patents, Licensee will give Institute at least sixty (60) days prior written notice of such election, except in the case in which the decision not to support continued prosecution is in response to a communication from the Institute, the Institute's patent attorney, a patent office, or a foreign associate, relating to a deadline for taking action, in which case Licensee's notice will be timely if given within half the time remaining between receipt by Licensee of the communication and the deadline for taking action. No such notice will have any effect on Licensee's obligations to pay expenses incurred up to the effective date of such election. From and after the effective date of such election, Institute will have the right, but not the obligation, to pay for the prosecution and/or maintenance of the patent application or patent which Licensee is discontinuing and Licensee shall have no further rights thereto. Licensee may freely discontinue payment of expenses for cause (i.e., official actions, prior art, legal decisions, or statutes or other expressions of local law, which reasonably indicate that the material claims in the application or patent are or are likely to be unpatentable, unenforceable, or invalid). Where discontinuance of payments is not for cause (i.e., Licensee is unwilling to support and reimburse Institute for all reasonable and necessary patent expense related to the filing, prosecution and maintenance of the Licensed Patents, which are likely to be patentable, enforceable, or valid), from and after the effective date of such election, any such patent application or patent in any country as to which Licensee have elected to discontinue payment shall have the effect of excluding all patent applications or patents directed to the same subject matter in all relevant countries thereof from Licensed Patents, and from the scope of the license granted under this Agreement. All rights relating to such patent applications or patents shall revert to Institute and may be freely licensed by Institute to any other person or entity.

6.4 **Cooperation.** Institute and Licensee shall cooperate fully in the preparation, filing, prosecution and maintenance of Licensed Patents and of all patents and patent applications licensed to Licensee. Each Party shall provide to the other timely notice as to all matters which come to its attention and which may affect the preparation, filing, prosecution or maintenance of any such patent applications or patents.

6.5 **Patent Marking.** Licensee shall mark all Licensed Products made, used or sold under the terms of this Agreement, or their containers, in accordance with the applicable patent marking laws.

7. INDEMNITY AND INSURANCE

7.1 **Indemnity - Licensee.** Licensee hereby agrees to indemnify and hold harmless Institute and its directors, officers, researchers, scientists, employees and agents (collectively, the "Institute Indemnitees") from and against any losses, claims, damages, costs, and expenses (including attorneys' fees) (collectively, "Losses") incurred in connection with or arising from (i) any third party claims arising from Licensee's use of any Licensed Technology; and (ii) any claims for death, personal injury or related property damage arising from Licensee's development, manufacture, sale, marketing, distribution or use of any Licensed Products, but excluding Losses arising from or relating to the breach of this Agreement by Institute or the gross negligence or willful misconduct of any Institute Indemnitees. Without limiting the generality of the foregoing, such indemnity obligation shall apply to any product liability or other claims, including without limitation, personal injury, death or property damage, made by employees, subcontractors, or agents of Licensee, as well as by any customer, patient, hospital, doctor, or member of the general public who buys or uses an Licensed Product. Licensee shall monitor customer complaints and shall be responsible for corrections, withdrawal or alert notices.

7.2 **Insurance.** Licensee shall for so long as Licensee manufactures, uses or sells any Licensed Product, maintain in full force and effect policies of (i) worker's compensation and/or employers' liability insurance within statutory limits and (ii) general liability insurance (with broad form general liability endorsement) with limits of not less than one million dollars ($1,000,000) per occurrence and a ten million dollar ($10,000,000) annual aggregate. From and after the time that Licensee or any of its Affiliates begin human clinical trials on any Licensed Product, Licensee shall use reasonable commercial efforts to obtain and maintain comprehensive general liability insurance, including products liability insurance, with reputable and financially secure insurance carriers in an amount which is customarily carried by companies at a comparable stage of development of new pharmaceutical products. Such coverage(s) shall be purchased from a carrier or carriers deemed reasonably acceptable to the Institute and shall name the Institute as additional insured. Upon request by the Institute, Licensee shall provide to the Institute copies of said policies of insurance.

8. ACKNOWLEDGMENTS

8.1 **Licensee's Acknowledgement.** Licensee represents, acknowledges and agrees that the Licensed Technology involves technologies which have not been approved by any regulatory agency, and that Institute cannot guarantee the safety or usefulness of any Licensed Products.

8.2 **Corporate Power.** Each Party hereby represents and warrants that such Party is duly organized and validly existing under the laws of the state of its incorporation or organization, as the case may be, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.

8.3 **Due Authorization.** Each Party hereby represents and warrants that such Party is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder.

8.4 **Binding Obligation.** Each Party hereby represents and warrants that this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any law or regulation or any court, government body or administrative or other agency having authority over it.

8.5 **Institute Acknowledgments.** To the knowledge of Institute as of the Effective Date, none of the Licensed Patents is unenforceable or invalid or would be unenforceable or invalid if issued as patents.

9. DISCLAIMER OF WARRANTIES

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE Institute MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, REGARDING OR WITH RESPECT TO THE LICENSED TECHNOLOGY OR LICENSED PRODUCTS. IN ADDITION, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE Institute MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESSED OR IMPLIED, OF THE PATENTABILITY OF THE LICENSED PATENTS OR OF THE ENFORCEABILITY OF ANY PATENTS ISSUING THEREUPON, IF ANY, OR THAT THE LICENSED TECHNOLOGY OR LICENSED PRODUCTS ARE OR WILL BE FREE FROM INFRINGEMENT OF ANY PATENT OR OTHER INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

10. LIMITATION OF LIABILITY

NEITHER PARTY NOR SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY SPECIAL, INCIDENTAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT OR ANY LICENSE GRANTED HEREUNDER.

11. TERM AND TERMINATION

11.1 **Term.**

The rights and licenses granted to Licensee and its Affiliates pursuant to Section 2.1 hereof, and the obligation to pay royalties on the Net Commercial Sales of Licensed Products pursuant to Sections 4.2 and 4.3, and the maintenance fee in Section 4.3, shall continue in full force and effect, on an Licensed Product-by-Licensed Product and country-by-country basis, until the expiration of the last to expire patent within the Licensed Patents containing a Valid Claim covering such product in the country of sale, whereupon Licensee shall have the royalty-free right to practice the Licensed Technology.

This Agreement shall become effective on the Effective Date and shall continue in full force and effect until the expiration of Licensee's rights and licenses under Section 2.1 hereof, as set forth in Section 11.1, unless earlier terminated pursuant to this Article 11.

11.2 **Termination by Notice.** Notwithstanding any provision herein, Licensee may terminate this Agreement in its entirety, at any time by giving Institute at least sixty (60) days' prior written notice. All rights and obligations of Licensee with respect to such patent(s) and patent application(s) shall terminate on the date specified in the written notification.

11.3 **Default Remedies.**

11.3.1 If Licensee at any time defaults in the payment of any sum when due hereunder and fails to make such payment within sixty (60) days after receipt of written notice thereof by Institute, Institute may, at its option, terminate this Agreement and all licenses granted herein upon written notice.

11.3.2 If either party at any time defaults in the making of any report hereunder, or commits any material breach of any of the terms, covenant or provisions of this Agreement, or makes any false report and fails to remedy any such default, material breach or report within sixty (60) days after receipt of written notice thereof by the non-breaching party, the non-breaching party may, at its option, terminate this Agreement and all licenses granted herein upon written notice.

11.4 **Default for Bankruptcy.** Each Party shall have the right, at its option, to terminate this Agreement in the event that the other Party shall:

(i) file in court or agency pursuant to any applicable state or federal petition in bankruptcy (other than dissolution or winding up for the purposes of reconstruction or amalgamation) or if such party is served with an involuntary petition in bankruptcy, or

(ii) make an assignment of all or substantially all of its assets for the benefit of creditors, or

(iii) in the event that a receiver or trustee is appointed for the other Party and such Party shall, after the expiration of thirty (30) days following any of the events enumerated above, be unable to secure a dismissal, stay or other suspension of such proceedings.

In the event of termination of this Agreement all rights to the Licensed Patents shall revert to the Institute.

11.5 **Rights after Termination.** At the date of any termination of this Agreement by Licensee pursuant to Section 11.2 hereof or by Institute pursuant to Section 11.3 hereof for material breach by Licensee or Section 11.4 hereof in the event of bankruptcy insolvency, dissolution, or receivership proceedings by Licensee, as of the date of termination set forth in Licensee's termination notice (in the case of termination under Section 11.2) or receipt by Licensee of notice of such termination (in the case of a termination under Section 11.3 or 11.4), Licensee and its Affiliates shall immediately cease exploiting any of the Licensed Patents and return all copies of the same to the Institute and cease production of all Licensed Products; provided, however, that Licensee, its Affiliates and each Sublicensee may dispose of any Licensed Products manufactured as of the date of termination, and may complete manufacture of Licensed Products then in the process of manufacture, and sell them, provided that Licensee shall pay to the Institute running royalties in accordance with Sections 4.2 and 4.3 with respect thereto and otherwise complies with the terms of this Agreement.

11.6 **No Waiver; Survival.** No termination of this Agreement shall constitute a termination or a waiver of any rights of either Party against the other Party accruing at or prior to the time of such termination. The obligations and rights of the Parties under Sections 1, 7.1, 7.2, 9, 10, 11, 14, 15, 16, 17 and the confidentiality-related provisions of Sections 3.4.1 and 3.4.2 shall survive termination of this Agreement for as long as necessary to permit their full discharge.

12. ASSIGNABILITY

Licensee shall not assign the license granted hereunder or this Agreement without the prior written consent of Institute.

13. GOVERNMENTAL COMPLIANCE

13.1 **Compliance with Laws.** Licensee shall at all times during the term of this Agreement and for so long as it sells imports, exports, manufactures, uses, develops, distributes, markets or otherwise commercially exploits Licensed Products and/or Licensed Technology comply and require its Affiliates and Sublicensees to comply with all laws that control the import, export, manufacture, use, development, sale, marketing, distribution and other commercial exploitation of Licensed Products and/or Licensed Technology or any other activity undertaken pursuant to this Agreement.

13.2 **Governmental Approval or Registration.** If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, Licensee shall assume all legal obligations to do so. Licensee shall notify Institute if it becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. Licensee shall make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

14. GOVERNING LAW

This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of California without regard to its conflict of laws rules. This Agreement is expressly acknowledged to be subject to all federal laws, including, but not limited to, the Export Administration Act of the United States of America. No conflict-of-laws rule or law that might refer such construction and interpretation to the laws of another state, republic or country shall be considered.

15. NOTICES

Any payment, notice or other communication pursuant to this Agreement shall be mailed by first class, certified or registered mail, postage prepaid, or delivered by overnight delivery service addressed as follows or to such other address designated by written notice given to the other Party or faxed to the other party if the sender has evidence of successful transmission:

In the case of the Institute:
The Burnham Institute
10901 North Torrey Pines Road
La Jolla, CA 92037
ATTN: Chief Operating Officer

In the case of Licensee:
Arnold I. Caplan, PhD
Acting Chairman & Acting CEO
Cell Targeting, Inc.
11000 Cedar Avenue, Suite 100
Cleveland, OH, 44106

Any such payment, notice or other communication shall be effective upon receipt.

16. CONFIDENTIALITY

16.1 Treatment of Confidential Information. During the term of this Agreement, and for a period of five (5) years after this Agreement expires or terminates, a Party receiving Confidential Information of the other Party shall (a) maintain in confidence such Confidential Information to the same extent such receiving Party maintains its own proprietary information (but at a minimum each Party shall use reasonable efforts); (b) not disclose such Confidential Information to any third party without prior written consent of the other Party to this Agreement; and (c) not use such Confidential Information for any purpose except those permitted by this Agreement. A Party shall have no such obligation with respect to any portion of such Confidential Information which:

(i) is publicly disclosed by the disclosing Party, or is otherwise publicly disclosed without the fault of the receiving Party, either before or after it becomes known to the receiving Party; or

(ii) was known to the receiving Party prior to when it was received from the disclosing Party, as evidenced by contemporaneous written records; or

(iii) is subsequently disclosed to the receiving Party in good faith by a third party who has a right to make such a disclosure; or

(iv) has been published by a third party which had a right to do so; or

(v) has been independently developed by the receiving Party without the aid, application or use of Confidential Information from the disclosing Party, such independent development being performed solely by persons not having access whatsoever to the disclosing Party's Confidential Information, as evidenced by contemporaneous written evidence of same; or

(vi) is required by law to be disclosed, but then only to the limited extent of such legally required disclosure; provided, however, that the other Party shall be given prompt notice of any such legally required disclosure.

Notwithstanding the foregoing, Licensee may disclose Institute's Confidential Information to the extent that such disclosure is reasonably necessary, in accordance with the term and conditions of this Agreement, (a) to file or prosecute patent applications within the Licensed Patents, (b) pursue or defend litigation relating to the Licensed Patents, (c) seek or maintain regulatory approval for Licensed Products and/or Licensed Methods, or (d) for compliance with applicable governmental regulations; provided that, if Licensee intends to make any such disclosure, it shall give reasonable advance written notice to Institute of such intention. Furthermore, nothing in this Section 16.1 shall be construed to preclude Licensee from disclosing Institute's Confidential Information to third parties in connection with the development and commercialization of Licensed Products and/or Licensed Methods including, without limitation, co-development, co-marketing and co-promotion in connection therewith, or in the process of obtaining private or public financing, as long as such third party(ies) agrees in writing to be bound by confidentiality provisions no less strict than those set forth in this Section 16.1.

16.2 **Publicity.** Any publication, news release or other public announcement relating to this Agreement, including without limitation, entering to into this Agreement, or to the performance hereunder, shall first be reviewed and approved by both Parties, which approval shall not be unreasonably withheld. Either Party shall be entitled to disclose the substance of this Agreement to its shareholders (and to prospective shareholders to whom its stock is offered for purchase) under a confidentiality agreement consistent with this Agreement. Each Party shall also be entitled to provide a copy of this Agreement to the Securities and Exchange Commission (if required).

17. GENERAL PROVISIONS

17.1 **Use of the Names.** Licensee agrees that it shall not use in any way the name "The Burnham Institute" or any logotypes or symbols associated with the Institute or the names of any of the scientists or other researchers at the Institute without the prior written consent of the Institute. Institute agrees that it shall not use the name Cell Targeting or any logotypes or symbols associated therewith or the names of any scientists or other researchers of any of the foregoing, without the prior written consent of Licensee.

17.2 **Independent Contractors.** The Parties hereby acknowledge and agree that each is an independent contractor and that neither Party shall be considered to be the agent, representative, master or servant of the other Party for any purpose whatsoever, and that neither Party has any authority to enter into a contract, to assume any obligation or to give warranties or representations on behalf of the other Party without the prior written consent of the other Party. Nothing in this relationship shall be construed to create a joint venture, agency, partnership, fiduciary or other similar relationship between the Parties.

17.3 **Non-Waiver.** The Parties covenant and agree that if a Party fails or neglects for any reason to take advantage of any of the terms provided for the termination of this Agreement or if a Party, having the right to declare this Agreement terminated, shall fail to do so, any such failure or neglect by such Party shall not be a waiver or be deemed or be construed to be a waiver of any cause for the termination of this Agreement subsequently arising, or as a waiver of any of the terms, covenants or conditions of this Agreement or of the performance thereof. None of the terms, covenants and conditions of this Agreement may be waived by a Party except by its written consent.

17.4 **Reformation.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability shall not invalidate or render unenforceable such provision in any other jurisdiction. Should any provision of this Agreement be so held to be unenforceable, such provision, if permitted by law, shall be considered to have been superseded by a legally permissible and enforceable clause which corresponds most closely to the intent of the Parties as evidenced by the provision held to be unenforceable.

17.5 **Modification.** No amendment or modification of this Agreement shall be effective unless in writing signed by the Parties hereto No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by the Parties.

17.6 **Force Majeure.** No liability hereunder shall result to a Party by reason of delay in performance to the extent caused by circumstances beyond the reasonable control of the Party, including, without limitation, acts of God, fire, flood, war, civil unrest, labor unrest, or terrorism.

17.7 **Entire Agreement.** The terms and conditions herein constitute the entire agreement between the Parties and shall supersede all previous agreements, either oral or written, between the Parties hereto with respect to the subject matter hereof. No agreement or understanding bearing on this Agreement shall be binding upon either Party hereto unless it is in writing and signed by the duly authorized officer or representative of each of the Parties and it expressly refers to this Agreement.

17.8 **Headings.** The headings for each Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Section.

17.9 **Counterparts.** This Agreement may be signed in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. Signatures may be transmitted by facsimile, thereby constituting the valid signature and delivery of this Agreement.

17.10 **No Strict Construction.** This Agreement has been prepared jointly and shall not be strictly construed against either Party.

17.11 **No Third Party Beneficiaries.** No person or entity other than Institute, Licensee and their respective Affiliates and permitted assignees hereunder shall be deemed an intended beneficiary hereunder or have any right to enforce any obligation of this Agreement.

17.12 **Dispute Resolution.** The Parties shall make diligent and reasonable efforts to amicably settle all disputes, controversies, or differences which may arise between the Parties hereto, out of, or in relation to or in connection with this Agreement. If a Party shall reasonably determine that it must seek a preliminary injunction, temporary restraining order or other provisional relief, upon the occurrence of a dispute between the Parties, including, without limitation, any breach of this Agreement or any obligation relating thereto, the matter shall be referred first to the President of Licensee and the COO of Institute, or their designees, who shall negotiate in good faith to resolve such dispute in a mutually satisfactory manner if circumstances permit, recognizing that an aggrieved party that wishes to seek a preliminary injunction or temporary restraining order may need to resort immediately to legal recourse. If such efforts do not result in a mutually satisfactory resolution, the dispute shall be finally settled by arbitration, by which each Party hereto is bound. Such arbitration shall be held in San Diego, California in accordance with the rules of the American Arbitration Association. Any such arbitration shall be conducted in the English language. There shall be three (3) arbitrators, including one nominee of Licensee, one nominee of Institute, and a third person selected by said nominees. Judgment upon the award rendered may be entered in the highest court or forum, state, or federal, having jurisdiction; provided, however, that the provisions of this Section 17.12 shall not apply to any dispute or controversy as to which any treaty or law prohibits such arbitration. The prevailing party shall be entitled to reasonable attorneys' fees and costs to be fixed by the arbitrators.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement by their duly authorized officers and representatives effective as of the Effective Date.

Institute:

Burnham Institute for Medical Research

By: /s/ Robert Zaugg
Robert Zaugg, Ph.D.
Vice President Business Development

LICENSEE:

Cell Targeting, Inc.

By: /s/ Arnold I. Caplan
Arnold I. Caplan, Ph.D.
Acting Chairman & Acting CEO

Appendix A

Licensed Patents

TECH ID	PEPTIDE	TITLE	STATUS
04-055	CRPPR	Novel Heart Homing Peptides and Methods of Using Same	Prior to examination
04-055	CRPPR	Peptides that Selectively Home to Heart Vasculature and Related Conjugates and Methods	USApp 2006-0160743
06-043	CGLIIQKNEC (CLT1 peptide)	Methods and Compositions Related to Targeting Tumors and Wounds	Prior to examination
06-043	CNAGESSKNC (CLT2 peptide)	Methods and Compositions Related to Targeting Tumors and Wounds	Prior to examination
07-001	CAR	Wound Healing Peptides	Prior to examination
07-001	CRK	Wound Healing Peptides	Prior to examination
02-036	KDEPQRRSARLSA KPAPPKPEPKPKK APAKK (F3 peptide)	HMGN2 Peptides and Related Molecules that Selectively Home to Tumor Blood Vessels and Tumor Cells	USApp 2004-0186056
03-001	CREKA	Collagen-binding Molecules that Selectively Home to Tumor Vasculature and Methods of Using Same	USApp 2005-0048063
99-083	CRSWNKADNRSC	Heart Homing Peptides and Methods of Using Same	USP 6,303,573

Appendix B

Standard Material Transfer Agreement

Biological Material Transfer Agreement
("Agreement")

Effective _____ ("Effective Date") the Burnham Institute for Medical Research, a California non-profit public benefit corporation, located at 10901 North Torrey Pines Road, La Jolla, CA 92037 USA ("Institute") and _____, a non-profit organization located at _____ ("Recipient") agree as follows:

1. Recipient has requested that Institute transfer the following research material: _____ ("Material") to Recipient for use by _____ (hereinafter, "Investigator").

2. Institute agrees to transfer Material to Recipient for use by the Investigator in his/her non-commercial research project, where such research project is not funded by and/or conducted for the benefit of any for-profit organization. Research project is described as follows: _____
_____
_____
_____
_____(hereinafter, "Research Project") subject to Recipient's agreement with all of the following terms and conditions:

a. Material, including any and all unmodified descendents and derivatives of Material, is the property of Institute.

b. Material represents a significant investment on the part of, and is proprietary to, Institute. Recipient will not attempt to obtain a patent claiming Material.

c. Recipient agrees not to transfer Material to any person who is not under Investigator's direct supervision at Recipient's organization without advance written approval of Institute. Recipient will ensure that all persons authorized to use Material pursuant to this Agreement are aware of and agree to abide by all of the terms and conditions of this Agreement.

d. Any uses of Material other than in connection with the Research Project are expressly prohibited. Recipient expressly agrees that the provision of Materials by Institute will not be construed as a grant of any right or license with respect to Materials except as set forth herein or in a duly executed license agreement.

e. No rights are granted to Recipient under any patents, patent applications, trade secrets or other proprietary rights of Institute other than the right to use Material in the Research Project, subject to the terms of this Agreement.

f. Recipient agrees to use its reasonable efforts (no less than the protection given its own confidential information) to maintain in confidence, for a period of five (5) years from the date of its disclosure, any of Institute's information about Material that is disclosed by Institute to Recipient and that, by appropriate marking, is identified as "Confidential" and proprietary at the time of disclosure ("Confidential Information"). Confidential Information will not include information that:

(i) is publicly available prior to the date of this Agreement or becomes publicly available thereafter through no wrongful act of Recipient;
(ii) was known to Recipient prior to the date of disclosure or becomes known to Recipient thereafter from a third party having an apparent bona fide right to disclose the information;
(iii) is disclosed by Recipient with Institute's prior written approval;
(iv) is disclosed by Institute without restriction on further disclosure;
(v) is independently developed by Recipient;
(vi) Recipient is obligated to produce pursuant to an order of a court of competent jurisdiction or a valid administrative or Congressional subpoena, provided that Recipient (a) promptly notifies Institute and (b) cooperates reasonably with Institute's efforts to contest or limit the scope of such order and (c) takes all necessary steps to protect the confidentiality of the Confidential Information including without limitation filing any documents with the court under seal.

g. Recipient may publish, or otherwise publicly disclose the results of the Research Project, provided however that in all oral presentations or written publications concerning the Research Project, no such publication or disclosure may include any of Institute's Confidential Information without Institute's prior written approval. In accordance with scientific custom, Institute's provision of Material will be noted in all written or oral public disclosures concerning the Research Project, as is appropriate.

h. Recipient agrees that it will share the results of its research utilizing Material with Dr. _____of Institute under the terms of confidentiality and non-disclosure set forth in this Agreement.

i. If Recipient desires to use Material or any part thereof for commercial, for-profit making purposes, Recipient agrees, in advance of such use, to negotiate in good faith with Institute to establish terms of a commercial license. It is understood by Recipient that Institute shall have no obligation to grant such license to Recipient, and may grant licenses to others, or sell or assign all or part of its rights in Materials to any third party, subject to any preexisting rights held by others and obligations to the Federal Government.

j. Material is provided as a service to the research community. IT IS PROVIDED TO RECIPIENT "AS IS" WITH NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Institute makes no representations that the use of Material will not infringe any patent or proprietary rights of third parties.

Exhibit 10.37

STOCK PURCHASE AGREEMENT

EMBRYOME SCIENCES, INC.

973,709 Common Shares

Price: $ 2.054 per Share

READ THIS AGREEMENT CAREFULLY BEFORE YOU INVEST

The common shares, no par value ("Shares") have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws and may not be offered for sale, sold, transferred, pledged or hypothecated to any person in the absence of an effective registration statement covering such Shares (or an exemption from such registration) and an opinion of counsel satisfactory to Embryome Sciences, Inc. to the effect that such transfer or exercise complies with applicable securities laws.

PURCHASE AGREEMENT

This Agreement is entered into by Life Extension Foundation ("Purchaser") and Embryome Sciences, Inc., a California corporation (the "Company).

1. Purchase and Sale of Shares.

(a) Purchaser hereby irrevocably agrees to purchase, and the Company agrees to sell to Purchaser, nine hundred seventy three thousand seven hundred nine point eighty three (973,709.83) common shares, no par value (the "Shares") at the price of $ 2.054 per Share.

(b) This Agreement will become an irrevocable obligation of Purchaser to purchase the number of Shares specified in paragraph (a) of this Section 1, at the price of $ 2.054 per Share, when a copy of this Agreement, signed by Purchaser, is countersigned by the Company. Purchaser shall pay the purchase price of the Shares by wire transfer to such account of the Company as the Company may specify. If this Agreement is rejected or not accepted for any reason by the Company, all sums paid by the Purchaser will be promptly returned, without interest or deduction.

2. Corporate Restructuring.

(a) Purchaser acknowledges and agrees that in conjunction with Purchaser's investment in the Company through the purchase of the Shares, the Company is restructuring its operations such that it will be entering a new field of business focused on the use of induced pluripotent stem cell ("iPS") technology and other technology for the research and development of stem cell products to treat human vascular and blood diseases and disorders (the "New Field").

(b) In entering the New Field, the Company will dispose of its current tangible and intangible assets, contracts, agreements, licenses, patents, patent applications, know-how, and other intellectual property not related to or necessary for the Company's operation in the New Field (collectively, the "Old Assets"). The Old Assets include those listed on Schedule A attached to this Agreement. Purchaser acknowledges and agrees that the Company will distribute, transfer, and assign the Old Assets to its parent company BioTime, Inc. ("BioTime") without the receipt of consideration, except that BioTime will assume and indemnify the Company from any and all liabilities arising prior to the date of this Agreement from the operation of the Company's business using the Old Assets (the "Old Business").

(c) The Company will retain certain licenses and sublicenses from ACT, described on Schedule B, to use certain patents, patent rights, and know-how; provided, however, that in conjunction with the Company's disposal of the Old Assets, the Company will sublicense to BioTime all of the Company's right and obligations under the licenses and sublicenses listed on Schedule B for use outside of the New Field. Purchaser acknowledges and agrees that the Company will receive no license fees or royalties from BioTime for such sublicenses. BioTime will pay any and all royalties and other fees as may become payable to ACT under the terms of such licenses and sublicenses with respect to the use of the sublicensed patents and know-how by BioTime and its sublicensees or assignees.

(d) Purchaser acknowledges and agrees that price that Purchaser is paying for the Shares under this Agreement does not include the value of the Old Assets or the Old Business.

3. Change of Corporate Name. Purchaser acknowledges and agrees that in connection with the Company's disposal of the Old Business and entry into the New Field, the Company will amend its Articles of Incorporation to change its name to ReCyte Therapeutics, Inc.

4. Certain Agreements and Relationship with BioTime. The Company and BioTime will enter into a Shared Facilities and Services Agreement substantially on the terms of the form attached as Exhibit 1 (the "Facilities and Services Agreement") pursuant to which BioTime will provide or permit the Company to use certain laboratory and office space leased by BioTime, and certain equipment and supplies belonging to or leased by BioTime, and BioTime employees, consultants, and contractors for the purpose of conducting the Company's business in the New Field. The Company will pay BioTime certain fees and the amount of certain costs incurred for the benefit of and allocated by BioTime to the Company under the Facilities and Services Agreement. The Company may also hire its own employees and engage its own consultants and contractors for its business. By entering into this Agreement, Purchaser approves the Facilities and Services Agreement and the Company's performance of its obligations thereunder.

5. Capitalization. As of the date of this Agreement, the Company's authorized capital consists of 5,000,000 Preferred Shares, none of which are issued or outstanding and 50,000,000 Common Shares, of which 24,000,000 are issued and outstanding and owned by BioTime.

6. Stock Option Plan. Purchaser acknowledges that the Company has adopted a stock option plan (the "Plan"), a copy of which has been provided to Purchaser, under which the Company may grant options to purchase Company Common Shares, or sell Common Shares, to officers, directors, and key employees of the Company or BioTime, and to consultants of the Company, as determined by the Company's Board of Directors (the "Board") or a committee designated by the Board. Purchaser acknowledges that the Board has granted stock options under the Plan as reflected on Schedule C (the "Option Grants"). Purchaser approves the Plan and the Option Grants and acknowledges that the Board or a committee of the Board may grant additional options or sell restricted shares under the Plan from time to time in its discretion.

7. Investment Representations. Purchaser represents and warrants to the Company that:

(a) Purchaser has made such investigation of the Company as Purchaser deemed appropriate for determining to acquire (and thereby make an investment in) the Shares. In making such investigation, Purchaser has had access to such financial and other information concerning the Company as Purchaser requested. Purchaser acknowledges and understands that the Company is commencing a start-up venture in which the Company has no history of operations, and has received only limited capital from its controlling shareholder BioTime, Inc. Purchaser acknowledges receipt of the Articles of Incorporation and Bylaws of the Company, and copies of the minutes of the proceedings of the Board of Directors of the Company. Purchaser has had a reasonable opportunity to ask questions of and receive answers from the executive officers of the Company concerning the Company, and to obtain such additional information concerning the Company as may have been possessed or obtainable by the Company without unreasonable effort or expense. All such questions have been answered to Purchaser's satisfaction.

(b) In determining to enter into this Agreement and purchase the Shares, Purchaser has considered the Risk Factors shown on Schedule D.

(c) Purchaser understands that the Shares are being offered and sold without registration under the Act, or qualification under the California Corporate Securities Law of 1968, or under the laws of any other states, in reliance upon the exemptions from such registration and qualification requirements for non-public offerings. Purchaser acknowledges and understands that the availability of the aforesaid exemptions depends in part upon the accuracy of certain of the representations, declarations and warranties made by Purchaser, and the information provided by Purchaser, in this Agreement, Purchaser is making such representations, declarations and warranties, and is providing such information, with the intent that the same may be relied upon by the Company and its officers and directors in determining Purchaser's suitability to acquire the Shares. Purchaser understands and acknowledges that no federal, state or other agency has reviewed or endorsed the offering of the Shares or made any finding or determination as to the fairness of the offering or completeness of the information provided to Purchaser by the Company.

(d) Purchaser understands that the Shares may not be offered, sold, or transferred in any manner unless subsequently registered under the Act, or unless there is an exemption from such registration available for such offer, sale or transfer.

(e) Purchaser has such knowledge and experience in financial and business matters to enable Purchaser to utilize the information provided or otherwise made available to Purchaser by the Company to evaluate the merits and risks of an investment in the Shares and to make an informed investment decision.

(f) Purchaser is acquiring the Shares solely for Purchaser's own account and for investment purposes, and not with a view to, or for sale in connection with, any distribution of the Shares other than pursuant to an effective registration statement under the Act or unless there is an exemption from such registration available for such offer, sale or transfer, such as SEC Rule 144.

(g) Purchaser is an "accredited investor," as such term is defined in Regulation D promulgated under the Act.

(h) Information provided to Purchaser by the Company include matters that may be considered "forward looking" statements within the meaning of Section 27(a) of the Act and Section 21(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements Purchaser acknowledges and agrees are not guarantees of future performance and involve a number of risks and uncertainties, and with respect to which the Company makes no representations or warranties. Purchaser understands that the level of disclosure provided by the Company is less than that which would be provided in securities offering registered under the Act in reliance on the sophistication and investment experience of Purchaser.

(i) Purchaser understands that this Agreement and other information provided to Purchaser by the Company contains confidential financial information about the Company and BioTime, Inc. that has not yet been publicly disclosed by the Company or BioTime, and therefore may be deemed material non-public information, (2) the Company is providing Purchaser the confidential information solely to satisfy its disclosure obligations under the Act in connection with the offer and sale of the Shares to Purchaser pursuant to this Agreement, and (3) until such time as BioTime files a Form 8-K or other report under the Exchange Act with the Securities and Exchange Commission, Purchaser shall not (A) disclose to any other person any of the information contained in this Agreement or otherwise provided to Purchaser concerning the Company that has not previously been disclosed in a report filed by BioTime under the Exchange Act, or (B) purchase or sell any common shares of BioTime.

8. Accredited Investor Qualification. Purchaser qualifies as an "accredited investor" under Regulation D in the following manner. (Please check or initial all that apply to verify that you qualify as an "accredited investor.")

_____ (a) Purchaser is a natural person whose net worth, or joint net worth with spouse, at the date of purchase exceeds $1,000,000 (excluding the value of home, home furnishings, and automobiles).

_____ (b) Purchaser is a natural person whose individual gross income (excluding that of spouse) exceeded $200,000 in each of the past two calendar years, and who reasonably expects individual gross income exceeding $200,000 in the current calendar year.

_____ (c) Purchaser is a natural person whose joint gross income with spouse exceeded $300,000 in each of the past two calendar years, and who reasonably expects joint gross income with spouse exceeding $300,000 in the current calendar year.

_____ (d) Purchaser is a bank, savings and loan association, broker/dealer, insurance company, investment company, pension plan or other entity defined in Rule 501(a)(1) of Regulation D as promulgated under the Securities Act of 1933 by the Securities and Exchange Commission.

_____ (e) Purchaser is a trust, and the trustee is a bank, savings and loan association, or other institutional investor as defined in Rule 501(a)(1) of Regulation D as promulgated under the Securities Act of 1933 by the Securities and Exchange Commission.

_____ (f) Purchaser is a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940.

_____ (g) Purchaser is a trust, and the grantor (i) has the power to revoke the trust at any time and regain title to the trust assets; and (ii) meets the requirements of items (a) (b), or (c) above.

X (h) Purchaser is a tax-exempt organization described in Section 501(c) (3) of the Internal Revenue Code, or a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring Shares with total assets in excess of $5,000,000.

_____ (i) The Purchaser is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Shares, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Shares.

_____ (j) The Purchaser is an entity in which all of the equity owners meet the requirements of at least one of items (a) through (i) above.

9. Miscellaneous.

(a) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of California; as such laws are applied to contracts by and among residents of California, and which are to be performed wholly within California.

(b) The representations and warranties set forth herein shall survive the sale of Shares to Purchaser.

(c) Neither this Agreement nor any provisions hereof shall be modified, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

(d) Any notice, demand or other communication that any party hereto may be required, or may elect, to give shall be sufficiently given if (i) deposited, postage prepaid, in the United States mail addressed to such address as may be specified under this Agreement, (ii) delivered personally at such address, (iii) delivered to such address by air courier delivery service, or (iv) delivered by electronic mail (email) to such electronic mail address as may be specified under this Agreement. The address for notice to the Company is: Embryome Sciences, Inc., 1301 Harbor Bay Parkway, Suite 100, Alameda, California 94502; Attention: Robert W. Peabody, Chief Financial Officer; email; rpeabody@biotimemail.com. The address for notice of Purchaser is shown in Section 10. Either party may change its address for notice by giving the other party notice of a new address in the manner provided in this Agreement. Any notice sent by mail shall be deemed given three days after being deposited in the United States mail, postage paid, and addressed as provided in this Agreement.

(e) This Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

(f) Except as otherwise provided herein, the Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns. If the undersigned is more than one person, the obligation of the undersigned shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators and successors.

(g) This instrument contains the entire agreement of the parties, and there are no representations, covenants or other agreements except for those stated or referred to herein.

(h) This Agreement is not transferable or assignable by the undersigned except as may be provided herein.

10. Investor Information.

(a) Name: Life Extension Foundation

(b) Address: 1100 West Commercial Boulevard

(c) email: legal@lef.org

(d) Telephone: (954) 202-7715

(e) Taxpayer Identification Number:

(f) State of Residence or Principal Place of Business: Florida

11. Right of First Refusal Agreement. Concurrently with the execution and delivery of this Agreement, Purchaser shall execute and deliver a counterpart of a Right of First Refusal Agreement, in the form provided by the Company, between the Purchaser, the Company, and other shareholders of the Company.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement and hereby agrees to purchase Shares for the price stated above and upon the terms and conditions set forth herein.

Dated December 29, 2010

/s/ William Faloon

Name: William Faloon
Title: Director

ACCEPTANCE BY COMPANY

The Company hereby agrees to sell to the Purchaser the Shares referenced above in reliance upon all the representations, warranties, terms and conditions contained in this Agreement.

IN WITNESS WHEREOF, the undersigned, on behalf of the Company, has executed this acceptance as of the date set forth below.

Dated: December 30, 2010

EMBRYOME SCIENCES, INC.

By: /s/ Robert W Peabody

Title: Senior V.P. and Chief Operating Officer

SCHEDULE A

OLD ASSETS

License Agreement dated July 10, 2008, between Advance Cell Technology, Inc. and the Company to use certain patents and know-how referred to as ACTCellerate™ technology;

Inventory of human embryonic progenitor cell lines produced using ACTCellerate technology;

Know-how developed by the Company to produce hEPCs;

Growth media for the expansion of hEPCs and embryonic stem cells;

Reagents to induce cell differentiation in embryonic stem cells or hEPCs;

Embryome.com data stem cell base;

Any and all rights of the Company with respect to that certain Software License Agreement between Targeted Therapeutics Consulting, Inc. and BioTime, Inc.

Any and all rights of the Company with respect to that certain Software Development and Maintenance Agreement between Targeted Therapeutics Consulting, Inc. and BioTime, Inc.

Internet domain www.embryome.com

All content on website at www.embryome.com

License, Product Production, and Distribution Agreement, dated June 19, 2008, among LifeLine Cell Technology, LLC, the Company and BioTime, Inc.

Any and all rights of the Company under or with respect to that certain Exclusive Supply Agreement, dated December 8, 2010, between Shanghai Genext Medical Technology Co. Ltd and BioTime Asia, Limited.

SCHEDULE B

GRANT OF SUBLICENSES UNDER ACT LICENSES AND SUBLICENSES

Exclusive License Agreement, dated August 15, 2008, by and between Advanced Cell Technology, Inc., and the Company.

Exclusive Sublicense Agreement, dated August 15, 2008, by and between Advanced Cell Technology, Inc., and the Company.

SCHEDULE C

Stock Options

Initial Grants of Stock Options:

Grantee:	Number of Shares	Exercise Price Per Share
Michael D. West	500,000	FMV*
Alfred D. Kingsley	250,000	FMV*
Robert W. Peabody	250,000	FMV*
Other BioTime or Company employees:	Up to 250,000 options in total (individual grants from 5,000 to 50,000 shares each)	FMV*
Chief Scientific Officer**	100,000 to 500,000	FMV*
Scientific Advisory Board Members**	Up to 200,000	FMV*

*FMV means the fair market value per share as of the date of grant, as determined by the Board of Directors. The Board of Directors may rely upon a third party valuation in determining the fair market value. The Board of Directors may also chose to set the exercise price of stock options at a price higher than the fair market value.

**Person(s) to be hired or appointed in the future

The remaining shares under the Plan are reserved to future grants

SCHEDULE D

RISK FACTORS

An investment in the common shares of Embryome Sciences, Inc. (the "Company") involves a high degree of risk and should only be purchased by investors who can afford to lose their entire investment. T he following factors, among others, could materially adversely affect the Company's proposed operations, business prospects, and the value of an investment in the Company's shares. There may be other factors that are not mentioned here or of which the Company is not presently aware that could also adversely affect the Company's operations.

Risks Related to the Company's Business Operations

The Company will spend a substantial amount of the Company's capital on research and development but the Company might not succeed in developing products and technologies that are useful in medicine

- The Company is attempting to develop new medical products and technologies.
- Many of the Company's experimental products and technologies have not been applied in human medicine and have only been used in laboratory studies on animals. These new products and technologies might not prove to be safe and efficacious in the human medical applications for which they were developed.
- If the Company is successful in developing a new technology or product, refinement of the new technology or product and definition of the practical applications and limitations of the technology or product may take years and require the expenditure of large sums of money.

The Company will need to issue additional equity or debt securities in order to raise additional capital needed to pay the Company's operating expenses

- The amount and pace of research and development work that the Company can do or sponsor, and the Company's ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of the Company's pharmaceutical products, depends upon the amount of money the Company has. The Company expects to incur substantial research and product development expenses, and the Company will need to raise additional capital to pay operating expenses until the Company is able to generate sufficient revenues from product sales, royalties, and license fees.
- It is likely that additional sales of equity or debt securities will be required to meet the Company's short-term capital needs, unless the Company receive substantial revenues from the sale of the Company's new products, or the Company is successful in licensing or sublicensing the technology that the Company develop or acquire from others and the Company receive substantial licensing fees and royalties.

- Sales of additional equity securities could result in the dilution of the interests of present shareholders.

- There can be no assurance that the Company will be able to raise additional funds on favorable terms or at all, or that any funds raised will be sufficient to permit the Company to develop and market the Company's products and technology. Unless the Company is able to generate sufficient revenue or raise additional funds when needed, it is likely that the Company will be unable to continue the Company's planned activities, even if the Company make progress in the Company's research and development projects.

The Company's business could be adversely affected if the Company loses the services of the key personnel upon whom the Company depend

The Company's stem cell research program is directed primarily by the Company's Chief Executive Officer, Dr. Michael West. The loss of Dr. West's services could have a material adverse effect on us.

Risks Related to The Company's Industry

The Company will face certain risks arising from regulatory, legal, and economic factors that affect the Company's business and the business of other pharmaceutical development companies. Because the Company is a small company with limited revenues and limited capital resources, the Company may be less able to bear the financial impact of these risks than larger companies that have substantial income and available capital.

If the Company does not receive FDA and other regulatory approvals the Company will not be permitted to sell the Company's pharmaceutical products

Any pharmaceutical products that the Company develops cannot be sold until the FDA and corresponding foreign regulatory authorities approve the products for medical use. The need to obtain regulatory approval to market a new product means that:

- The Company will have to conduct expensive and time consuming clinical trials of new products. The full cost of completing clinical trials of a product to obtain FDA approval cannot be presently determined but exceeds the Company's current financial resources.

- The Company will incur the expense and delay inherent in seeking FDA and foreign regulatory approval of new products. It often takes a year or longer from the date an application for approval to market a new product is filed with the FDA until the date that the product receives FDA approval.

- A product that is approved by the FDA may be subject to restrictions on use.

- The FDA can recall or withdraw approval of a product if problems arise.

- The Company will face similar regulatory issues in foreign countries.

Government imposed restrictions and religious, moral, and ethical concerns on the use of hES cells could prevent us from developing and successfully marketing stem cell products

- Government-imposed restrictions with respect to the use of embryos or human embryonic stem cells in research and development could limit the Company's ability to conduct research and develop new products.

- Government-imposed restrictions on the use of embryos or hES cells in the United States and abroad could generally constrain stem cell research, thereby limiting the market and demand for the Company's products. Although the Company plans to use iPS cells developed without the use of hES cells or the destruction of embryos, the Company might determine to also use hES cells in its research and development program. During March 2009, President Obama lifted certain restrictions on federal funding of research involving the use of hES cells, and in accordance with President Obama's executive order, the National Institutes of Health has adopted new guidelines for determining the eligibility of hES cell lines for use in federally funded research. The central focus of the proposed guidelines is to assure that hES cells used in federally funded research were derived from human embryos that were created for reproductive purposes, were no longer needed for this purpose, and were voluntarily donated for research purposes with the informed written consent of the donors. The hES cells that were derived from embryos created for research purposes rather than reproductive purposes, and other hES cells that were not derived in compliance with the guidelines, are not eligible for use in federally funded research. A lawsuit, *Sherley v. Sebelius*, is now pending challenging the legality of the new NIH guidelines. In that litigation, a United States District Court issued a temporary injunction against the implementation of the new NIH guidelines, but the District Court's ruling has been stayed during the pendency of an appeal. The ultimate resolution of that lawsuit could determine whether the federal government may fund research using hES cells, unless new legislation is passed expressly permitting or prohibiting such funding.

- California law requires that stem cell research be conducted under the oversight of a stem cell research oversight ("SCRO") committee. Many kinds of stem cell research, including the derivation of new hES cell lines, may only be conducted in California with the prior written approval of the SCRO. A SCRO could prohibit or impose restrictions on the Company's research if the Company determines to use hES cells.

- The use of hES cells gives rise to religious, moral, and ethical issues regarding the appropriate means of obtaining the cells and the appropriate use and disposal of the cells. These considerations could lead to more restrictive government regulations or could generally constrain stem cell research, thereby limiting the market and demand for the Company's products. Although the Company believes that its use of iPS cells should not give rise to these issues, there is no assurance that other ethical issues will not be raised with regard to the use of iPS cells.

If the Company is unable to obtain and enforce patents and to protect the Company's trade secrets, others could use the Company's technology to compete with us, which could limit opportunities for us to generate revenues by licensing the Company's technology and selling products

- The Company's success will depend in part on the Company's ability to obtain and enforce patents and maintain trade secrets in the United States and in other countries. If the Company is unsuccessful in obtaining and enforcing patents, the Company's competitors could use the Company's technology and create products that compete with the Company's products, without paying license fees or royalties to us.

- The preparation, filing, and prosecution of patent applications can be costly and time consuming. The Company's limited financial resources may not permit us to pursue patent protection of all of the Company's technology and products throughout the world.

- Even if the Company is able to obtain issued patents covering the Company's technology or products, the Company may have to incur substantial legal fees and other expenses to enforce the Company's patent rights in order to protect the Company's technology and products from infringing uses. The Company may not have the financial resources to finance the litigation required to preserve the Company's patent and trade secret rights.

There is no certainty that any future patent applications will result in the issuance of patents

- The Company has obtained licenses for a number of patent applications covering technology developed by others, that the Company believe will be useful in producing new products, and which the Company believe may be of commercial interest to other companies that may be willing to sublicense the technology for fees or royalty payments. The Company may also file additional new patent applications in the future seeking patent protection for new technology or products that the Company develops alone or jointly with others. However, there is no assurance that any of the Company's licensed patent applications, or any patent applications that the Company may file in the future covering the Company's own technology, in the United States or abroad will result in the issuance of patents.

- In Europe, the European Patent Convention prohibits the granting of European patents for inventions that concern "uses of human embryos for industrial or commercial purposes." The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to human embryonic stem cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, the Company does not yet know whether or to what extent the Company will be able to obtain patent protection for the Company's technologies in Europe.

The process of applying for and obtaining patents can be expensive and slow

- The preparation and filing of patent applications, and the maintenance of patents that are issued, may require substantial time and money.

- A patent interference proceeding may be instituted with the U.S. Patent and Trademark Office (the "PTO") when more than one person files a patent application covering the same technology, or if someone wishes to challenge the validity of an issued patent. At the completion of the interference proceeding, the PTO will determine which competing applicant is entitled to the patent, or whether an issued patent is valid. Patent interference proceedings are complex, highly contested legal proceedings, and the PTO's decision is subject to appeal. This means that if an interference proceeding arises with respect to any of the Company's patent applications, the Company may experience significant expenses and delay in obtaining a patent, and if the outcome of the proceeding is unfavorable to the Company, the patent could be issued to a competitor rather than to the Company.

- Oppositions to the issuance of patents may be filed under European patent law and the patent laws of certain other countries. Like US PTO interference proceedings, these foreign proceedings can be very expensive to contest and can result in significant delays in obtaining a patent or can result in a denial of a patent application.

The Company's patents may not protect the Company's products from competition

- Any patents that the Company has licensed or that it license or obtains on its own in the future might not be comprehensive enough to provide meaningful patent protection.

- There will always be a risk that the Company's competitors might be able to successfully challenge the validity or enforceability of any patent licensed by or issued to the Company.

- In addition to interference proceedings, the U.S. PTO can reexamine issued patents at the request of a third party seeking to have the patent invalidated. This means that patents owned or licensed by the Company may be subject to reexamination and may be lost if the outcome of the reexamination is unfavorable to the Company.

If the Company fails to meet the Company's obligations under license agreements, the Company may lose the Company's rights to key technologies on which the Company's business depends

The Company's business depends on several critical technologies that are based in part on technology licensed from third parties. Those third-party license agreements impose obligations on the Company, including payment obligations and obligations to pursue development of commercial products under the licensed patents or technology. If a licensor believes that the Company has failed to meet the Company's obligations under a license agreement, the licensor could seek to limit or terminate the Company's license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation the Company's ability to carry out the development and commercialization of potential products could be significantly and negatively affected. If the Company's license rights were restricted or ultimately lost, the Company would not be able to continue to use the licensed technology in the Company's business.

The price and sale of the Company's products may be limited by health insurance coverage and government regulation

Success in selling the Company's pharmaceutical products may depend in part on the extent to which health insurance companies, HMOs, and government health administration authorities such as Medicare and Medicaid will pay for the cost of the products and related treatment. Until the Company actually introduce a new product into the medical market place the Company will not know with certainty whether adequate health insurance, HMO, and government coverage will be available to permit the product to be sold at a price high enough for us to generate a profit. In some foreign countries, pricing or profitability of health care products is subject to government control which may result in low prices for the Company's products. In the United States, there have been a number of federal and state proposals to implement similar government controls, and new proposals are likely to be made in the future.

Risks Pertaining to an Investment in the Common Shares

There is no public market for the Company's Common Shares

There is no public market for the Company's Common Shares or any other Company securities and a public market for the Common Shares is not expected to develop in the near future. Therefore, any investor who purchases Company Common Shares may not be able to find a buyer for their shares if the investor later desires to sell their shares.

The Company's common shares cannot be sold unless a registration statement is in effect under federal securities laws or an exemption from registration is available.

A registration statement as defined under the Securities Act of 1933, as amended (the "Securities Act"), must be in effect in order for Company shareholders to sell their shares. The Company has no obligation or present plan to file such a registration statement.

Shareholders may experience dilution of their ownership interests because of the future issuance of additional Company common shares and our preferred shares.

In the future, the Company may issue its authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present shareholders. The Company may issue additional common shares or other securities that are convertible into or exercisable for common shares in order to raise additional capital, or in connection with hiring or retaining employees or consultants, or in connection with future acquisitions of licenses to technology or rights to acquire products in connection with future business acquisitions, or for other business purposes. The future issuance of any such additional common shares or other securities may be at price lower than the price paid by Company shareholders, and may dilute the percentage ownership interests of the Company's shareholders.

The Company may also issue preferred shares having rights, preferences, and privileges senior to the rights of the Company's common shares with respect to dividends, rights to share in distributions of Company assets if the Company is liquidated, or voting rights. Any preferred shares may also be convertible into common shares on terms that would be dilutive to holders of common shares.

Because the Company does not pay dividends, its shares may not be a suitable investment for anyone who needs to earn dividend income

The Company does not pay cash dividends on its common shares. For the foreseeable future the Company anticipates that any earnings generated in its business will be used to finance the growth of its business and will not be paid out as dividends to the Company's shareholders. This means that the Company's stock may not be a suitable investment for anyone who needs to earn income from their investments.

The Company is controlled by BioTime, Inc. and minority shareholders will have no power to elect directors or to participate in the management of the Company.

So long as BioTime holds a majority of the Company's shares it will be able to control the Company's business and affairs through its power to elect at least a majority of the members of the Company's Board of Directors. This means that the Company's minority shareholders will have little or no influence on the management of the Company and the operation of its business and financial affairs.

BioTime's control of the Company could result in conflicts of interest.

Although the Company's Board of Directors will have a fiduciary duty to manage the Company in a manner that they, in good faith, believe to be in the best interest of the Company and its shareholders, conflicts of interest could arise from BioTime's control relationship with the Company. For example, a conflict could arise in determining whether BioTime or the Company or another subsidiary of BioTime should pursue a particular business opportunity or research project, or a license to use patents or other technology that may become available to be licensed or otherwise acquired from third parties where the patent or technology might be useful in the business of the Company and the businesses of BioTime or its other subsidiaries.

The Company will depend upon BioTime for the use of laboratory and office facilities, equipment and supplies, and personnel.

The Company will initially not have its own laboratory and office facilities and equipment, but rather will share such facilities, equipment, and supplies with BioTime under a Shared Facilities and Services Agreement (the "Shared Facilities Agreement"). BioTime will also provide the Company with the services of scientific, administrative and management personnel under the Shared Facilities Agreement. The Company will pay BioTime fees and costs allocated to the Company by BioTime under the Shared Facilities Agreement.

The Company's dependence upon BioTime means that the Company's business and financial affairs could materially adversely affected by any adverse change in BioTime's financial condition or operations or BioTime's loss of key scientific or management personnel.

SHARED FACILITIES AND SERVICES AGREEMENT

This Agreement is made as of December ___, 2010 (the **Effective Date**) by and between BioTime, Inc. (**BioTime**) and Embryome Sciences, Inc. (**ES**).

Recitals

A. ES is a subsidiary of BioTime and needs office and laboratory space and equipment, and the services of research, financial, management, and administrative personnel support;

B. BioTime leases certain laboratory, office, and related work space at 1301 Harbor Bay Parkway, Suite 100, Alameda, California (the **Premises**) and has surplus capacity at the Premises;

C. BioTime has employees and contractors who provide research, financial, management, and administrative services and is willing to make a portion of their services available to ES.

1. Office, Laboratory and Work Space.

(a) BioTime agrees to permit ES to use the Premises concurrently with BioTime for the conduct of ES's business operations, including but not limited to office use, laboratory research, product production, inventory storage and control, and product shipping and distribution uses, but only to the extent that (a) the use is a business operation permitted to be conducted by BioTime under the lease of the Premises, (b) ES uses the Premises in compliance with all applicable laws, ordinances, and regulations, (c) ES uses the Premises in compliance with the provisions of the Lease and lease governing the manner in which the Premises may be used and maintained, and in compliance with any and all rules and regulations of the landlord under the lease, (d) ES's use of the Premises does not interfere with BioTime's use of the Premises.

(b) BioTime and ES agree that the permission to use the Premises granted under this Agreement is in the nature of a license only and is not a sublease or assignment of the lease under which BioTime occupies the Premises (the **Lease**), and that ES shall not obtain any rights, and is not assuming any obligations, under the Lease. However, if required by BioTime or the owner of the Premises under the Lease (the **Landlord**), ES will enter into a sublease of the Premises acceptable to BioTime and the Landlord.

(c) The use of the Premises by ES shall be in a lawful, careful, safe, and proper manner, and ES shall not do or permit anything to be done in or about the Premises that would increase the rate or affect any fire or other insurance covering the Premises. ES shall not commit nor suffer any waste on the Premises.

(d) BioTime does not represent or warrant that the Premises may be used for any particular use or purpose, and ES has made ES's own determination that the Premises may be lawfully used for ES's purposes.

(e) ES shall, at its sole cost and expense, comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or that may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting ES's use of the Premises.

(f) ES shall, at its sole cost and expense, promptly repair any damage to the Premises caused by any act or omission of ES or its employees, agents, invitees, licenses, or contractors, including any acts or omissions of BioTime employees, contractors, and agents arising in the course of performing services for or conducting the business of ES. Any and all repairs effected by ES shall be performed in a professional workmanlike manner, by licensed contractors, in compliance with all applicable statutes, codes, rules and regulations, and ES or ES's contractors shall obtain all permits and approvals of government agencies required by applicable laws in connection therewith.

(g) If BioTime deems any repairs required to be made by ES necessary, it may demand that ES make them, and if ES refuses or neglects to commence such repairs and to complete them with reasonable dispatch, BioTime may make or cause such repairs to be made. If BioTime makes or causes repairs to be made, BioTime shall not be responsible to ES for any loss or damage that may accrue to ES's business by reason of the repair work, and ES shall, on demand, immediately pay to BioTime the cost of the repairs. ES waives the provisions of Sections 1941 and 1942 of the Civil Code of the State of California and all other statutes or laws permitting repairs by a lessee at the expense of a lessor or to terminate a lease by reason of the condition of the Premises. ES shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by ES

(h) ES shall not make or install any alterations, improvements, additions, or fixtures that affect the exterior or interior of the Premises or any structural, mechanical, or electrical component of the Premises, or mark, paint, drill, or in any way deface any floors, walls, ceilings, partitions, or any wood, stone, or iron work without the consent of BioTime and the Landlord.

(i) Under no circumstances shall ES bring onto the Premises any substances or materials that are characterized or defined as "hazardous substances" or "hazardous materials" under any federal or state law or regulation pertaining to the release of substances into the environment, except for cleaning materials, paints, and solvents, and such other materials as may be permitted by the Lease, provided that such substances are used, stored, and disposed of by ES in full compliance with applicable laws.

2. **Equipment and Supplies**. BioTime agrees to permit ES to use BioTime's office equipment, laboratory equipment (owned or leased), furniture, laboratory supplies, and general office supplies to the extent that such use does not interfere with the use by the employees, contractors, and agents of BioTime and other BioTime subsidiaries in the course of their business. BioTime shall have no obligation to obtain or to provide ES with any additional equipment, furniture, or supplies. If BioTime obtains laboratory supplies and materials for use by ES, ES shall reimburse BioTime for the cost of such supplies. ES shall be responsible for the repair or replacement any equipment damaged or destroyed while in its use. If ES requires and obtains equipment, furniture, and supplies for its own use it may locate the same at the Premises subject to the conditions and limitations stated in Section 1 of this Agreement, and subject to the additional condition that BioTime shall have the right and sole discretion to (a) determine where in the Premises ES may locate ES's furniture, equipment, and supplies, and (b) preclude ES from bringing onto or locating any furniture, supplies, or equipment in the Premises if BioTime determines that it would in any way interfere with BioTime's use of the Premises, violate any applicable laws, ordinances, and regulations, violate or conflict with any provision of the Lease or any rules and regulations of the Landlord under the Lease, conflict with any term or condition of any policy of casualty or liability insurance held by BioTime, or pose a hazard or other risk to persons or property.

3. **Utilities**. ES shall be responsible to determine that there is sufficient Utilities capacity in the Premises for purposes of conducting ES's use. **Utilities** includes electricity, gas, heat, air conditioning, hot and cold domestic water, telephone, scavenger service, garbage removal, sewerage, and other similar services used on, in, or in connection with the Premises. BioTime does not represent the availability or quantity of any Utilities in the Premises, and is not responsible for any interruption of any Utility service.

4. **Services.**

(a) BioTime shall provide basic accounting, billing, bookkeeping, payroll, treasury, collection of accounts receivable (excluding the institution of legal proceedings or taking of any other action to collect accounts receivable), payment of accounts payable, and other similar administrative services (the **Administrative Services**) to ES. Such Administrative Services shall be provided by BioTime employees or contractors engaged by BioTime to provide such Administrative Services for the operation of BioTime's own business. BioTime shall not be obligated to hire any additional employees or engage the services of any additional contractors to provide Administrative Services to ES, but BioTime may do so at the request of ES. BioTime may also provide the services of attorneys, accountants, and other professionals who may also provide professional services to BioTime and its other subsidiaries.

(b) BioTime shall also provide ES with the services of its laboratory and research personnel, including BioTime employees and contractors, for the performance of research and development work for ES at the Premises (the **Laboratory Services**). BioTime employees and contractors who perform Laboratory Services for ES shall enter into agreements containing customary provisions requiring the employees and contractors to (a) maintain the confidentiality and not to disclose ES trade secrets and other confidential information, and (b) assign to ES all rights to any inventions and discoveries made by such employees and contractors in the course of performing Laboratory Services for ES.

(c) BioTime may, at the request of ES, provide ES the services of BioTime employees and contractors, including but not limited to executive officers, for matters other than Administrative Services and Laboratory Services (**Other Services**), but BioTime shall not be obligated to do so.

(d) Administrative Services, Laboratory Services, and Other Services (collectively, **Services**) shall be provided by BioTime employees or contractors engaged by BioTime to provide such Services for the operation of BioTime's own business. BioTime shall not be obligated to hire any additional employees or engage the services of any additional contractors to provide Services to ES. Nothing in this Agreement shall preclude ES from hiring employees and engaging contractors directly for its own account and at its own cost and expense.

(e) ES shall be responsible for cooperating with BioTime's employees and contractors in such a manner as may be reasonably required in order for the Services to be performed.

(f) The Services shall be provided at the direction of ES; provided, that ES shall not request or direct any BioTime employee or contractor to provide any Services or to take any other act that would violate any federal, state, or municipal law, statute, ordinance, rule or regulation.

(g) BioTime shall not be liable to ES for any loss or damages of any kind caused by, arising from, or in connection with (i) the performance of Services performed by BioTime personnel, or the failure of any BioTime employee, contractor, or agent to perform any Services, or (ii) any delay, error, or omission by any BioTime employee, contractor, or agent in the performance of Services performed by BioTime personnel, except to the extent such loss or damage is the result of fraud, gross negligence or willful misconduct by an BioTime employee, contractor, or agent.

5. Use Fees.

(a) ES shall pay BioTime the fees provided in this Section for the use of the Premises, equipment, supplies, professional services (such as the services of attorneys, accountants, and consultants), and for the Services provided or agreed to be provided by BioTime under this Agreement. For each billing period, BioTime shall equitably prorate and allocate its Employee Costs, Equipment Costs, Insurance Costs, Lease Costs, Professional Costs, Software Costs, Supply Costs, and Utilities Costs, between BioTime and ES based upon actual documented use and cost by or for ES or upon proportionate usage by BioTime and ES, as reasonably estimated by BioTime. ES shall pay 105% of the allocated costs (the **Use Fee**). The allocated cost of BioTime employees and contractors who provide Services shall be based upon records maintained of the number of hours of such personnel devoted to the performance of Services.

(b) The Use Fee shall be determined and invoiced to ES on a quarterly basis for each calendar quarter of each calendar year (such quarterly periods are sometimes referred to in this Agreement as "billing periods"). If this Agreement terminates prior to the last day of a billing period, the Use Fee shall be determined for the number of days in the billing period elapsed prior to the termination of this Agreement. Each invoice shall be payable in full by ES with in 30 days after receipt. Any invoice or portion thereof not paid in full when due shall bear interest at the rate of 15% per annum until paid, unless the failure to make a payment is due to any inaction or delay in making a payment by BioTime employees from ES funds available for such purpose, rather than from the unavailability of sufficient funds legally available for payment or from an act, omission, or delay by any ES employee or agent.

(c) In addition to the Use Fees, ES shall reimburse BioTime for any out of pocket costs incurred by BioTime for the purchase of office supplies, laboratory supplies, and other goods and materials and services for the account or use of ES, provided that invoices documenting such costs are delivered to ES with each invoice for the Use Fee. Notwithstanding this paragraph, BioTime shall have no obligation to purchase or acquire any office supplies or other goods and materials or any services for ES, and if any such supplies, goods, materials or services are obtained for ES, BioTime may arrange for the suppliers thereof to invoice ES directly

(d) **Employee Costs** means the salaries, wages, health insurance benefits, FICA, payroll taxes, workers compensation insurance premiums, and similar costs payable by BioTime to or on account of its employees and contractors who perform Services for ES under this Agreement during an applicable billing period, but excluding stock option, stock purchase, and similar equity participation plans. **Equipment Costs** means all costs and expenses incurred by BioTime in acquiring, leasing, installing, maintaining, insuring, repairing, and disposing of any laboratory, production, and office equipment, fixtures, and furnishings used by ES or used by BioTime in the performance of Services. **Insurance Costs** means all insurance premiums of any kind incurred or paid by BioTime for casualty insurance policies that insure BioTime and its subsidiaries, including ES, from the loss of or damage to the Premises, equipment, fixtures goods, supplies, and other personal property of BioTime (except to the extent such premiums are included in Lease Costs) that may be used by ES or by BioTime in the performance of Services, and liability coverage policies that insure BioTime and its subsidiaries, including ES, from liability of any kind to third parties (except to the extent such premiums are included in Lease Costs). **Lease Costs** means all of BioTime's costs and expenses of leasing the Premises, including all base rent, taxes, common area or other expenses, insurance and other costs payable by BioTime to the Landlord under the Lease, but excluding (a) any repairs not required to be effected or paid for by ES under any other provision of this Agreement, and (b) any alterations or improvements effected by BioTime for the exclusive use of BioTime and its subsidiaries other than ES. **Professional Costs** means all costs and expenses incurred by BioTime for the services of independent accountants, attorneys, and other consultants who provide professional or consulting services for the benefit of ES. **Software Costs** means all costs and expenses, including but not limited to license fees, incurred by BioTime to acquire and use any computer software or program of any kind that is used by ES or by BioTime in the performance of Services. **Supply Costs** means all costs and expenses incurred by BioTime for the purchase and disposal of goods and materials of any kind, to the extent used in the performance of Services or used by ES employees or contractors. **Utilities Costs** means all costs and expenses incurred by BioTime for the use or availability of Utilities during an applicable billing period.

6. Indemnification.

(a) ES shall defend, indemnify, and hold harmless BioTime, BioTime's shareholders, directors, officers, employees, and agents (collectively, the **Indemnified Parties**) against and from any and all claims arising from ES's use of the Premises, or from any activity, work, or other thing done or permitted by ES on the Premises, including all activities, work, and services performed by BioTime employees, contractors, and agents for ES. ES shall further defend, indemnify, and hold harmless the Indemnified Parties against and from any and all claims arising from any breach or default in the performance of any obligation on ES's part to be performed under the terms of this Agreement, or arising from any act or omission (including, but not limited to negligent acts or omissions) of ES, or of any officer, agent, employee, contractor, guest, or invitee of ES acting in such capacity. The indemnity provided by this section shall include indemnification from and against all costs, attorneys' fees, expenses, and liabilities incurred in connection with or arising from any such claim or any action or proceeding brought thereon; and in any suit, action, or proceeding brought against any of the Indemnified Parties by reason of any such claim, ES, upon notice from any of the Indemnified Parties, shall defend the same at ES's expense by counsel satisfactory to the Indemnified Parties. ES, as a material part of the consideration to BioTime, hereby assumes all risk of damage to property or injury to persons in, upon, or about the Premises, from any cause other than BioTime's wilful malfeasance or sole gross negligence.

(b) BioTime shall not be liable for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, or rain that may leak from any part of the Premises or from the pipes, appliances, or plumbing works therein or from the roof, street, or subsurface, or from any other place unless solely caused by or solely due to the gross negligence of BioTime. BioTime and its agents and the other Indemnified Parties shall not be liable for interference with the light or other incorporeal hereditament, loss of business by ES, or any latent defect in the Premises, any equipment, furnishings, materials, or supplies. ES shall give prompt notice to BioTime in case of fire or accidents in the Premises or of defects therein or in the fixtures, equipment, furniture, materials or supplies belonging to BioTime and used by ES.

(c) ES shall be solely responsible for and shall indemnify, defend, and hold the Indemnified Parties and the owner of the Premises and each partner, shareholder, member, trustee, employee and agent of the owner or the Premises (collectively, the **Owner Indemnified Parties**) harmless from any against any claim, loss, damage, cost, expense, liability, or cause of action directly or indirectly arising out of the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation, or presence of any oil, gasoline, petroleum products, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances, or similar materials, including, without limitation, any substances which are hazardous substances, hazardous wastes, hazardous materials, or toxic substances under applicable environmental laws, ordinances, or regulations (collectively, **Hazardous Materials**) caused directly or indirectly by ES, its employees, agents, contractors, invitees, or assigns (other than any BioTime employees or agents performing BioTime rather than ES business) in, on, or under any of the Premises, including, without limitation: (i) all consequential damages; (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Premises and the building and surrounding land in which the Premises are located, and the preparation and implementation of any closure, remedial, or other required plans whether required under any Hazardous Materials Laws or otherwise; and (iii) all court costs, including reasonable attorneys' fees, paid or incurred by BioTime, any other Indemnified Party, or any Owner Indemnified Party in connection with such claim.

7. Term; Termination.

(a) This Agreement shall commence on the Effective Date and shall terminate on December 31, 2015, provided that, unless otherwise terminated under another provision of this Agreement, the term of this Agreement shall automatically be renewed and the termination date shall be extended for an additional year each year after December 31, 2015, unless either party gives the other party written notice stating that this Agreement shall terminate on December 31 of that year.

(b) Notwithstanding paragraph (a) of this Section 7, either party may terminate this Agreement immediately upon the occurrence of a Default by the other party. A party shall be in **Default** if that party (i) fails to pay when due the Use Fee or any other sum due under this Agreement, or fails to perform any other obligation under this Agreement, and such failure continues for a period of 5 days after written notice from the party seeking to terminate this Agreement; (ii) becomes the subject of any order for relief in a proceeding under any Debtor Relief Law (as defined below); (iii) becomes unable to pay, or admits in writing the party's inability to pay, its debts as they mature; (iv) makes an assignment for the benefit of creditors; (v) applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitation, or similar officer for the party or for all or any part of the party's property or assets, or any such officer is appointed for such party or any part of its assets without the party's consent and such appointment is not dismissed or discharged within 60 calendar days; (vi) institutes or consents to any proceeding under any Debtor Relief Law with respect to the party or all or any part of the party's property or assets, (vii) becomes subject to any proceeding under any Debtor Relief Law without the consent of the party if such case or proceeding continues undismissed or unstayed for 60 calendar days; or (viii) dissolves or liquidates or takes any action to dissolve or liquidate. As used in this Agreement, the term **Debtor Relief Law** shall mean the Bankruptcy Code of the United States of America, as amended, or any other similar debtor relief law affecting the rights of creditors generally.

(c) The obligations of ES under Sections 5 and 6 and to pay for any repairs of the Premises required to be paid by ES under this Agreement shall survive termination of this Agreement.

8. No Third Party Beneficiaries. The parties to this Agreement are BioTime and ES, and no other person or entity, whether a partner, member, shareholder, officer, director, employee, contractor, agent, or business invitee of ES or otherwise, shall have any rights or be entitled to any benefits under this Agreement, except for the rights of Indemnified Parties and Owner Indemnified Parties under Section 6.

9. Characterization of Relationship. It is the intent of the parties that the business relationship created by this Agreement, and any related documents is solely that of a commercial agreement between BioTime and ES and has been entered into by both parties in reliance upon the economic and legal bargains contained in this Agreement. None of the covenants contained in this Agreement is intended to create a partnership between BioTime and ES, to make them joint venturers, to make either party an agent, legal representative, partner, subsidiary, or employee of the other party or to make either party in any way responsible for the debts, obligations, or losses of the other party.

10. Binding on Successors and Assigns. This Agreement shall be binding on each party and the party's successors and assigns.

11. Integration. This Agreement constitutes all of the understandings and agreements existing between the parties concerning the subject of this Agreement and the rights and obligations created under it. Neither party has made or relied upon any agreement, warranty, representation, promise, or statement, whether oral or written, not expressly included in this Agreement.

12. Waivers, Delays, and Omissions. One or more waivers, consents, or approvals by any party of any covenant, condition, act, or breach under this Agreement shall not be construed as a waiver, consent, or approval of any subsequent condition, covenant, act, or breach or as a consent or approval to the same or any other covenant or condition. This Agreement and any term of this Agreement may be amended, discharged, or terminated only by a written instrument signed by the parties against whom enforcement of such amendment, discharge, or termination is sought. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default of the other party under this Agreement shall impair any such right, power, or remedy of the party not in breach or default.

13. References. References in this Agreement to sections, paragraphs, subparagraphs, and exhibits are references to sections, paragraphs, and subparagraphs in this Agreement and exhibits attached to this Agreement unless specified otherwise.

14. Section Headings. Section headings are for the convenience of the parties and do not form a part of this Agreement.

15. **Construction.** The parties agree that this Agreement is a negotiated agreement, with each party free to review and negotiate each section of the Agreement and otherwise clarify all sections of the Agreement that appear to the party (at the time of signing) to be ambiguous or unclear. Both parties shall be deemed to be the drafting parties, and the rules of construction to the effect that any ambiguities are to be resolved against the drafting party or parties shall not be employed in the interpretation of this Agreement.

16. Unenforceable Provisions. If all or part of any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provisions, and this Agreement shall be equitably construed as if it did not contain the invalid, illegal, or unenforceable provision.

17. Attorneys' Fees. It is expressly agreed that if this Agreement is referred to an attorney to collect any amount due under this Agreement, or to enforce or protect any rights conferred upon BioTime by this Agreement ES promises and agrees to pay on demand all costs, including without limitation, reasonable attorneys' fees, incurred by BioTime in the enforcement of BioTime's rights and remedies under this Agreement. In the event an action is brought to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to an award of its attorneys' fees and costs incurred in such action, including any fees and costs incurred in any appeal and in any collection effort.

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

BioTime, Inc.

By: _____
Robert Peabody,
Senior Vice President and
Chief Operating Officer

Embryome Sciences, Inc.

By: _____
Michael D West,
Chief Executive Officer

Exhibit 10.38

STOCK PURCHASE AGREEMENT

EMBRYOME SCIENCES, INC.

250,000 Common Shares

Price: $ 2.054 per Share

READ THIS AGREEMENT CAREFULLY BEFORE YOU INVEST

The common shares, no par value ("Shares") have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws and may not be offered for sale, sold, transferred, pledged or hypothecated to any person in the absence of an effective registration statement covering such Shares (or an exemption from such registration) and an opinion of counsel satisfactory to Embryome Sciences, Inc. to the effect that such transfer or exercise complies with applicable securities laws.

PURCHASE AGREEMENT

This Agreement is entered into by Geothermal Coring S.A ("Purchaser") and Embryome Sciences, Inc., a California corporation (the "Company). Purchaser is a 100 % owned company by Steve Reilly

1. Purchase and Sale of Shares.

(a) Purchaser hereby irrevocably agrees to purchase, and the Company agrees to sell to Purchaser, 250,000 common shares, no par value (the "Shares") at the price of $ 2.054 per Share.

(b) This Agreement will become an irrevocable obligation of Purchaser to purchase the number of Shares specified in paragraph (a) of this Section 1, at the price of $ 2.054 per Share, when a copy of this Agreement, signed by Purchaser, is countersigned by the Company. Purchaser shall pay the purchase price of the Shares by wire transfer to such account of the Company as the Company may specify. If this Agreement is rejected or not accepted for any reason by the Company, all sums paid by the Purchaser will be promptly returned, without interest or deduction.

2. Corporate Restructuring.

(a) Purchaser acknowledges and agrees that in conjunction with Purchaser's investment in the Company through the purchase of the Shares, the Company is restructuring its operations such that it will be entering a new field of business focused on the use of induced pluripotent stem cell ("iPS") technology and other technology for the research and development of stem cell products to treat human vascular and blood diseases and disorders (the "New Field").

(b) In entering the New Field, the Company will dispose of its current tangible and intangible assets, contracts, agreements, licenses, patents, patent applications, know-how, and other intellectual property not related to or necessary for the Company's operation in the New Field (collectively, the "Old Assets"). The Old Assets include those listed on Schedule A attached to this Agreement. Purchaser acknowledges and agrees that the Company will distribute, transfer, and assign the Old Assets to its parent company BioTime, Inc. ("BioTime") without the receipt of consideration, except that BioTime will assume and indemnify the Company from any and all liabilities arising prior to the date of this Agreement from the operation of the Company's business using the Old Assets (the "Old Business").

(c) The Company will retain certain licenses and sublicenses from ACT, described on Schedule B, to use certain patents, patent rights, and know-how; provided, however, that in conjunction with the Company's disposal of the Old Assets, the Company will sublicense to BioTime all of the Company's right and obligations under the licenses and sublicenses listed on Schedule B for use outside of the New Field. Purchaser acknowledges and agrees that the Company will receive no license fees or royalties from BioTime for such sublicenses. BioTime will pay any and all royalties and other fees as may become payable to ACT under the terms of such licenses and sublicenses with respect to the use of the sublicensed patents and know-how by BioTime and its sublicensees or assignees.

(d) Purchaser acknowledges and agrees that price that Purchaser is paying for the Shares under this Agreement does not include the value of the Old Assets or the Old Business.

3. Change of Corporate Name. Purchaser acknowledges and agrees that in connection with the Company's disposal of the Old Business and entry into the New Field, the Company will amend its Articles of Incorporation to change its name to ReCyte Therapeutics, Inc.

4. Certain Agreements and Relationship with BioTime. The Company and BioTime will enter into a Shared Facilities and Services Agreement substantially on the terms of the form attached as Exhibit 1 (the "Facilities and Services Agreement") pursuant to which BioTime will provide or permit the Company to use certain laboratory and office space leased by BioTime, and certain equipment and supplies belonging to or leased by BioTime, and BioTime employees, consultants, and contractors for the purpose of conducting the Company's business in the New Field. The Company will pay BioTime certain fees and the amount of certain costs incurred for the benefit of and allocated by BioTime to the Company under the Facilities and Services Agreement. The Company may also hire its own employees and engage its own consultants and contractors for its business. By entering into this Agreement, Purchaser approves the Facilities and Services Agreement and the Company's performance of its obligations thereunder.

5. Capitalization. As of the date of this Agreement, the Company's authorized capital consists of 5,000,000 Preferred Shares, none of which are issued or outstanding and 50,000,000 Common Shares, of which 24,000,000 are issued and outstanding and owned by BioTime.

6. Stock Option Plan. Purchaser acknowledges that the Company has adopted a stock option plan (the "Plan"), a copy of which has been provided to Purchaser, under which the Company may grant options to purchase Company Common Shares, or sell Common Shares, to officers, directors, and key employees of the Company or BioTime, and to consultants of the Company, as determined by the Company's Board of Directors (the "Board") or a committee designated by the Board. Purchaser acknowledges that the Board has granted stock options under the Plan as reflected on Schedule C (the "Option Grants"). Purchaser approves the Plan and the Option Grants and acknowledges that the Board or a committee of the Board may grant additional options or sell restricted shares under the Plan from time to time in its discretion.

7. Investment Representations. Purchaser represents and warrants to the Company that:

(a) Purchaser has made such investigation of the Company as Purchaser deemed appropriate for determining to acquire (and thereby make an investment in) the Shares. In making such investigation, Purchaser has had access to such financial and other information concerning the Company as Purchaser requested. Purchaser acknowledges and understands that the Company is commencing a start-up venture in which the Company has no history of operations, and has received only limited capital from its controlling shareholder BioTime, Inc. Purchaser acknowledges receipt of the Articles of Incorporation and Bylaws of the Company, and copies of the minutes of the proceedings of the Board of Directors of the Company. Purchaser has had a reasonable opportunity to ask questions of and receive answers from the executive officers of the Company concerning the Company, and to obtain such additional information concerning the Company as may have been possessed or obtainable by the Company without unreasonable effort or expense. All such questions have been answered to Purchaser's satisfaction.

(b) In determining to enter into this Agreement and purchase the Shares, Purchaser has considered the Risk Factors shown on Schedule D.

(c) Purchaser understands that the Shares are being offered and sold without registration under the Act, or qualification under the California Corporate Securities Law of 1968, or under the laws of any other states, in reliance upon the exemptions from such registration and qualification requirements for non-public offerings. Purchaser acknowledges and understands that the availability of the aforesaid exemptions depends in part upon the accuracy of certain of the representations, declarations and warranties made by Purchaser, and the information provided by Purchaser, in this Agreement, Purchaser is making such representations, declarations and warranties, and is providing such information, with the intent that the same may be relied upon by the Company and its officers and directors in determining Purchaser's suitability to acquire the Shares. Purchaser understands and acknowledges that no federal, state or other agency has reviewed or endorsed the offering of the Shares or made any finding or determination as to the fairness of the offering or completeness of the information provided to Purchaser by the Company.

(d) Purchaser understands that the Shares may not be offered, sold, or transferred in any manner unless subsequently registered under the Act, or unless there is an exemption from such registration available for such offer, sale or transfer.

(e) Purchaser has such knowledge and experience in financial and business matters to enable Purchaser to utilize the information provided or otherwise made available to Purchaser by the Company to evaluate the merits and risks of an investment in the Shares and to make an informed investment decision.

(f) Purchaser is acquiring the Shares solely for Purchaser's own account and for investment purposes, and not with a view to, or for sale in connection with, any distribution of the Shares other than pursuant to an effective registration statement under the Act or unless there is an exemption from such registration available for such offer, sale or transfer, such as SEC Rule 144.

(g) Purchaser is an "accredited investor," as such term is defined in Regulation D promulgated under the Act.

(h) Information provided to Purchaser by the Company include matters that may be considered "forward looking" statements within the meaning of Section 27(a) of the Act and Section 21(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements Purchaser acknowledges and agrees are not guarantees of future performance and involve a number of risks and uncertainties, and with respect to which the Company makes no representations or warranties. Purchaser understands that the level of disclosure provided by the Company is less than that which would be provided in securities offering registered under the Act in reliance on the sophistication and investment experience of Purchaser.

(i) Purchaser understands that this Agreement and other information provided to Purchaser by the Company contains confidential financial information about the Company and BioTime, Inc. that has not yet been publicly disclosed by the Company or BioTime, and therefore may be deemed material non-public information, (2) the Company is providing Purchaser the confidential information solely to satisfy its disclosure obligations under the Act in connection with the offer and sale of the Shares to Purchaser pursuant to this Agreement, and (3) until such time as BioTime files a Form 8-K or other report under the Exchange Act with the Securities and Exchange Commission, Purchaser shall not (A) disclose to any other person any of the information contained in this Agreement or otherwise provided to Purchaser concerning the Company that has not previously been disclosed in a report filed by BioTime under the Exchange Act, or (B) purchase or sell any common shares of BioTime.

8. Accredited Investor Qualification. Purchaser qualifies as an "accredited investor" under Regulation D in the following manner. (Please check or initial all that apply to verify that you qualify as an "accredited investor.")

X (a) Purchaser is a natural person whose net worth, or joint net worth with spouse, at the date of purchase exceeds $1,000,000 (excluding the value of home, home furnishings, and automobiles).

X (b) Purchaser is a natural person whose individual gross income (excluding that of spouse) exceeded $200,000 in each of the past two calendar years, and who reasonably expects individual gross income exceeding $200,000 in the current calendar year.

____ (c) Purchaser is a natural person whose joint gross income with spouse exceeded $300,000 in each of the past two calendar years, and who reasonably expects joint gross income with spouse exceeding $300,000 in the current calendar year.

____ (d) Purchaser is a bank, savings and loan association, broker/dealer, insurance company, investment company, pension plan or other entity defined in Rule 501(a)(1) of Regulation D as promulgated under the Securities Act of 1933 by the Securities and Exchange Commission.

____ (e) Purchaser is a trust, and the trustee is a bank, savings and loan association, or other institutional investor as defined in Rule 501(a)(1) of Regulation D as promulgated under the Securities Act of 1933 by the Securities and Exchange Commission.

____ (f) Purchaser is a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940.

____ (g) Purchaser is a trust, and the grantor (i) has the power to revoke the trust at any time and regain title to the trust assets; and (ii) meets the requirements of items (a) (b), or (c) above.

____ (h) Purchaser is a tax-exempt organization described in Section 501(c) (3) of the Internal Revenue Code, or a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring Shares with total assets in excess of $5,000,000.

____ (i) The Purchaser is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Shares, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Shares.

X (j) The Purchaser is an entity in which all of the equity owners need the requirements of at least (a) through (i) above.

9. Miscellaneous.

(a) This Agreement shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of California; as such laws are applied to contracts by and among residents of California, and which are to be performed wholly within California.

(b) The representations and warranties set forth herein shall survive the sale of Shares to Purchaser.

(c) Neither this Agreement nor any provisions hereof shall be modified, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

(d) Any notice, demand or other communication that any party hereto may be required, or may elect, to give shall be sufficiently given if (i) deposited, postage prepaid, in the United States mail addressed to such address as may be specified under this Agreement, (ii) delivered personally at such address, (iii) delivered to such address by air courier delivery service, or (iv) delivered by electronic mail (email) to such electronic mail address as may be specified under this Agreement. The address for notice to the Company is: Embryome Sciences, Inc., 1301 Harbor Bay Parkway, Suite 100, Alameda, California 94502; Attention: Robert W. Peabody, Chief Financial Officer; email; rpeabody@biotimemail.com. The address for notice of Purchaser is shown in Section 10. Either party may change its address for notice by giving the other party notice of a new address in the manner provided in this Agreement. Any notice sent by mail shall be deemed given three days after being deposited in the United States mail, postage paid, and addressed as provided in this Agreement.

(e) This Agreement may be executed through the use of separate signature pages or in any number of counterparts and each of such counterparts shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

(f) Except as otherwise provided herein, the Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns. If the undersigned is more than one person, the obligation of the undersigned shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators and successors.

(g) This instrument contains the entire agreement of the parties, and there are no representations, covenants or other agreements except for those stated or referred to herein.

(h) This Agreement is not transferable or assignable by the undersigned except as may be provided herein.

10. Investor Information.

(a) Name: Geothermal, Coring S.A

(b) Address: 522 Balboa Plaza Avenida Balboa Panama, Republic of Panama

(c) email: enjoyexploring @yahoo.com

(d) Telephone: (507) 269-2438

(e) Social Security Number
or Taxpayer Identification Number: N/A

(f) State of Residence or Principal Place of
Business: Panama

11. Right of First Refusal Agreement. Concurrently with the execution and delivery of this Agreement, Purchaser shall execute and deliver a counterpart of a Right of First Refusal Agreement, in the form provided by the Company, between the Purchaser, the Company, and other shareholders of the Company.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement and hereby agrees to purchase Shares for the price stated above and upon the terms and conditions set forth herein.

Dated December 30, 2010

/s/ Steve Reilly

Steve Reilly for Geothermal Coring, S.A

ACCEPTANCE BY COMPANY

The Company hereby agrees to sell to the Purchaser the Shares referenced above in reliance upon all the representations, warranties, terms and conditions contained in this Agreement.

IN WITNESS WHEREOF, the undersigned, on behalf of the Company, has executed this acceptance as of the date set forth below.

Dated: December 30, 2010

EMBRYOME SCIENCES, INC.

By: /s/ Robert W. Peabody

Title: Senior V.P. and Cheif Operating Officer

SCHEDULE A

OLD ASSETS

License Agreement dated July 10, 2008, between Advance Cell Technology, Inc. and the Company to use certain patents and know-how referred to as ACTCellerate™ technology;

Inventory of human embryonic progenitor cell lines produced using ACTCellerate technology;

Know-how developed by the Company to produce hEPCs;

Growth media for the expansion of hEPCs and embryonic stem cells;

Reagents to induce cell differentiation in embryonic stem cells or hEPCs;

Embryome.com data stem cell base;

Any and all rights of the Company with respect to that certain Software License Agreement between Targeted Therapeutics Consulting, Inc. and BioTime, Inc.

Any and all rights of the Company with respect to that certain Software Development and Maintenance Agreement between Targeted Therapeutics Consulting, Inc. and BioTime, Inc.

Internet domain www.embryome.com

All content on website at www.embryome.com

License, Product Production, and Distribution Agreement, dated June 19, 2008, among LifeLine Cell Technology, LLC, the Company and BioTime, Inc.

Any and all rights of the Company under or with respect to that certain Exclusive Supply Agreement, dated December 8, 2010, between Shanghai Genext Medical Technology Co. Ltd and BioTime Asia, Limited.

SCHEDULE B

GRANT OF SUBLICENSES UNDER ACT LICENSES AND SUBLICENSES

Exclusive License Agreement, dated August 15, 2008, by and between Advanced Cell Technology, Inc., and the Company.

Exclusive Sublicense Agreement, dated August 15, 2008, by and between Advanced Cell Technology, Inc., and the Company.

SCHEDULE C

Stock Options

Initial Grants of Stock Options:

Grantee:	Number of Shares	Exercise Price Per Share
Michael D. West	500,000	FMV*
Alfred D. Kingsley	250,000	FMV*
Robert W. Peabody	250,000	FMV*
Other BioTime or Company employees:	Up to 250,000 options in total (individual grants from 5,000 to 50,000 shares each)	FMV*
Chief Scientific Officer**	100,000 to 500,000	FMV*
Scientific Advisory Board Members**	Up to 200,000	FMV*

*FMV means the fair market value per share as of the date of grant, as determined by the Board of Directors. The Board of Directors may rely upon a third party valuation in determining the fair market value. The Board of Directors may also chose to set the exercise price of stock options at a price higher than the fair market value.

**Person(s) to be hired or appointed in the future

The remaining shares under the Plan are reserved to future grants

SCHEDULE D

RISK FACTORS

An investment in the common shares of Embryome Sciences, Inc. (the "Company") involves a high degree of risk and should only be purchased by investors who can afford to lose their entire investment. T he following factors, among others, could materially adversely affect the Company's proposed operations, business prospects, and the value of an investment in the Company's shares. There may be other factors that are not mentioned here or of which the Company is not presently aware that could also adversely affect the Company's operations.

Risks Related to the Company's Business Operations

The Company will spend a substantial amount of the Company's capital on research and development but the Company might not succeed in developing products and technologies that are useful in medicine

- The Company is attempting to develop new medical products and technologies.

- Many of the Company's experimental products and technologies have not been applied in human medicine and have only been used in laboratory studies on animals. These new products and technologies might not prove to be safe and efficacious in the human medical applications for which they were developed.

- If the Company is successful in developing a new technology or product, refinement of the new technology or product and definition of the practical applications and limitations of the technology or product may take years and require the expenditure of large sums of money.

The Company will need to issue additional equity or debt securities in order to raise additional capital needed to pay the Company's operating expenses

- The amount and pace of research and development work that the Company can do or sponsor, and the Company's ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of the Company's pharmaceutical products, depends upon the amount of money the Company has. The Company expects to incur substantial research and product development expenses, and the Company will need to raise additional capital to pay operating expenses until the Company is able to generate sufficient revenues from product sales, royalties, and license fees.

- It is likely that additional sales of equity or debt securities will be required to meet the Company's short-term capital needs, unless the Company receive substantial revenues from the sale of the Company's new products, or the Company is successful in licensing or sublicensing the technology that the Company develop or acquire from others and the Company receive substantial licensing fees and royalties.

- Sales of additional equity securities could result in the dilution of the interests of present shareholders.

- There can be no assurance that the Company will be able to raise additional funds on favorable terms or at all, or that any funds raised will be sufficient to permit the Company to develop and market the Company's products and technology. Unless the Company is able to generate sufficient revenue or raise additional funds when needed, it is likely that the Company will be unable to continue the Company's planned activities, even if the Company make progress in the Company's research and development projects.

The Company's business could be adversely affected if the Company loses the services of the key personnel upon whom the Company depend

The Company's stem cell research program is directed primarily by the Company's Chief Executive Officer, Dr. Michael West. The loss of Dr. West's services could have a material adverse effect on us.

Risks Related to The Company's Industry

The Company will face certain risks arising from regulatory, legal, and economic factors that affect the Company's business and the business of other pharmaceutical development companies. Because the Company is a small company with limited revenues and limited capital resources, the Company may be less able to bear the financial impact of these risks than larger companies that have substantial income and available capital.

If the Company does not receive FDA and other regulatory approvals the Company will not be permitted to sell the Company's pharmaceutical products

Any pharmaceutical products that the Company develops cannot be sold until the FDA and corresponding foreign regulatory authorities approve the products for medical use. The need to obtain regulatory approval to market a new product means that:

- The Company will have to conduct expensive and time consuming clinical trials of new products. The full cost of completing clinical trials of a product to obtain FDA approval cannot be presently determined but exceeds the Company's current financial resources.

- The Company will incur the expense and delay inherent in seeking FDA and foreign regulatory approval of new products. It often takes a year or longer from the date an application for approval to market a new product is filed with the FDA until the date that the product receives FDA approval.

- A product that is approved by the FDA may be subject to restrictions on use.

- The FDA can recall or withdraw approval of a product if problems arise.

- The Company will face similar regulatory issues in foreign countries.

Government imposed restrictions and religious, moral, and ethical concerns on the use of hES cells could prevent us from developing and successfully marketing stem cell products

- Government-imposed restrictions with respect to the use of embryos or human embryonic stem cells in research and development could limit the Company's ability to conduct research and develop new products.

- Government-imposed restrictions on the use of embryos or hES cells in the United States and abroad could generally constrain stem cell research, thereby limiting the market and demand for the Company's products. Although the Company plans to use iPS cells developed without the use of hES cells or the destruction of embryos, the Company might determine to also use hES cells in its research and development program. During March 2009, President Obama lifted certain restrictions on federal funding of research involving the use of hES cells, and in accordance with President Obama's executive order, the National Institutes of Health has adopted new guidelines for determining the eligibility of hES cell lines for use in federally funded research. The central focus of the proposed guidelines is to assure that hES cells used in federally funded research were derived from human embryos that were created for reproductive purposes, were no longer needed for this purpose, and were voluntarily donated for research purposes with the informed written consent of the donors. The hES cells that were derived from embryos created for research purposes rather than reproductive purposes, and other hES cells that were not derived in compliance with the guidelines, are not eligible for use in federally funded research. A lawsuit, *Sherley v. Sebelius*, is now pending challenging the legality of the new NIH guidelines. In that litigation, a United States District Court issued a temporary injunction against the implementation of the new NIH guidelines, but the District Court's ruling has been stayed during the pendency of an appeal. The ultimate resolution of that lawsuit could determine whether the federal government may fund research using hES cells, unless new legislation is passed expressly permitting or prohibiting such funding.

- California law requires that stem cell research be conducted under the oversight of a stem cell research oversight ("SCRO") committee. Many kinds of stem cell research, including the derivation of new hES cell lines, may only be conducted in California with the prior written approval of the SCRO. A SCRO could prohibit or impose restrictions on the Company's research if the Company determines to use hES cells.

- The use of hES cells gives rise to religious, moral, and ethical issues regarding the appropriate means of obtaining the cells and the appropriate use and disposal of the cells. These considerations could lead to more restrictive government regulations or could generally constrain stem cell research, thereby limiting the market and demand for the Company's products. Although the Company believes that its use of iPS cells should not give rise to these issues, there is no assurance that other ethical issues will not be raised with regard to the use of iPS cells.

If the Company is unable to obtain and enforce patents and to protect the Company's trade secrets, others could use the Company's technology to compete with us, which could limit opportunities for us to generate revenues by licensing the Company's technology and selling products

- The Company's success will depend in part on the Company's ability to obtain and enforce patents and maintain trade secrets in the United States and in other countries. If the Company is unsuccessful in obtaining and enforcing patents, the Company's competitors could use the Company's technology and create products that compete with the Company's products, without paying license fees or royalties to us.

- The preparation, filing, and prosecution of patent applications can be costly and time consuming. The Company's limited financial resources may not permit us to pursue patent protection of all of the Company's technology and products throughout the world.

- Even if the Company is able to obtain issued patents covering the Company's technology or products, the Company may have to incur substantial legal fees and other expenses to enforce the Company's patent rights in order to protect the Company's technology and products from infringing uses. The Company may not have the financial resources to finance the litigation required to preserve the Company's patent and trade secret rights.

There is no certainty that any future patent applications will result in the issuance of patents

- The Company has obtained licenses for a number of patent applications covering technology developed by others, that the Company believe will be useful in producing new products, and which the Company believe may be of commercial interest to other companies that may be willing to sublicense the technology for fees or royalty payments. The Company may also file additional new patent applications in the future seeking patent protection for new technology or products that the Company develops alone or jointly with others. However, there is no assurance that any of the Company's licensed patent applications, or any patent applications that the Company may file in the future covering the Company's own technology, in the United States or abroad will result in the issuance of patents.

- In Europe, the European Patent Convention prohibits the granting of European patents for inventions that concern "uses of human embryos for industrial or commercial purposes." The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to human embryonic stem cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, the Company does not yet know whether or to what extent the Company will be able to obtain patent protection for the Company's technologies in Europe.

The process of applying for and obtaining patents can be expensive and slow

- The preparation and filing of patent applications, and the maintenance of patents that are issued, may require substantial time and money.

- A patent interference proceeding may be instituted with the U.S. Patent and Trademark Office (the "PTO") when more than one person files a patent application covering the same technology, or if someone wishes to challenge the validity of an issued patent. At the completion of the interference proceeding, the PTO will determine which competing applicant is entitled to the patent, or whether an issued patent is valid. Patent interference proceedings are complex, highly contested legal proceedings, and the PTO's decision is subject to appeal. This means that if an interference proceeding arises with respect to any of the Company's patent applications, the Company may experience significant expenses and delay in obtaining a patent, and if the outcome of the proceeding is unfavorable to the Company, the patent could be issued to a competitor rather than to the Company.

- Oppositions to the issuance of patents may be filed under European patent law and the patent laws of certain other countries. Like US PTO interference proceedings, these foreign proceedings can be very expensive to contest and can result in significant delays in obtaining a patent or can result in a denial of a patent application.

The Company's patents may not protect the Company's products from competition

- Any patents that the Company has licensed or that it license or obtains on its own in the future might not be comprehensive enough to provide meaningful patent protection.

- There will always be a risk that the Company's competitors might be able to successfully challenge the validity or enforceability of any patent licensed by or issued to the Company.

- In addition to interference proceedings, the U.S. PTO can reexamine issued patents at the request of a third party seeking to have the patent invalidated. This means that patents owned or licensed by the Company may be subject to reexamination and may be lost if the outcome of the reexamination is unfavorable to the Company.

If the Company fails to meet the Company's obligations under license agreements, the Company may lose the Company's rights to key technologies on which the Company's business depends

The Company's business depends on several critical technologies that are based in part on technology licensed from third parties. Those third-party license agreements impose obligations on the Company, including payment obligations and obligations to pursue development of commercial products under the licensed patents or technology. If a licensor believes that the Company has failed to meet the Company's obligations under a license agreement, the licensor could seek to limit or terminate the Company's license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation the Company's ability to carry out the development and commercialization of potential products could be significantly and negatively affected. If the Company's license rights were restricted or ultimately lost, the Company would not be able to continue to use the licensed technology in the Company's business.

The price and sale of the Company's products may be limited by health insurance coverage and government regulation

Success in selling the Company's pharmaceutical products may depend in part on the extent to which health insurance companies, HMOs, and government health administration authorities such as Medicare and Medicaid will pay for the cost of the products and related treatment. Until the Company actually introduce a new product into the medical market place the Company will not know with certainty whether adequate health insurance, HMO, and government coverage will be available to permit the product to be sold at a price high enough for us to generate a profit. In some foreign countries, pricing or profitability of health care products is subject to government control which may result in low prices for the Company's products. In the United States, there have been a number of federal and state proposals to implement similar government controls, and new proposals are likely to be made in the future.

Risks Pertaining to an Investment in the Common Shares

There is no public market for the Company's Common Shares

There is no public market for the Company's Common Shares or any other Company securities and a public market for the Common Shares is not expected to develop in the near future. Therefore, any investor who purchases Company Common Shares may not be able to find a buyer for their shares if the investor later desires to sell their shares.

The Company's common shares cannot be sold unless a registration statement is in effect under federal securities laws or an exemption from registration is available.

A registration statement as defined under the Securities Act of 1933, as amended (the "Securities Act"), must be in effect in order for Company shareholders to sell their shares. The Company has no obligation or present plan to file such a registration statement.

Shareholders may experience dilution of their ownership interests because of the future issuance of additional Company common shares and our preferred shares.

In the future, the Company may issue its authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present shareholders. The Company may issue additional common shares or other securities that are convertible into or exercisable for common shares in order to raise additional capital, or in connection with hiring or retaining employees or consultants, or in connection with future acquisitions of licenses to technology or rights to acquire products in connection with future business acquisitions, or for other business purposes. The future issuance of any such additional common shares or other securities may be at price lower than the price paid by Company shareholders, and may dilute the percentage ownership interests of the Company's shareholders.

The Company may also issue preferred shares having rights, preferences, and privileges senior to the rights of the Company's common shares with respect to dividends, rights to share in distributions of Company assets if the Company is liquidated, or voting rights. Any preferred shares may also be convertible into common shares on terms that would be dilutive to holders of common shares.

Because the Company does not pay dividends, its shares may not be a suitable investment for anyone who needs to earn dividend income

The Company does not pay cash dividends on its common shares. For the foreseeable future the Company anticipates that any earnings generated in its business will be used to finance the growth of its business and will not be paid out as dividends to the Company's shareholders. This means that the Company's stock may not be a suitable investment for anyone who needs to earn income from their investments.

The Company is controlled by BioTime, Inc. and minority shareholders will have no power to elect directors or to participate in the management of the Company.

So long as BioTime holds a majority of the Company's shares it will be able to control the Company's business and affairs through its power to elect at least a majority of the members of the Company's Board of Directors. This means that the Company's minority shareholders will have little or no influence on the management of the Company and the operation of its business and financial affairs.

BioTime's control of the Company could result in conflicts of interest.

Although the Company's Board of Directors will have a fiduciary duty to manage the Company in a manner that they, in good faith, believe to be in the best interest of the Company and its shareholders, conflicts of interest could arise from BioTime's control relationship with the Company. For example, a conflict could arise in determining whether BioTime or the Company or another subsidiary of BioTime should pursue a particular business opportunity or research project, or a license to use patents or other technology that may become available to be licensed or otherwise acquired from third parties where the patent or technology might be useful in the business of the Company and the businesses of BioTime or its other subsidiaries.

The Company will depend upon BioTime for the use of laboratory and office facilities, equipment and supplies, and personnel.

The Company will initially not have its own laboratory and office facilities and equipment, but rather will share such facilities, equipment, and supplies with BioTime under a Shared Facilities and Services Agreement (the "Shared Facilities Agreement"). BioTime will also provide the Company with the services of scientific, administrative and management personnel under the Shared Facilities Agreement. The Company will pay BioTime fees and costs allocated to the Company by BioTime under the Shared Facilities Agreement.

The Company's dependence upon BioTime means that the Company's business and financial affairs could materially adversely affected by any adverse change in BioTime's financial condition or operations or BioTime's loss of key scientific or management personnel.

SHARED FACILITIES AND SERVICES AGREEMENT

This Agreement is made as of December ____, 2010 (the **Effective Date**) by and between BioTime, Inc. (**BioTime**) and Embryome Sciences, Inc. (**ES**).

Recitals

A. ES is a subsidiary of BioTime and needs office and laboratory space and equipment, and the services of research, financial, management, and administrative personnel support;

B. BioTime leases certain laboratory, office, and related work space at 1301 Harbor Bay Parkway, Suite 100, Alameda, California (the **Premises**) and has surplus capacity at the Premises;

C. BioTime has employees and contractors who provide research, financial, management, and administrative services and is willing to make a portion of their services available to ES.

1. Office, Laboratory and Work Space.

(a) BioTime agrees to permit ES to use the Premises concurrently with BioTime for the conduct of ES's business operations, including but not limited to office use, laboratory research, product production, inventory storage and control, and product shipping and distribution uses, but only to the extent that (a) the use is a business operation permitted to be conducted by BioTime under the lease of the Premises, (b) ES uses the Premises in compliance with all applicable laws, ordinances, and regulations, (c) ES uses the Premises in compliance with the provisions of the Lease and lease governing the manner in which the Premises may be used and maintained, and in compliance with any and all rules and regulations of the landlord under the lease, (d) ES's use of the Premises does not interfere with BioTime's use of the Premises.

(b) BioTime and ES agree that the permission to use the Premises granted under this Agreement is in the nature of a license only and is not a sublease or assignment of the lease under which BioTime occupies the Premises (the **Lease**), and that ES shall not obtain any rights, and is not assuming any obligations, under the Lease. However, if required by BioTime or the owner of the Premises under the Lease (the **Landlord**), ES will enter into a sublease of the Premises acceptable to BioTime and the Landlord.

(c) The use of the Premises by ES shall be in a lawful, careful, safe, and proper manner, and ES shall not do or permit anything to be done in or about the Premises that would increase the rate or affect any fire or other insurance covering the Premises. ES shall not commit nor suffer any waste on the Premises.

(d) BioTime does not represent or warrant that the Premises may be used for any particular use or purpose, and ES has made ES's own determination that the Premises may be lawfully used for ES's purposes.

(e) ES shall, at its sole cost and expense, comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or that may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting ES's use of the Premises.

(f) ES shall, at its sole cost and expense, promptly repair any damage to the Premises caused by any act or omission of ES or its employees, agents, invitees, licenses, or contractors, including any acts or omissions of BioTime employees, contractors, and agents arising in the course of performing services for or conducting the business of ES. Any and all repairs effected by ES shall be performed in a professional workmanlike manner, by licensed contractors, in compliance with all applicable statutes, codes, rules and regulations, and ES or ES's contractors shall obtain all permits and approvals of government agencies required by applicable laws in connection therewith.

(g) If BioTime deems any repairs required to be made by ES necessary, it may demand that ES make them, and if ES refuses or neglects to commence such repairs and to complete them with reasonable dispatch, BioTime may make or cause such repairs to be made. If BioTime makes or causes repairs to be made, BioTime shall not be responsible to ES for any loss or damage that may accrue to ES's business by reason of the repair work, and ES shall, on demand, immediately pay to BioTime the cost of the repairs. ES waives the provisions of Sections 1941 and 1942 of the Civil Code of the State of California and all other statutes or laws permitting repairs by a lessee at the expense of a lessor or to terminate a lease by reason of the condition of the Premises. ES shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by ES

(h) ES shall not make or install any alterations, improvements, additions, or fixtures that affect the exterior or interior of the Premises or any structural, mechanical, or electrical component of the Premises, or mark, paint, drill, or in any way deface any floors, walls, ceilings, partitions, or any wood, stone, or iron work without the consent of BioTime and the Landlord.

(i) Under no circumstances shall ES bring onto the Premises any substances or materials that are characterized or defined as "hazardous substances" or "hazardous materials" under any federal or state law or regulation pertaining to the release of substances into the environment, except for cleaning materials, paints, and solvents, and such other materials as may be permitted by the Lease, provided that such substances are used, stored, and disposed of by ES in full compliance with applicable laws.

2. Equipment and Supplies. BioTime agrees to permit ES to use BioTime's office equipment, laboratory equipment (owned or leased), furniture, laboratory supplies, and general office supplies to the extent that such use does not interfere with the use by the employees, contractors, and agents of BioTime and other BioTime subsidiaries in the course of their business. BioTime shall have no obligation to obtain or to provide ES with any additional equipment, furniture, or supplies. If BioTime obtains laboratory supplies and materials for use by ES, ES shall reimburse BioTime for the cost of such supplies. ES shall be responsible for the repair or replacement any equipment damaged or destroyed while in its use. If ES requires and obtains equipment, furniture, and supplies for its own use it may locate the same at the Premises subject to the conditions and limitations stated in Section 1 of this Agreement, and subject to the additional condition that BioTime shall have the right and sole discretion to (a) determine where in the Premises ES may locate ES's furniture, equipment, and supplies, and (b) preclude ES from bringing onto or locating any furniture, supplies, or equipment in the Premises if BioTime determines that it would in any way interfere with BioTime's use of the Premises, violate any applicable laws, ordinances, and regulations, violate or conflict with any provision of the Lease or any rules and regulations of the Landlord under the Lease, conflict with any term or condition of any policy of casualty or liability insurance held by BioTime, or pose a hazard or other risk to persons or property.

3. Utilities. ES shall be responsible to determine that there is sufficient Utilities capacity in the Premises for purposes of conducting ES's use. **Utilities** includes electricity, gas, heat, air conditioning, hot and cold domestic water, telephone, scavenger service, garbage removal, sewerage, and other similar services used on, in, or in connection with the Premises. BioTime does not represent the availability or quantity of any Utilities in the Premises, and is not responsible for any interruption of any Utility service.

4. Services.

(a) BioTime shall provide basic accounting, billing, bookkeeping, payroll, treasury, collection of accounts receivable (excluding the institution of legal proceedings or taking of any other action to collect accounts receivable), payment of accounts payable, and other similar administrative services (the **Administrative Services**) to ES. Such Administrative Services shall be provided by BioTime employees or contractors engaged by BioTime to provide such Administrative Services for the operation of BioTime's own business. BioTime shall not be obligated to hire any additional employees or engage the services of any additional contractors to provide Administrative Services to ES, but BioTime may do so at the request of ES. BioTime may also provide the services of attorneys, accountants, and other professionals who may also provide professional services to BioTime and its other subsidiaries.

(b) BioTime shall also provide ES with the services of its laboratory and research personnel, including BioTime employees and contractors, for the performance of research and development work for ES at the Premises (the **Laboratory Services**). BioTime employees and contractors who perform Laboratory Services for ES shall enter into agreements containing customary provisions requiring the employees and contractors to (a) maintain the confidentiality and not to disclose ES trade secrets and other confidential information, and (b) assign to ES all rights to any inventions and discoveries made by such employees and contractors in the course of performing Laboratory Services for ES.

(c) BioTime may, at the request of ES, provide ES the services of BioTime employees and contractors, including but not limited to executive officers, for matters other than Administrative Services and Laboratory Services (**Other Services**), but BioTime shall not be obligated to do so.

(d) Administrative Services, Laboratory Services, and Other Services (collectively, **Services**) shall be provided by BioTime employees or contractors engaged by BioTime to provide such Services for the operation of BioTime's own business. BioTime shall not be obligated to hire any additional employees or engage the services of any additional contractors to provide Services to ES. Nothing in this Agreement shall preclude ES from hiring employees and engaging contractors directly for its own account and at its own cost and expense.

(e) ES shall be responsible for cooperating with BioTime's employees and contractors in such a manner as may be reasonably required in order for the Services to be performed.

(f) The Services shall be provided at the direction of ES; provided, that ES shall not request or direct any BioTime employee or contractor to provide any Services or to take any other act that would violate any federal, state, or municipal law, statute, ordinance, rule or regulation.

(g) BioTime shall not be liable to ES for any loss or damages of any kind caused by, arising from, or in connection with (i) the performance of Services performed by BioTime personnel, or the failure of any BioTime employee, contractor, or agent to perform any Services, or (ii) any delay, error, or omission by any BioTime employee, contractor, or agent in the performance of Services performed by BioTime personnel, except to the extent such loss or damage is the result of fraud, gross negligence or willful misconduct by an BioTime employee, contractor, or agent.

5. Use Fees.

(a) ES shall pay BioTime the fees provided in this Section for the use of the Premises, equipment, supplies, professional services (such as the services of attorneys, accountants, and consultants), and for the Services provided or agreed to be provided by BioTime under this Agreement. For each billing period, BioTime shall equitably prorate and allocate its Employee Costs, Equipment Costs, Insurance Costs, Lease Costs, Professional Costs, Software Costs, Supply Costs, and Utilities Costs, between BioTime and ES based upon actual documented use and cost by or for ES or upon proportionate usage by BioTime and ES, as reasonably estimated by BioTime. ES shall pay 105% of the allocated costs (the **Use Fee**). The allocated cost of BioTime employees and contractors who provide Services shall be based upon records maintained of the number of hours of such personnel devoted to the performance of Services.

(b) The Use Fee shall be determined and invoiced to ES on a quarterly basis for each calendar quarter of each calendar year (such quarterly periods are sometimes referred to in this Agreement as “billing periods”). If this Agreement terminates prior to the last day of a billing period, the Use Fee shall be determined for the number of days in the billing period elapsed prior to the termination of this Agreement. Each invoice shall be payable in full by ES with in 30 days after receipt. Any invoice or portion thereof not paid in full when due shall bear interest at the rate of 15% per annum until paid, unless the failure to make a payment is due to any inaction or delay in making a payment by BioTime employees from ES funds available for such purpose, rather than from the unavailability of sufficient funds legally available for payment or from an act, omission, or delay by any ES employee or agent.

(c) In addition to the Use Fees, ES shall reimburse BioTime for any out of pocket costs incurred by BioTime for the purchase of office supplies, laboratory supplies, and other goods and materials and services for the account or use of ES, provided that invoices documenting such costs are delivered to ES with each invoice for the Use Fee. Notwithstanding this paragraph, BioTime shall have no obligation to purchase or acquire any office supplies or other goods and materials or any services for ES, and if any such supplies, goods, materials or services are obtained for ES, BioTime may arrange for the suppliers thereof to invoice ES directly

(d) **Employee Costs** means the salaries, wages, health insurance benefits, FICA, payroll taxes, workers compensation insurance premiums, and similar costs payable by BioTime to or on account of its employees and contractors who perform Services for ES under this Agreement during an applicable billing period, but excluding stock option, stock purchase, and similar equity participation plans. **Equipment Costs** means all costs and expenses incurred by BioTime in acquiring, leasing, installing, maintaining, insuring, repairing, and disposing of any laboratory, production, and office equipment, fixtures, and furnishings used by ES or used by BioTime in the performance of Services. **Insurance Costs** means all insurance premiums of any kind incurred or paid by BioTime for casualty insurance policies that insure BioTime and its subsidiaries, including ES, from the loss of or damage to the Premises, equipment, fixtures goods, supplies, and other personal property of BioTime (except to the extent such premiums are included in Lease Costs) that may be used by ES or by BioTime in the performance of Services, and liability coverage policies that insure BioTime and its subsidiaries, including ES, from liability of any kind to third parties (except to the extent such premiums are included in Lease Costs). **Lease Costs** means all of BioTime's costs and expenses of leasing the Premises, including all base rent, taxes, common area or other expenses, insurance and other costs payable by BioTime to the Landlord under the Lease, but excluding (a) any repairs not required to be effected or paid for by ES under any other provision of this Agreement, and (b) any alterations or improvements effected by BioTime for the exclusive use of BioTime and its subsidiaries other than ES. **Professional Costs** means all costs and expenses incurred by BioTime for the services of independent accountants, attorneys, and other consultants who provide professional or consulting services for the benefit of ES. **Software Costs** means all costs and expenses, including but not limited to license fees, incurred by BioTime to acquire and use any computer software or program of any kind that is used by ES or by BioTime in the performance of Services. **Supply Costs** means all costs and expenses incurred by BioTime for the purchase and disposal of goods and materials of any kind, to the extent used in the performance of Services or used by ES employees or contractors. **Utilities Costs** means all costs and expenses incurred by BioTime for the use or availability of Utilities during an applicable billing period.

6. Indemnification.

(a) ES shall defend, indemnify, and hold harmless BioTime, BioTime's shareholders, directors, officers, employees, and agents (collectively, the **Indemnified Parties**) against and from any and all claims arising from ES's use of the Premises, or from any activity, work, or other thing done or permitted by ES on the Premises, including all activities, work, and services performed by BioTime employees, contractors, and agents for ES. ES shall further defend, indemnify, and hold harmless the Indemnified Parties against and from any and all claims arising from any breach or default in the performance of any obligation on ES's part to be performed under the terms of this Agreement, or arising from any act or omission (including, but not limited to negligent acts or omissions) of ES, or of any officer, agent, employee, contractor, guest, or invitee of ES acting in such capacity. The indemnity provided by this section shall include indemnification from and against all costs, attorneys' fees, expenses, and liabilities incurred in connection with or arising from any such claim or any action or proceeding brought thereon; and in any suit, action, or proceeding brought against any of the Indemnified Parties by reason of any such claim, ES, upon notice from any of the Indemnified Parties, shall defend the same at ES's expense by counsel satisfactory to the Indemnified Parties. ES, as a material part of the consideration to BioTime, hereby assumes all risk of damage to property or injury to persons in, upon, or about the Premises, from any cause other than BioTime's wilful malfeasance or sole gross negligence.

(b) BioTime shall not be liable for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, or rain that may leak from any part of the Premises or from the pipes, appliances, or plumbing works therein or from the roof, street, or subsurface, or from any other place unless solely caused by or solely due to the gross negligence of BioTime. BioTime and its agents and the other Indemnified Parties shall not be liable for interference with the light or other incorporeal hereditament, loss of business by ES, or any latent defect in the Premises, any equipment, furnishings, materials, or supplies. ES shall give prompt notice to BioTime in case of fire or accidents in the Premises or of defects therein or in the fixtures, equipment, furniture, materials or supplies belonging to BioTime and used by ES.

(c) ES shall be solely responsible for and shall indemnify, defend, and hold the Indemnified Parties and the owner of the Premises and each partner, shareholder, member, trustee, employee and agent of the owner or the Premises (collectively, the **Owner Indemnified Parties**) harmless from any against any claim, loss, damage, cost, expense, liability, or cause of action directly or indirectly arising out of the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation, or presence of any oil, gasoline, petroleum products, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances, or similar materials, including, without limitation, any substances which are hazardous substances, hazardous wastes, hazardous materials, or toxic substances under applicable environmental laws, ordinances, or regulations (collectively, **Hazardous Materials**) caused directly or indirectly by ES, its employees, agents, contractors, invitees, or assigns (other than any BioTime employees or agents performing BioTime rather than ES business) in, on, or under any of the Premises, including, without limitation: (i) all consequential damages; (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Premises and the building and surrounding land in which the Premises are located, and the preparation and implementation of any closure, remedial, or other required plans whether required under any Hazardous Materials Laws or otherwise; and (iii) all court costs, including reasonable attorneys' fees, paid or incurred by BioTime, any other Indemnified Party, or any Owner Indemnified Party in connection with such claim.

7. Term; Termination.

(a) This Agreement shall commence on the Effective Date and shall terminate on December 31, 2015, provided that, unless otherwise terminated under another provision of this Agreement, the term of this Agreement shall automatically be renewed and the termination date shall be extended for an additional year each year after December 31, 2015, unless either party gives the other party written notice stating that this Agreement shall terminate on December 31 of that year.

(b) Notwithstanding paragraph (a) of this Section 7, either party may terminate this Agreement immediately upon the occurrence of a Default by the other party. A party shall be in **Default** if that party (i) fails to pay when due the Use Fee or any other sum due under this Agreement, or fails to perform any other obligation under this Agreement, and such failure continues for a period of 5 days after written notice from the party seeking to terminate this Agreement; (ii) becomes the subject of any order for relief in a proceeding under any Debtor Relief Law (as defined below); (iii) becomes unable to pay, or admits in writing the party's inability to pay, its debts as they mature; (iv) makes an assignment for the benefit of creditors; (v) applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitation, or similar officer for the party or for all or any part of the party's property or assets, or any such officer is appointed for such party or any part of its assets without the party's consent and such appointment is not dismissed or discharged within 60 calendar days; (vi) institutes or consents to any proceeding under any Debtor Relief Law with respect to the party or all or any part of the party's property or assets, (vii) becomes subject to any proceeding under any Debtor Relief Law without the consent of the party if such case or proceeding continues undismissed or unstayed for 60 calendar days; or (viii) dissolves or liquidates or takes any action to dissolve or liquidate. As used in this Agreement, the term **Debtor Relief Law** shall mean the Bankruptcy Code of the United States of America, as amended, or any other similar debtor relief law affecting the rights of creditors generally.

(c) The obligations of ES under Sections 5 and 6 and to pay for any repairs of the Premises required to be paid by ES under this Agreement shall survive termination of this Agreement.

8. No Third Party Beneficiaries. The parties to this Agreement are BioTime and ES, and no other person or entity, whether a partner, member, shareholder, officer, director, employee, contractor, agent, or business invitee of ES or otherwise, shall have any rights or be entitled to any benefits under this Agreement, except for the rights of Indemnified Parties and Owner Indemnified Parties under Section 6.

9. Characterization of Relationship. It is the intent of the parties that the business relationship created by this Agreement, and any related documents is solely that of a commercial agreement between BioTime and ES and has been entered into by both parties in reliance upon the economic and legal bargains contained in this Agreement. None of the covenants contained in this Agreement is intended to create a partnership between BioTime and ES, to make them joint venturers, to make either party an agent, legal representative, partner, subsidiary, or employee of the other party or to make either party in any way responsible for the debts, obligations, or losses of the other party.

10. Binding on Successors and Assigns. This Agreement shall be binding on each party and the party's successors and assigns.

11. Integration. This Agreement constitutes all of the understandings and agreements existing between the parties concerning the subject of this Agreement and the rights and obligations created under it. Neither party has made or relied upon any agreement, warranty, representation, promise, or statement, whether oral or written, not expressly included in this Agreement.

12. Waivers, Delays, and Omissions. One or more waivers, consents, or approvals by any party of any covenant, condition, act, or breach under this Agreement shall not be construed as a waiver, consent, or approval of any subsequent condition, covenant, act, or breach or as a consent or approval to the same or any other covenant or condition. This Agreement and any term of this Agreement may be amended, discharged, or terminated only by a written instrument signed by the parties against whom enforcement of such amendment, discharge, or termination is sought. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default of the other party under this Agreement shall impair any such right, power, or remedy of the party not in breach or default.

13. References. References in this Agreement to sections, paragraphs, subparagraphs, and exhibits are references to sections, paragraphs, and subparagraphs in this Agreement and exhibits attached to this Agreement unless specified otherwise.

14. Section Headings. Section headings are for the convenience of the parties and do not form a part of this Agreement.

15. **Construction.** The parties agree that this Agreement is a negotiated agreement, with each party free to review and negotiate each section of the Agreement and otherwise clarify all sections of the Agreement that appear to the party (at the time of signing) to be ambiguous or unclear. Both parties shall be deemed to be the drafting parties, and the rules of construction to the effect that any ambiguities are to be resolved against the drafting party or parties shall not be employed in the interpretation of this Agreement.

16. Unenforceable Provisions. If all or part of any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provisions, and this Agreement shall be equitably construed as if it did not contain the invalid, illegal, or unenforceable provision.

17. Attorneys' Fees. It is expressly agreed that if this Agreement is referred to an attorney to collect any amount due under this Agreement, or to enforce or protect any rights conferred upon BioTime by this Agreement ES promises and agrees to pay on demand all costs, including without limitation, reasonable attorneys' fees, incurred by BioTime in the enforcement of BioTime's rights and remedies under this Agreement. In the event an action is brought to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to an award of its attorneys' fees and costs incurred in such action, including any fees and costs incurred in any appeal and in any collection effort.

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

BioTime, Inc.

By: _____

Robert Peabody,
Senior Vice President and
Chief Operating Officer

Embryome Sciences, Inc.

By: _____

Michael D West,
Chief Executive Officer

Exhibit 10.39

CO-EXCLUSIVE SUPPLY AGREEMENT

THIS EXCLUSIVE SUPPLY AGREEMENT (the "Agreement") is made as of December 8, 2010 (the "Effective Date"), by and between BioTime Asia, Limited, a Hong Kong company and subsidiary of BioTime, Inc., with a registered office at 3/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong ("BTA"), and Shanghai Genext Medical Technology Co. Ltd, a Chinese company with its principal address at Bldg 10, 3 C2, Pujiang Intelligence Valley, 1188 Lianhang Road, Shanghai 201112, P.R. China ("Genext").

Recitals

WHEREAS, BTA has the right, under contract with Embryome Sciences, Inc. ("ES") to distribute in certain countries certain biological products manufactured by ES for use in biological research;

WHEREAS, Genext desires to purchase from BTA certain products for resale in the Territory (as defined below); and

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the parties hereby agree as follows:

1. Certain Definitions

1.1 "Affiliates" means an entity which directly or indirectly controls, is controlled by, or is under common control with a party. The term "control" as used in the preceding sentence means the possession of the power to direct or call for the direction of the management and policies of an entity, whether through ownership of a majority of the outstanding voting securities, by contract or otherwise.

1.2 "Agreement" means this Agreement, as it may be amended from time to time, including the Schedules attached hereto.

1.3 "Product" or "Products" shall mean those certain products, listed on Exhibit A, as Exhibit A may be amended from time to time, to include (a) any other products that BTA and Genext may from time to time agree to include as Products under this Agreement by amendment, and (b) any improvements, modifications or enhancements thereto developed by ES to replace any prior version of a Product, as provided in Section 2.3, to the extent that ES makes such improved, modified or enhanced version available to BTA. The agreed form of an amendment to add Products is set forth in Exhibit C.

1.4 "Specifications" shall mean the technical and functional specifications pertaining to the Products as listed in Exhibit B, as well as any changes or additions to such Specifications as shall be made from time to time.

1.5 "Media" shall mean the cell culture media set listed on Exhibit A.

1.6 "Confidential Information" shall include, but is not limited to, (i) any trade secrets relating to either party's product plans, development, designs, performance, protocols, costs, prices and names, finances, marketing plans, business opportunities, personnel, research development, formulae or know-how; and (ii) any information designated by the disclosing party as confidential in writing, or, if disclosed orally, reduced to writing and designated as confidential within thirty (30) days; and (iii) the terms and conditions of this Agreement, except (A) to the extent that a party determines, in good faith, that disclosure of terms and conditions of this Agreement is required under any applicable law, or (B) in any proceeding to enforce this Agreement or to resolve any dispute arising under this Agreement. "Confidential Information" shall not include information that: (i) is or becomes generally known or available by publication, commercial use or otherwise through no fault of the receiving party; (ii) is known and has been reduced to tangible form by the receiving party at the time of the disclosure and is not subject to restriction; (iii) is independently developed or learned by the receiving party; (iv) is lawfully obtained from a third party that has the right to make such disclosure; or (v) is made generally available by the disclosing party without restriction on disclosure.

1.7 "ES Technology Rights" means the intellectual property rights licensed to or owned by ES that relate to the manufacture, use, sale, or import of Products, or derivatives or combinations thereof, including but not limited to one or more of: (i) patents and patent applications, and all patents issuing from said patents and patent applications, including any divisionals, continuations and continuations-in-part (to the extent that they cover the same subject matter of the original application), and reissues and reexaminations of any such patents, together with all non-US counterparts of the foregoing; (ii) copyrights (technical publications), whether or not such copyrights are registered with the US Library of Congress or other governmental body; (iii) use of the ACTCellerate™ trademark, and (iv) any know-how, trade secret or other proprietary information necessary to use or effectively market and sell the Products.

1.8 "Territory" means the People's Republic of China, Taiwan, Hong Kong, and Macau.

2. Supply of Products

2.1 Purchase and Supply of Products and Media. During the term of this Agreement, BTA agrees to sell to Genext the Products and Media, upon the terms and conditions as stated in this Agreement.

2.2 Specifications. The Specifications for the Products and Media may be used by Genext in its own marketing and promotional materials. BTA grants a non-exclusive, non-royalty bearing right to Genext, during the term of this Agreement to use the Specifications and/or images obtained from datasheets provided to BTA by ES, in connection with the sale and distribution of Products and Media in the Territory.

2.3 Improvements and Modifications of Products. If ES develops an enhancement, improvement, or modification of any Product or Media and makes that enhanced, improved, or modified product available to BTA for sale in the Territory, BTA shall inform Genext, including a description of the enhancement, improvement, or modification. The improved and modified Products may replace or be sold in addition to the existing Products under condition of mutual agreement between BTA and Genext.

2.4 Discontinuation of Products and Media. BTA reserves the right to discontinue the sale and distribution of any or all Products and Media at any time if ES discontinues the manufacture of the Product or Media or the export of the Product or Media to the Territory.

3. Terms of Sale.

3.1 Pricing. The Products and Media shall be sold to Genext for prices shown on Exhibit A, subject to such price changes as BTA may make, from time to time, upon twenty (20) days prior notice to Genext.

3.2 Shipping. BTA shall deliver the Products and Media, and related documentation and information, FOB to Genext's designated place of business. All transportation and insurance costs and all import duties and taxes shall be paid by Genext. Such transportation and insurance costs shall include both the cost of shipping the Products and Media from ES to BTA and the cost of shipping the Products and Media from BTA to Genext; provided, that ES may (but shall not be obligated to) ship Products and Media directly to Genext to fulfill a Genext purchase order.

3.3 Purchase Orders; Order Procedures. Genext shall place all orders for Products and Media by a written purchase order. Notwithstanding the foregoing, all transfer of Products and Media to Genext shall be subject to the provisions of this Agreement, and shall not be subject to the terms and conditions contained in any purchase order of Genext or confirmation of BTA, except insofar as any such purchase order or confirmation establishes (i) the quantity of the Products and Media to be sold, or (ii) the shipment date or shipping instructions of the Products and/or Media. BTA's obligation to sell and ship the Products and Media shall be limited to products specifically ordered by Genext, as evidenced by a written purchase order. BTA will use commercially-reasonable best efforts to meet Genext's requested delivery schedules for Products and Media, but BTA's obligation to fulfill any purchase order is subject to availability of the Products and Media. BTA reserves the right to fulfill any order in part or through delivery in installments. BTA reserves the right to refuse, cancel or delay shipment to Genext if Genext is delinquent in payments, or when Genext has failed to perform any of its obligations under this Agreement.

3.4 Place of Delivery. BTA shall deliver the Products and Media, and related documentation and information to Genext in accordance with Genext's specific routing instructions. All transportation costs, as provided in Section 3.2, shall be borne by Genext and paid directly to the freight company; provided, however, that if any transportation costs are not paid directly by Genext to the freight company, such costs shall be invoiced to Genext by BTA and paid within fourteen (14) days of the date shown on the invoice.

3.5 Inspection and Acceptance. All of the Products and Media consigned to Genext will be subject to Genext's right of inspection and rejection of non-conforming Products as provided in Section 3.6.

3.6 Nonconforming Products. If any of the Products or Media delivered to Genext fails to comply with the Specifications, Genext shall be entitled to obtain replacement Products or Media from BTA at no additional cost to Genext. BTA shall replace such Products in a timely manner conditioned upon return of defective or Nonconforming Products and shall reimburse Genext for the transportation and handling costs, the cost of packaging materials destroyed and the cost of removal, return and destruction of such nonconforming Products.

3.7 Payment. Genext shall electronically transfer funds by electronic transfer to such bank account of BTA, and pursuant to such wiring instructions, as BTA may from time to time provide, for the full purchase price plus all shipping, insurance, and applicable taxes, not less than five (5) business days after delivery of a purchase order, and BTA shall have no obligation to fill any purchase order unless and until it has received such payment in full. In the alternative, Genext may provide to BTA an irrevocable letter of credit drawn on a Hong Kong bank, having offices in Hong Kong, in an amount not less than the full purchase price plus applicable shipping, insurance and duties. Such letter of credit shall provide that payment shall be made upon sight of the bill of lading for the shipment of the Products and Media under the purchase order. All payments shall be made in United States dollars without deduction for taxes, assessments, exchanges, collection or other charges of any kind. If any payment is not made in full when due and remains unpaid for more than five days after the date due, late payments shall accrue interest at the rate of one percent (1%) per month (twelve percent (12%) per annum) from the date when such payment should have been made.

3.8 Taxes, Tariffs, Fees. BTA's prices do not include any national, state or local sales, use, value added or other taxes, customs duties, or similar tariffs and fees which BTA or ES may be required to pay or collect upon the delivery of BTA Products or upon collection of the sale prices. Should any tax or levy be made, Genext agrees to pay such tax or levy and indemnify BTA for any claim for such tax or levy demanded. Genext represents and warrants to BTA that all Products and Media acquired under this Agreement are for redistribution in the ordinary course of Genext's business, and Genext agrees to provide BTA with appropriate resale certificate numbers and other documentation satisfactory to the applicable taxing authorities to substantiate any claim of exemption from any such taxes or fees. Genext will pay any withholding taxes required by applicable law. Genext will supply BTA with evidence of such payment of withholding tax, in a form acceptable to BTA to meet the requirements for claiming foreign tax credits on BTA's federal income tax return.

3.9 Cancellation. BTA reserves the right to cancel any purchase orders placed by Genext and accepted by BTA, or to refuse or delay shipment of Products and Media to Genext, if Genext (i) fails to make any payment as provided in this Agreement or under the terms of payment set forth in any invoice or otherwise agreed to by BTA and Genext, after receiving a 2 day written notice from the BTA requesting payment of the outstanding invoice or other moneys payable, (ii) fails to meet reasonable credit or financial requirements established by BTA, including any limitations on allowable credit, or (iii) otherwise fails to comply with or is in breach of a material term or condition of this Agreement other than payment, if such noncompliance or breach has not been cured within 14 days after notice from BTA.

4. Co-Exclusive Rights

4.1 License Rights. This Agreement sets forth the terms and conditions that govern BTA’s sale of Products and Media to enable Genext to market, sell and distribute such Products and Media under the ES Technology Rights in the Territory. Genext shall have the co-exclusive rights to import, sell, market and distribute the Products and Media in the Territory during the term of this Agreement. “Co-exclusive” means that BTA and other Affiliates of BioTime (including but not limited to ES) shall retain the right to offer, sell, and distribute the Products and Media in the Territory, but during the term of this Agreement, BTA will not authorize any company that is not an Affiliate of BTA or BioTime to offer, sell, or distribute the Products and Media in the Territory. Genext shall offer, sell, and distribute Products and Media only in the Territory for use in the Territory and not for re-sale or export from or import into any country outside the Territory. The foregoing grant of rights includes the right to convey to Genext’s customers the right to use the Products and Media for research purposes only. Without limiting the generality of the immediately preceding sentence, no Product or Media shall be offered, sold, or used for the treatment or diagnosis of any disease, injury, or physical disorder in humans or animals, or in any human clinical trial or other clinical use. Nothing in this Agreement grants, nor shall any provision of this Agreement be construed to grant, Genext or any purchaser of any Product or Media any license or other right to manufacture or produce any Product or Media within or outside the Territory, or to sell any Product or Media outside the Territory.

4.2 Minimum Purchases to Maintain Co-Exclusive Rights. In order to maintain its co-exclusive distribution rights in the Territory, Genext must purchase and pay for not less than $350,000 of Products and Media within one year after the date of this Agreement; provided that such $350,000 amount shall be determined without including shipping, insurance, taxes and duties.

4.3 Labeling. Genext may sell the Products or Media using Genext's own labels (which shall either be provided to BTA or applied to Products and Media after purchase by Genext) if BTA approves such labels in writing in advance of use by Genext. Genext will label all Products and Media with a use restriction that permits the purchaser of a Product and/or Media to use solely for research purposes and not for treatment or diagnosis of any disease, injury, or physical disorder in humans or animals, or in any human clinical trial or other clinical use.

4.4 Export/Import Licenses. Genext shall, at its own cost and expense, obtain such licenses and permits as may be required to import Products and/or Media into any country in the Territory in which Genext intends to sell Products or Media. At the request of BTA, Genext shall cooperate and comply with all restrictions imposed by the United States government relating to the export, or re-export, of the Products and/or Media. Genext also agrees that, without the prior written approval of the U.S. Department of Commerce, it will not sell Products to any customer it knows, or has reason to know, will use them, directly or indirectly, in any chemical or biological warfare application. Genext will cooperate with BTA, and will submit all documentation requested by BTA to determine the appropriate classifications and/or assist BTA in obtaining the appropriate licenses prior to the export of Products from the United States to the countries in the Territory.

4.5 Sales Efforts. Genext shall use its commercially-reasonable best efforts to advertise, promote the sale of, and sell the Products and Media in the Territory.

5. Term and Termination

5.1 Term. The initial term of this Agreement shall be two (2) years from the Effective Date (the "Term"), unless sooner terminated as provided in Sections 5.2 through 5.4. The Agreement shall be automatically renewed for successive one (1) year periods following the expiration of the second year of the term, unless either party provides written notice to the other of its desire not to continue the Agreement. Written notice of non renewal shall be delivered to the other party not less than sixty (60) days prior to the expiration of such term. NEITHER BTA NOR GENEXT SHALL BE LIABLE TO THE OTHER FOR DAMAGES OF ANY KIND ON ACCOUNT OF THE NON-RENEWAL OF THIS AGREEMENT IN ACCORDANCE WITH THIS SECTION 5.1.

5.2 Genext may terminate this Agreement at any time, for any reason or no reason at all, upon sixty (60) days written notice.

5.3 This Agreement may be terminated immediately by either party for cause if the other party is in material breach of any term or condition of this Agreement, and fails to cure that breach within ten (10) days after written notice in the case of any failure to make any payment of money when due, and thirty (30) days after written notice in the case of any breach other than the failure to make any payment of money.

5.4 In the event that: (a) a party becomes insolvent or enters into any arrangement or composition with creditors, or makes an assignment for the benefit of creditors; (b) there is a dissolution, liquidation or winding up of a party's business; or (c) a trustee in bankruptcy of the assets of a party is appointed; the other party may terminate the Agreement by giving written notice of termination to the first party.

5.5 The termination or expiration of this Agreement shall not act as a waiver of any breach of this Agreement and shall not act as a release of either party for any liability or obligation incurred under this Agreement through the effective date of such expiration or termination.

5.6 Upon termination of this Agreement, BTA shall have the right, but not the obligation, to repurchase all Products and Media then remaining in Genext's inventory, at the original invoiced cost, plus all costs of shipping, insurance, duties, and taxes incurred in connection with the shipment of such re-purchased inventory to BTA or BTA's designee. If BTA does not elect to repurchase unsold inventory, Genext may continue to sell such inventory in the Territory notwithstanding termination of this Agreement, but subject to the restrictions on use, resale, and labeling requirements under Sections 4.1 and 4.3.

6. Warranties and Representations

6.1 BTA represents and warrants to Genext that it has contract rights from ES, and will continue to have contract rights from ES, to distribute the Products in the Territory, and contract rights to use all intellectual property needed to supply Genext with Products under this Agreement. To the best of BTA' knowledge, the Products and Media do not infringe any copyright, patent, trade secret, or other proprietary right held by any third party, nor has any claim (whether or not embodies in an action, past or present) of such infringement been threatened or asserted, nor is such a claim pending against BTA.

6.2 BTA warrants to Genext that all of the Products and Media, when delivered to Genext, (i) will conform and perform in all respects with the Specifications for such Products an Media; and (ii) will be delivered to Genext free and clear of all liens and encumbrances. Genext acknowledges that the Products and Media are experimental biological and laboratory products and are being sold for research purposes only. **BTA EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY CONCERNING THE PRODUCTS, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTIBILITY AND ANY WARRANTY THAT ANY PRODUCT IS FIT FOR ANY PARTICULAR USE.**

6.3 Each of the Parties represents and warrants to the other party that no commitments have been made to third parties who are inconsistent with or in derogation of rights granted hereunder, and that they are not under any obligation that would prevent them from entering into and fully performing under this Agreement.

6.4 Each Party hereto agrees to promptly notify the other Party of any material fact or condition which may hereafter come to its attention and which could reasonably be expected to adversely affect the manufacture, operation or the marketing of the Products, including Product failures or defects, , and any current or threatened litigation or claims.

7. Limitation of Liability

7.1 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8. Confidentiality

8.1 Each party shall protect the other's Confidential Information from unauthorized dissemination and use with the same degree of care that such party uses to protect its own like information. Neither party will use the other's Confidential Information for purposes other than those necessary to directly further the purposes of this Agreement. Neither party will disclose to third parties the other's Confidential Information without the prior written consent of the other party. The provisions of this Section 8.1 shall survive termination of this Agreement.

9. Trademarks

9.1 Except as granted in Section 4.1, no trademark license is intended or created by operation of this Agreement. BTA recognizes and acknowledges that Genext is the sole and exclusive owner of Genext trademarks and Genext recognizes and acknowledges that BTA is the sole and exclusive owner of the BTA trademarks and that ES is the sole and exclusive owner of the ES trademarks. Except for Genext's use of the ACTCellerate™ mark granted it in Section 4.1 (of which use shall reference Advanced Cell Technology, Inc. as the owner of such mark), neither party shall acquire or derive as a result of the execution or performance of this Agreement any right, title or interest in any trademark owned, licensed to or used by the other party, nor shall either party adopt any trademark which is deceptively similar to or likely to cause confusion with any trademarks owned, licensed or used by the other party.

10. Compliance with Laws

10.1 In performing under this Agreement both parties will comply with all applicable laws, rules and regulations of all governmental bodies and regulatory agencies.

11. Force Majeure

11.1 Neither party shall be liable for failure or delay in performance under this Agreement due to causes such as an act of God, strike, lockout or other labor dispute, civil commotion, sabotage, fire, flood, explosion, acts of any government, any other causes not within the reasonable control of the party affected (a "Force Majeure Event"). In the event either party is unable to perform any of its obligations hereunder due to a Force Majeure Event, such party shall promptly notify the other party. Performance hereunder shall be promptly resumed after the applicable Force Majeure Event has been remedied.

12. General

12.1 Independent Contractors. The parties agree that each party is an independent contractor acting for their own account and that their relationship shall not constitute a joint venture, partnership, or agency. Neither party is authorized on behalf of the other party to make any statements, representations or warranties, or to enter into any contracts or commitments, or otherwise act on the other's behalf unless authorized in writing.

12.2 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns; provided, however, that neither Party shall have the right to transfer or assign its rights or duties under this Agreement without the prior written authorization of the other Party, except in connection with a merger or consolidation of a Party with another business entity or a transfer or assignment to an Affiliate; provided that any such transfer or assignment shall not relieve the transferor from any liabilities arising prior to the date of such transfer or assignment.

12.3 Entire Agreement. This Agreement and the attachments hereto constitute the entire agreement of the parties with respect to the Products and Media and all other subject matter hereof, and supersedes any prior agreements or understandings, written or oral, between the parties with respect to such matters. No amendment of this Agreement shall be effective unless in writing and signed by both parties.

12.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

12.5 Exhibits and Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall have the meaning as defined in this Agreement.

12.6 Construction. If for any reason a court of competent jurisdiction finds and provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intentions of the parties, and the remainder of this Agreement will continue in full force and effect.

12.7 Headings. The section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such section, or in any way affect this Agreement.

12.8 Waiver. No provision of this Agreement may be waived except in writing by both parties hereto. No failure or delay by either party hereto in exercising any right or remedy hereunder or under applicable law will operate as a waiver thereof, or a waiver of a particular right or waiver of any right or remedy on any subsequent occasion.

12.9 Disputes. This Agreement shall be governed by, and construed in accordance with the laws of Hong Kong. Both parties shall undertake all reasonable best efforts to resolve in an amicable manner any controversy arising in connection with this agreement. Any controversy or dispute or claim arising between the parties in connection with this agreement, which cannot be resolved amicably, shall be resolved in the Courts of Hong Kong.

12.10 Notices. Notices shall be in writing and shall be mailed or delivered by courier or other reasonable means of delivery to the following addresses:

To Genext:
Bldg 10, 3 C2, Pujiang Intelligence Valley
1188 Lianhang Road
Shanghai 201112, P.R. China
Attention: Chief Executive Officer

To BTA:
3/F, Gloucester Tower
The Landmark, 15 Queen's Road Central
Central, Hong Kong
Attention: Chief Executive Officer

with a copy to ES at:
1301 Harbor Bay Parkway, Suite 100
Alameda, California 94502
Attention: Chief Operating Officer

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized representatives, to be effective as of the date first set forth above.

Shanghai Genext Medical Technology Co. Ltd.

By: /s/ David Wu
Name: **David Wu**
Title: **Chief Executive Officer**

BioTime Asia, Limited

By: /s/ Michael West
Name: **Michael West**
Title: **CEO**

Exhibit A

Products & Media:

All existing ACTCellerate™ cell lines except the six (6) currently carried by Genext (namely 7PEND24, SM28, E68, 4-SKEL-20, 4D20.8, and 7SMOO32)

Initial offering for the USD $100,000 stock order:
60 (“Sixty”) vials of ACTCellerate™ cell lines
120 (“One hundred and twenty”) bottles of media

Quantity:

Unit Size: 5-6 x 10^5 cells/vial

Unit Size: 500 mL/bottle of media

Delivery within 7 (“seven”) days of order

Vials to be labeled by ES with labels supplied by Genext.

BTA shall provide information for Product Datasheet and Instructions of Use.

Distribution Pricing:

	ACTCellerate™ cell line	Media
Distribution Price (USD)	$ 1,300.00	$ 175.00
MSRP (USD)	$ 2,800.00	$ 295.00

Exhibit B

Product Specifications

	Document Number
Genext Documentation	

Title		
ACTCellerate human embryonic progenitor cell lines (5-6 X 10^5 cells/vial)		
Document Type	Revision Code	Page Number
Purchase Specification	A	11 of 13

Responsible Location	Approval Locations	Reference Locations	Language
TE	TE	TE	E
Referenced Documents		Genext Part Number	
		See Appendix	

1.0 ITEM DBTACRIPTION

See Appendix

2.0 APPROVED MANUFACTURER / SUPPLIER

Embryome Sciences, Inc.

1301 Harbor Bay Parkway

Suite 100

Alameda, CA 94502

Attention: Chief Operating Officer

3.0 MANUFACTURING / SUPPLIER CATALOG/PART NUMBER (if applicable)

See Appendix

4.0 SPECIAL PACKAGING REQUIREMENTS

Storage is at -196°C (liquid nitrogen)

5.0 SPECIAL MARKINGS REQUIRED

All incoming shipments need to be accompanied by a complete and legible Packing list / PO. The packing list must have at minimum the following criteria.

- Packing list and shipment should only represent what the PO has been released for unless when dealing with unpredictable biological yields.
- Correct and full PO number in at least one area. A dedicated PO field or in the address field
- **Genext** Part Number and both Vendor Part Number plus Lot Number
- Genext's correct UOM (Unit of Measure)

- Complete Qty Ordered
- Qty shipped
- Accurate description of goods including product perishability, regulated / non regulated, Hazard class with proper UN number along with any necessary MSDS documentation is applicable.

All labels must include the Lot Number and Part Number information, in addition to the alphanumeric characters identifying the product.

6.0 CERTIFICATBTA/DOCUMENTS REQUIRED:

6.1 Certificate of Analysis acknowledging the requirements listed below.

Cell type:	Male
Euploid:	³80%
Species-specific PCR Evaluation:	+ (Positive)
PCR Evaluation Specimen: cells MHV MPV MVM *Mycoplasma sp.* PVM Sendai TMEV GDVII	 -(Negative) -(Negative) -(Negative) -(Negative) -(Negative) -(Negative) -(Negative)

7.0 QUALITY and ACCEPTANCE REQUIREMENTS

7.1 Unit of measure listed: EA (2 vials=1EA)

7.2 Product Shelf life: NA

7.3 Lot Specific Testing Result: NA

Appendix

Vendor Item No.	Genext Item No.	Genext Description	Quantity	Storage Temp.
			5-6x10^5 cells	STORE IN LIQUID NITROGEN

Exhibit C

Amendment to Add Products

AMENDMENT TO CO-EXCLUSIVE AGREEMENT

THIS _____AMENDMENT TO CO-EXCLUSIVE AGREEMENT is made and entered into as of the 8 day of December 2010 by and between Shanghai Genext Medical Technology Co. Ltd, ("Genext") and BioTime Asia, Limited, a Hong Kong company and subsidiary of BioTime, Inc., ("BTA").

RECITALS

WHEREAS, the parties have entered into that certain Co-Exclusive Agreement effective December __, 2010 (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement to add Products to the Agreement.

NOW THEREFORE, based upon the above premises, the parties agree as follows:

1. The following Products and their Specifications are hereby added to Exhibit A of the Agreement:

Except as modified above, the Agreement as originally stated, shall remain in full force and effect. In the event of a conflict or ambiguity between the terms of this Amendment and the Agreement, the terms of this First Amendment shall supersede and govern the parties' agreement.

Execution of this Amendment by a facsimile and/or electronic signature shall be deemed an original signature.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to the Agreement to be executed by a duly authorized representative as of the day and year first above written.

AGREED AND ACCEPTED BY:

Shanghai Genext Medical Technology Co. Ltd	BioTime Asia, Limited
By: David Wu	By: Mike West
Title: CEO	Title: CEO
Date	Date

Exhibit 10.40

ONCOCYTE CORPORATION

2010 Stock Option Plan

1. Purpose and Eligibility

The purpose of this 2011 Stock Option Plan (the "Plan") of ONCOCYTE CORPORATION (the "Company") is to provide stock options and other equity interests in the Company (each an "Award") to selected key officers, directors, employees, consultants, independent contractors, professionals, advisors, scientific advisory board members, and other individuals whose efforts may aid the Company or its Affiliates, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a "Participant." Additional definitions are contained in Section 8.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean such Committee or the Board.

3. Stock Available for Awards

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of shares of Common Stock of the Company (the "Common Stock") that may be issued pursuant to the Plan is 4,000,000 shares. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. If shares of Common Stock issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than cost, such shares of Common Stock shall again be available for the grant of Awards under the Plan; *provided, however,* that the cumulative number of such shares that may be so reissued under the Plan will not exceed 4,000,000. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Adjustment to Common Stock. In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 7(e)(i) applies for any event, this Section 3(b) shall not be applicable.

4. Stock Options

a. General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Common Stock issued upon the exercise of each Option, including vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "Non-Qualified Stock Option."

c. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify it in the applicable option agreement.

d. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

e. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(f) for the number of shares for which the Option is exercised.

f. Payment Upon Exercise. Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment, as determined by the Board in the exercise of its discretion, and specified in the applicable option agreement:

(i) by check payable to the order of the Company;

(ii) except as otherwise explicitly provided in the applicable option agreement, and only if the Common Stock is then publicly traded, delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) to the extent explicitly provided in the applicable option agreement, by (A) delivery of shares of Common Stock owned by the Participant valued at fair market value (as determined by the Board or as determined pursuant to the applicable option agreement), (B) net exercise of the option pursuant to which the Participant agrees to surrender a sufficient number of shares obtained through exercise of the option, valued at fair market value (as determined by the Board or as determined by the applicable option agreement) to satisfy the exercise price, or (C) payment of such other lawful consideration as the Board may determine.

5. Restricted Stock

a. Grants. The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to (i) delivery to the Company by the Participant of cash or other lawful consideration in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan *provided that* such terms and conditions do not contravene the provisions of the Plan.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

e. Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 7(e)(i), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the shares of Common Stock subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding Options, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate, or provide that one or more Options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) for the shares subject to such Options over the exercise price thereof; *provided*, *however*, that before terminating any portion of an Option that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions. Notwithstanding the foregoing, the Board retains the authority to do or approve any action affecting the terms of Awards that the Board deems to be in the best interests of the Company.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the shareholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (z) any other acquisition of the business of the Company, as determined by the Board.

(iii) Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (as determined by the Board or as determined pursuant to the applicable option agreement). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Non-Qualified Stock Option, *provided that* the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

h. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

i. Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a change in control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option. In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to paragraph (e)(i), the Board may provide, as a condition of full exercisability of any or all such Options, that the Common Stock or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

8. Miscellaneous

a. Definitions.

(i) "Company" for purposes of eligibility under the Plan, shall include any present or future corporation which is a parent corporation or a subsidiary corporation with respect to the ONCOCYTE CORPORATION within the meaning of Sections 424(e) or (f) of the Code. For purposes of Awards other than Incentive Stock Options, the term "Company" shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) "Employee" for purposes of eligibility under the Plan (but not for purposes of Section 4(b)) shall include a person to whom an offer of employment has been extended by the Company.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of California, without regard to any applicable conflicts of law.

Adopted by the Board of Directors on

_____

Approved by the stockholders on

_____

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT made and entered into as of _____ by and between OncoCyte Corporation, a California corporation (the "Company"), and _____, an employee/consultant (the "Employee") of the Company or of a subsidiary of the Company (hereinafter included within the term "Company") within the meaning of Section 425(f) of the Internal Revenue Code of 1986, as amended (the "Code"),

W I T N E S S E T H

WHEREAS, the Company has adopted the OncoCyte Corporation 2011 Stock Option Plan, (the "Plan"), administered by the Company's Board of Directors (the "Board") or, in the discretion of the Board, by a committee (the "Committee"), providing for the granting to its employees or other individuals, stock options to purchase the Company's common stock, no par value; and

WHEREAS, the Plan provides for the grant of certain options which are intended to be incentive stock options ("incentive stock options" or "options") within the meaning of Section 422(b) of the Code; and

WHEREAS, the Employee is an officer or key employee/consultant who is in a position to make an important contribution to the long-term performance of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Grant. The Company hereby grants to the Employee an incentive stock option to purchase _____ shares of common stock, no par value (the "Shares"), at the price set forth in Section 2, on the terms and conditions hereinafter stated and subject to any limitations contained in the Plan.

2. Exercise Price. The purchase price per Share is _____ ($____) which was the fair market value of a Share as determined by the Board of Directors of the Company immediately prior to the grant.

3. Vesting. Unless otherwise terminated as provided by this Agreement, this option will vest (and thereby become exercisable) as follows: _____. Vesting will depend on Employee=s continued employment with the Company through the applicable vesting date. The unvested portion of the Option shall not be exercisable.

4. Expiration. The vested portion of the options shall expire at 5:00 p.m. California time on the _____ anniversary of the date of grant.

5. Adjustments in Shares and Purchase Price.

(a) In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event affecting the Shares, the Board will adjust, in a manner that the Board determines, the number and class of securities, vesting schedule and exercise price per Share subject to this option.

(b) Upon the consummation of a merger of the Company in which the shareholders of the Company no longer own a majority of the outstanding equity securities of the Company (or its successor); or any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction), or any other acquisition of the business of the Company, as determined by the Board, appropriate provision will be made for the continuation of this option by the Company or the assumption of this option by the surviving or acquiring company, and by substituting on an equitable basis for the Shares then subject to this option either: (a) the stock or other consideration payable with respect to the outstanding shares of Company common stock in connection with the transaction, (b) shares of stock of the surviving or acquiring corporation, or (c) other securities or other consideration as the Board deems appropriate, provided, that the fair market value of the substituted securities does not materially differ from the fair market value of the Shares subject to this option. The Board may also accelerate the expiration date of this option, or provide that this option will be terminated in exchange for a cash payment equal to the excess of the fair market value of the Shares subject to this option over the option exercise price, but the termination date of this option may not be accelerated unless the vesting of the option is accelerated so that it becomes exercisable prior to being terminated.

(c) To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Board or Committee, whose determination in that respect shall be final, binding and conclusive.

(d) The grant of this option shall not affect in any way the right of power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Effect of Termination of Employment. In the event of termination of the Employee's employment for any reason other than his or her death or disability, this option may not be exercised after three months after the date he or she ceases to be an employee of the Company, and may be exercisable only up to the amount vested on the date of termination.

7. Effect of Death or Disability. This option shall be exercisable during the Employee's lifetime only by the Employee and shall be nontransferable by the Employee otherwise than by will or the laws of descent and distribution.

(a) In the event the Employee ceases to be employed by the Company on account of the Employee's disability, this option may not be exercised after one year following cessation of employment due to such disability, and may be exercisable only up to the amount vested under Section 3 on the date of disability. A disability means that an employee is unable to carry out the responsibilities and functions of the position held by the employee by reason of any medically determinable physical or mental impairment.

(b) In the event of the Employee's death while in the employ of the Company, or during the three-month period following termination of employment during which the Employee is permitted to exercise this option pursuant to Section 6 or 7, this option may be exercised by the executor or administrator of the Employee's estate or any person who shall have acquired the option from the Employee by his or her will or the applicable law of descent and distribution, during a period of one year after Employee's death with respect to the number of Shares for which the deceased Employee would have been entitled to exercise at the time of his or her death, including the number of Shares that vested upon his death under Section 3, subject to adjustment under Section 5. Any such transferee exercising this option must furnish the Company upon request of the Committee (i) written notice of his or her status as transferee, (ii) evidence satisfactory to the Company to establish the validity of the transfer of the option in compliance with any laws of regulations pertaining to said transfer, and (iii) written acceptance of the terms and conditions of the option as prescribed in this Agreement.

8. How to Exercise Option. This option may be exercised by the person then entitled to do so as to any Share which may then be purchased by giving written notice of exercise to the Company, specifying the number of full Shares to be purchased and accompanied by full payment of the purchase price thereof and the amount of any income tax the Company is required by law to withhold by reason of such exercise. The purchase price shall be payable in cash.

9. No Rights as Shareholder Prior to Exercise. Neither the Employee nor any person claiming under or through the Employee shall be or have any of the rights or privileges of a stockholder of the Company in respect of any of the Shares issuable upon the exercise of the option until the date of receipt of payment (including any amounts required by income tax withholding requirements) by the Company.

10. Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company at its principal executive office, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Employee shall be addressed to the Employee as the address set forth beneath his or her signature hereto, or at any such other address as the Employee may hereafter designate in writing. Any such notice shall be deemed to have been duly given three (3) days after being addressed as aforesaid and deposited in the United States mail, first class postage prepaid.

11. Restrictions on Transfer. Except as otherwise provided herein, the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution attachment or similar process upon the rights and privileges conferred hereby. Any transfer, assignment, pledge or other disposal of said option, or of any right or privilege conferred hereby, contrary to the provisions hereof, or any sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, shall immediately be null and void and shall not vest in any purported assignee or transferee any rights or privileges of the optionee, under this Agreement or otherwise with respect to such options. Notwithstanding the preceding two sentences, in conjunction with the exercise of an option, and for the purpose of obtaining financing for such exercise, the option holder may arrange for a securities broker/dealer to exercise an option on the option holder's behalf, to the extent necessary to obtain funds required to pay the exercise price of the option.

12. Successor and Assigns. Subject to the limitations on transferability contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

13. Additional Restrictions. The rights awarded hereby are subject to the requirement that, if at any time the Board or the Committee shall determine, in its discretion, that the listing, registration or qualification of the Shares subject to such rights upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such rights or the issuance or purchase of Shares in connection with the exercise of such rights, then such rights may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been affected or obtained free of any conditions not acceptable to the Board or the Committee. Furthermore, if the Board or Committee determines that amendment to any stock option (including but not limited to the increase in the exercise price) is necessary or desirable in connection with the registration or qualification of any Shares or other securities under the securities or “blue sky” laws of any state, then the Board or Committee shall have the unilateral right to make such changes without the consent of the Employee.

14. Notice of Sale or Other Disposition of Shares. In the event the Employee disposes of any of the Shares that may be acquired hereunder at any time within two years of the date hereof or one year from the date the Shares were acquired, the Employee agrees to notify the Company in writing within ten days of the date of such disposition, of the number of Shares disposed of, the nature of the transaction, and the amount received (if any) upon such disposition. Employee understands that such a disposition may result in imposition of withholding taxes, and agrees to remit to the Company on request any amounts requested to satisfy any withholding tax liability.

15. Terms of Employment. Subject to any employment contract with the Employee, the terms of employment of the Employee shall be determined from time to time by the Company and the Company shall have the right, which is hereby expressly reserved, to terminate the Employee or change the terms of the employment at any time for any reason whatsoever, with or without good cause. The Employee agrees to notify in writing the Corporate Secretary of the Company of the Employee's intention, if any, to terminate Employee's employment within ten days after said intention is formed.

16. Payment of Taxes. Whenever Shares are to be issued to the Employee in satisfaction of the rights conferred hereby, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.

17. Terms and Conditions of Plan. This Agreement is subject to, and the Company and the Employee agree to be bound by, all of the terms and conditions of the Plan, as the same shall have been amended from time to time in accordance with the terms thereof, provided that no such amendment shall deprive the Employee, without his or her consent, of any of his or her rights hereunder, except as otherwise provided in this Agreement or in the Plan. The Shares acquired hereunder may also be subject to restrictions on transfer and/or rights of repurchase that may be contained in the Bylaws of the Company or in separate agreements with Employee. The Board or the Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Board or the Committee in good faith shall be final and binding upon Employee, the Company and all other interested persons. No member of the Board or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

18. Severability. In the event that any provision in this Agreement shall be invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on the remaining provisions of this Agreement.

19. Governing Law. This Agreement shall be governed by and construed under the laws of the state of California, without regard to conflicts of law provisions.

IN WITNESS HEREOF, the parties hereto have executed this Agreement, as of the day and year first above written.

COMPANY:

OncoCyte Corporation

By _____

Title _____

By _____

Title _____

EMPLOYEE:

_____
(Signature)

_____
(Please Print Name)

Exhibit 10.41

ORTHOCYTE CORPORATION

2010 Stock Option Plan

1. Purpose and Eligibility

The purpose of this 2011 Stock Option Plan (the "Plan") of ORTHOCYTE CORPORATION (the "Company") is to provide stock options and other equity interests in the Company (each an "Award") to selected key officers, directors, employees, consultants, independent contractors, professionals, advisors, scientific advisory board members, and other individuals whose efforts may aid the Company or its Affiliates, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a "Participant." Additional definitions are contained in Section 8.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean such Committee or the Board.

3. Stock Available for Awards

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of shares of Common Stock of the Company (the "Common Stock") that may be issued pursuant to the Plan is 4,000,000 shares. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. If shares of Common Stock issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than cost, such shares of Common Stock shall again be available for the grant of Awards under the Plan; *provided, however,* that the cumulative number of such shares that may be so reissued under the Plan will not exceed 4,000,000. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Adjustment to Common Stock. In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 7(e)(i) applies for any event, this Section 3(b) shall not be applicable.

4. Stock Options

a. General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Common Stock issued upon the exercise of each Option, including vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "Non-Qualified Stock Option."

c. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify it in the applicable option agreement.

d. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

e. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(f) for the number of shares for which the Option is exercised.

f. Payment Upon Exercise. Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment, as determined by the Board in the exercise of its discretion, and specified in the applicable option agreement:

(i) by check payable to the order of the Company;

(ii) except as otherwise explicitly provided in the applicable option agreement, and only if the Common Stock is then publicly traded, delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) to the extent explicitly provided in the applicable option agreement, by (A) delivery of shares of Common Stock owned by the Participant valued at fair market value (as determined by the Board or as determined pursuant to the applicable option agreement), (B) net exercise of the option pursuant to which the Participant agrees to surrender a sufficient number of shares obtained through exercise of the option, valued at fair market value (as determined by the Board or as determined by the applicable option agreement) to satisfy the exercise price, or (C) payment of such other lawful consideration as the Board may determine.

5. Restricted Stock

a. Grants. The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to (i) delivery to the Company by the Participant of cash or other lawful consideration in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan *provided that* such terms and conditions do not contravene the provisions of the Plan.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

e. Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 7(e)(i), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the shares of Common Stock subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding Options, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate, or provide that one or more Options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) for the shares subject to such Options over the exercise price thereof; *provided*, *however*, that before terminating any portion of an Option that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions. Notwithstanding the foregoing, the Board retains the authority to do or approve any action affecting the terms of Awards that the Board deems to be in the best interests of the Company.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the shareholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (z) any other acquisition of the business of the Company, as determined by the Board.

(iii) Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (as determined by the Board or as determined pursuant to the applicable option agreement). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Non-Qualified Stock Option, *provided that* the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

h. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

i. Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a change in control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option. In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to paragraph (e)(i), the Board may provide, as a condition of full exercisability of any or all such Options, that the Common Stock or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

8. Miscellaneous

a. Definitions.

(i) "Company" for purposes of eligibility under the Plan, shall include any present or future corporation which is a parent corporation or a subsidiary corporation with respect to the ORTHOCYTE CORPORATION within the meaning of Sections 424(e) or (f) of the Code. For purposes of Awards other than Incentive Stock Options, the term "Company" shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) "Employee" for purposes of eligibility under the Plan (but not for purposes of Section 4(b)) shall include a person to whom an offer of employment has been extended by the Company.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of California, without regard to any applicable conflicts of law.

Adopted by the Board of Directors on

_____

Approved by the stockholders on

_____

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT made and entered into as of _____ by and between OrthoCyte Corporation, a California corporation (the "Company"), and _____, an employee/consultant (the "Employee") of the Company or of a subsidiary of the Company (hereinafter included within the term "Company") within the meaning of Section 425(f) of the Internal Revenue Code of 1986, as amended (the "Code"),

W I T N E S S E T H

WHEREAS, the Company has adopted the OrthoCyte Corporation 2011 Stock Option Plan, (the "Plan"), administered by the Company's Board of Directors (the "Board") or, in the discretion of the Board, by a committee (the "Committee"), providing for the granting to its employees or other individuals, stock options to purchase the Company's common stock, no par value; and

WHEREAS, the Plan provides for the grant of certain options which are intended to be incentive stock options ("incentive stock options" or "options") within the meaning of Section 422(b) of the Code; and

WHEREAS, the Employee is an officer or key employee/consultant who is in a position to make an important contribution to the long-term performance of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Grant. The Company hereby grants to the Employee an incentive stock option to purchase _____ shares of common stock, no par value (the "Shares"), at the price set forth in Section 2, on the terms and conditions hereinafter stated and subject to any limitations contained in the Plan.

2. Exercise Price. The purchase price per Share is _____ ($____) which was the fair market value of a Share as determined by the Board of Directors of the Company immediately prior to the grant.

3. Vesting. Unless otherwise terminated as provided by this Agreement, this option will vest (and thereby become exercisable) as follows: _____. Vesting will depend on Employee=s continued employment with the Company through the applicable vesting date. The unvested portion of the Option shall not be exercisable.

4. Expiration. The vested portion of the options shall expire at 5:00 p.m. California time on the _____ anniversary of the date of grant.

5. Adjustments in Shares and Purchase Price.

(a) In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event affecting the Shares, the Board will adjust, in a manner that the Board determines, the number and class of securities, vesting schedule and exercise price per Share subject to this option.

(b) Upon the consummation of a merger of the Company in which the shareholders of the Company no longer own a majority of the outstanding equity securities of the Company (or its successor); or any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction), or any other acquisition of the business of the Company, as determined by the Board, appropriate provision will be made for the continuation of this option by the Company or the assumption of this option by the surviving or acquiring company, and by substituting on an equitable basis for the Shares then subject to this option either: (a) the stock or other consideration payable with respect to the outstanding shares of Company common stock in connection with the transaction, (b) shares of stock of the surviving or acquiring corporation, or (c) other securities or other consideration as the Board deems appropriate, provided, that the fair market value of the substituted securities does not materially differ from the fair market value of the Shares subject to this option. The Board may also accelerate the expiration date of this option, or provide that this option will be terminated in exchange for a cash payment equal to the excess of the fair market value of the Shares subject to this option over the option exercise price, but the termination date of this option may not be accelerated unless the vesting of the option is accelerated so that it becomes exercisable prior to being terminated.

(c) To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Board or Committee, whose determination in that respect shall be final, binding and conclusive.

(d) The grant of this option shall not affect in any way the right of power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Effect of Termination of Employment. In the event of termination of the Employee's employment for any reason other than his or her death or disability, this option may not be exercised after three months after the date he or she ceases to be an employee of the Company, and may be exercisable only up to the amount vested on the date of termination.

7. Effect of Death or Disability. This option shall be exercisable during the Employee's lifetime only by the Employee and shall be nontransferable by the Employee otherwise than by will or the laws of descent and distribution.

(a) In the event the Employee ceases to be employed by the Company on account of the Employee's disability, this option may not be exercised after one year following cessation of employment due to such disability, and may be exercisable only up to the amount vested under Section 3 on the date of disability. A disability means that an employee is unable to carry out the responsibilities and functions of the position held by the employee by reason of any medically determinable physical or mental impairment.

(b) In the event of the Employee's death while in the employ of the Company, or during the three-month period following termination of employment during which the Employee is permitted to exercise this option pursuant to Section 6 or 7, this option may be exercised by the executor or administrator of the Employee's estate or any person who shall have acquired the option from the Employee by his or her will or the applicable law of descent and distribution, during a period of one year after Employee's death with respect to the number of Shares for which the deceased Employee would have been entitled to exercise at the time of his or her death, including the number of Shares that vested upon his death under Section 3, subject to adjustment under Section 5. Any such transferee exercising this option must furnish the Company upon request of the Committee (i) written notice of his or her status as transferee, (ii) evidence satisfactory to the Company to establish the validity of the transfer of the option in compliance with any laws of regulations pertaining to said transfer, and (iii) written acceptance of the terms and conditions of the option as prescribed in this Agreement.

8. How to Exercise Option. This option may be exercised by the person then entitled to do so as to any Share which may then be purchased by giving written notice of exercise to the Company, specifying the number of full Shares to be purchased and accompanied by full payment of the purchase price thereof and the amount of any income tax the Company is required by law to withhold by reason of such exercise. The purchase price shall be payable in cash.

9. No Rights as Shareholder Prior to Exercise. Neither the Employee nor any person claiming under or through the Employee shall be or have any of the rights or privileges of a stockholder of the Company in respect of any of the Shares issuable upon the exercise of the option until the date of receipt of payment (including any amounts required by income tax withholding requirements) by the Company.

10. Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company at its principal executive office, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Employee shall be addressed to the Employee as the address set forth beneath his or her signature hereto, or at any such other address as the Employee may hereafter designate in writing. Any such notice shall be deemed to have been duly given three (3) days after being addressed as aforesaid and deposited in the United States mail, first class postage prepaid.

11. Restrictions on Transfer. Except as otherwise provided herein, the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution attachment or similar process upon the rights and privileges conferred hereby. Any transfer, assignment, pledge or other disposal of said option, or of any right or privilege conferred hereby, contrary to the provisions hereof, or any sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, shall immediately be null and void and shall not vest in any purported assignee or transferee any rights or privileges of the optionee, under this Agreement or otherwise with respect to such options. Notwithstanding the preceding two sentences, in conjunction with the exercise of an option, and for the purpose of obtaining financing for such exercise, the option holder may arrange for a securities broker/dealer to exercise an option on the option holder's behalf, to the extent necessary to obtain funds required to pay the exercise price of the option.

12. Successor and Assigns. Subject to the limitations on transferability contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

13. Additional Restrictions. The rights awarded hereby are subject to the requirement that, if at any time the Board or the Committee shall determine, in its discretion, that the listing, registration or qualification of the Shares subject to such rights upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such rights or the issuance or purchase of Shares in connection with the exercise of such rights, then such rights may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been affected or obtained free of any conditions not acceptable to the Board or the Committee. Furthermore, if the Board or Committee determines that amendment to any stock option (including but not limited to the increase in the exercise price) is necessary or desirable in connection with the registration or qualification of any Shares or other securities under the securities or “blue sky” laws of any state, then the Board or Committee shall have the unilateral right to make such changes without the consent of the Employee.

14. Notice of Sale or Other Disposition of Shares. In the event the Employee disposes of any of the Shares that may be acquired hereunder at any time within two years of the date hereof or one year from the date the Shares were acquired, the Employee agrees to notify the Company in writing within ten days of the date of such disposition, of the number of Shares disposed of, the nature of the transaction, and the amount received (if any) upon such disposition. Employee understands that such a disposition may result in imposition of withholding taxes, and agrees to remit to the Company on request any amounts requested to satisfy any withholding tax liability.

15. Terms of Employment. Subject to any employment contract with the Employee, the terms of employment of the Employee shall be determined from time to time by the Company and the Company shall have the right, which is hereby expressly reserved, to terminate the Employee or change the terms of the employment at any time for any reason whatsoever, with or without good cause. The Employee agrees to notify in writing the Corporate Secretary of the Company of the Employee's intention, if any, to terminate Employee's employment within ten days after said intention is formed.

16. Payment of Taxes. Whenever Shares are to be issued to the Employee in satisfaction of the rights conferred hereby, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.

17. Terms and Conditions of Plan. This Agreement is subject to, and the Company and the Employee agree to be bound by, all of the terms and conditions of the Plan, as the same shall have been amended from time to time in accordance with the terms thereof, provided that no such amendment shall deprive the Employee, without his or her consent, of any of his or her rights hereunder, except as otherwise provided in this Agreement or in the Plan. The Shares acquired hereunder may also be subject to restrictions on transfer and/or rights of repurchase that may be contained in the Bylaws of the Company or in separate agreements with Employee. The Board or the Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Board or the Committee in good faith shall be final and binding upon Employee, the Company and all other interested persons. No member of the Board or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

18. Severability. In the event that any provision in this Agreement shall be invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on the remaining provisions of this Agreement.

19. Governing Law. This Agreement shall be governed by and construed under the laws of the state of California, without regard to conflicts of law provisions.

IN WITNESS HEREOF, the parties hereto have executed this Agreement, as of the day and year first above written.

COMPANY:

OrthoCyte Corporation

By _____

Title _____

By _____

Title _____

EMPLOYEE:

_____
(Signature)

_____
(Please Print Name)

Exhibit 10.42

BIOTIME ASIA, LIMITED

2010 STOCK OPTION PLAN

1. Purpose and Eligibility

The purpose of this 2011 Stock Option Plan (the "Plan") of BIOTIME ASIA, LIMITED (the "Company") is to provide stock options and other equity interests in the Company (each an "Award") to selected key officers, directors, employees, consultants, independent contractors, professionals, advisors, scientific advisory board members, and other individuals whose efforts may aid the Company or its Affiliates, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a "Participant." Additional definitions are contained in Section 8.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean such Committee or the Board.

3. Stock Available for Awards

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of ordinary shares of the Company (the "Ordinary Shares") that may be issued pursuant to the Plan is 1,600 shares. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Ordinary Shares covered by such Award shall again be available for the grant of Awards under the Plan. If Ordinary Shares issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than cost, such Ordinary Shares shall again be available for the grant of Awards under the Plan; *provided, however,* that the cumulative number of such shares that may be so reissued under the Plan will not exceed 1,600. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Adjustment to Ordinary Shares. In the event of any share split, share dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 7(e)(i) applies for any event, this Section 3(b) shall not be applicable.

4. Stock Options

a. General. The Board may grant options to purchase Ordinary Shares (each, an "Option") and determine the number of Ordinary Shares to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Ordinary Shares issued upon the exercise of each Option, including vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "Non-Qualified Stock Option."

c. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify it in the applicable option agreement.

d. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

e. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(f) for the number of shares for which the Option is exercised.

f. Payment Upon Exercise. Ordinary Shares purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment, as determined by the Board in the exercise of its discretion, and specified in the applicable option agreement:

(i) by check payable to the order of the Company;

(ii) except as otherwise explicitly provided in the applicable option agreement, and only if the Ordinary Shares are then publicly traded, delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) to the extent explicitly provided in the applicable option agreement, by (A) delivery of Ordinary Shares owned by the Participant valued at fair market value (as determined by the Board or as determined pursuant to the applicable option agreement), (B) net exercise of the option pursuant to which the Participant agrees to surrender a sufficient number of shares obtained through exercise of the option, valued at fair market value (as determined by the Board or as determined by the applicable option agreement) to satisfy the exercise price, or (C) payment of such other lawful consideration as the Board may determine.

5. Restricted Stock

a. Grants. The Board may grant Awards entitling recipients to acquire Ordinary Shares, subject to (i) delivery to the Company by the Participant of cash or other lawful consideration in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Ordinary Shares having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Ordinary Shares and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan *provided that* such terms and conditions do not contravene the provisions of the Plan.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

e. Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 7(e)(i), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding Ordinary Shares in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the Ordinary Shares subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding Options, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate, or provide that one or more Options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) for the shares subject to such Options over the exercise price thereof; *provided*, *however,* that before terminating any portion of an Option that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions. Notwithstanding the foregoing, the Board retains the authority to do or approve any action affecting the terms of Awards that the Board deems to be in the best interests of the Company.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the shareholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (z) any other acquisition of the business of the Company, as determined by the Board.

(iii) Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Ordinary Shares, including shares retained from the Award creating the tax obligation, valued at their fair market value (as determined by the Board or as determined pursuant to the applicable option agreement). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Non-Qualified Stock Option, *provided that* the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

h. Conditions on Delivery of Stock. The Company will not be obligated to deliver any Ordinary Shares pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

i. Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a change in control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option. In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to paragraph (e)(i), the Board may provide, as a condition of full exercisability of any or all such Options, that the Ordinary Shares or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

8. Miscellaneous

a. Definitions.

(i) "Company" for purposes of eligibility under the Plan, shall include any present or future corporation which is a parent corporation or a subsidiary corporation with respect to BIOTIME ASIA, LIMITED within the meaning of Sections 424(e) or (f) of the Code. For purposes of Awards other than Incentive Stock Options, the term "Company" shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) "Employee" for purposes of eligibility under the Plan (but not for purposes of Section 4(b)) shall include a person to whom an offer of employment has been extended by the Company.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any Ordinary Shares to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of California, without regard to any applicable conflicts of law.

Adopted by the Board of Directors on

_____

Approved by the stockholders on

_____

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT made and entered into as of _____ by and between BioTime Asia, Limited, a Hong Kong company (the "Company"), and _____, an employee/consultant (the "Employee") of the Company or of a subsidiary of the Company (hereinafter included within the term "Company") within the meaning of Section 425(f) of the Internal Revenue Code of 1986, as amended (the "Code"),

W I T N E S S E T H

WHEREAS, the Company has adopted the BioTime Asia, Limited 2011 Stock Option Plan, (the "Plan"), administered by the Company's Board of Directors (the "Board") or, in the discretion of the Board, by a committee (the "Committee"), providing for the granting to its employees or other individuals, stock options to purchase the Company's ordinary shares; and

WHEREAS, the Plan provides for the grant of certain options which are intended to be incentive stock options ("incentive stock options" or "options") within the meaning of Section 422(b) of the Code; and

WHEREAS, the Employee is an officer or key employee/consultant who is in a position to make an important contribution to the long-term performance of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Grant**. The Company hereby grants to the Employee an incentive stock option to purchase _____ ordinary shares (the "Shares") at the price set forth in Section 2, on the terms and conditions hereinafter stated and subject to any limitations contained in the Plan.

2. **Exercise Price**. The purchase price per Share is _____ ($____) which was the fair market value of a Share as determined by the Board of Directors of the Company immediately prior to the grant.

3. **Vesting**. Unless otherwise terminated as provided by this Agreement, this option will vest (and thereby become exercisable) as follows: _____. Vesting will depend on Employee=s continued employment with the Company through the applicable vesting date. The unvested portion of the Option shall not be exercisable.

4. **Expiration**. The vested portion of the options shall expire at 5:00 p.m. California time on the _____ anniversary of the date of grant.

5. Adjustments in Shares and Purchase Price.

(a) In the event of any share split, share dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event affecting the Shares, the Board will adjust, in a manner that the Board determines, the number and class of securities, vesting schedule and exercise price per Share subject to this option.

(b) Upon the consummation of a merger of the Company in which the shareholders of the Company no longer own a majority of the outstanding equity securities of the Company (or its successor); or any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction), or any other acquisition of the business of the Company, as determined by the Board, appropriate provision will be made for the continuation of this option by the Company or the assumption of this option by the surviving or acquiring company, and by substituting on an equitable basis for the Shares then subject to this option either: (a) the stock or other consideration payable with respect to the outstanding ordinary shares of the Company in connection with the transaction, (b) shares of stock of the surviving or acquiring corporation, or (c) other securities or other consideration as the Board deems appropriate, provided, that the fair market value of the substituted securities does not materially differ from the fair market value of the Shares subject to this option. The Board may also accelerate the expiration date of this option, or provide that this option will be terminated in exchange for a cash payment equal to the excess of the fair market value of the Shares subject to this option over the option exercise price, but the termination date of this option may not be accelerated unless the vesting of the option is accelerated so that it becomes exercisable prior to being terminated.

(c) To the extent that the foregoing adjustments relate to shares or securities of the Company, such adjustments shall be made by the Board or Committee, whose determination in that respect shall be final, binding and conclusive.

(d) The grant of this option shall not affect in any way the right of power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Effect of Termination of Employment. In the event of termination of the Employee's employment for any reason other than his or her death or disability, this option may not be exercised after three months after the date he or she ceases to be an employee of the Company, and may be exercisable only up to the amount vested on the date of termination.

7. Effect of Death or Disability. This option shall be exercisable during the Employee's lifetime only by the Employee and shall be nontransferable by the Employee otherwise than by will or the laws of descent and distribution.

(a) In the event the Employee ceases to be employed by the Company on account of the Employee's disability, this option may not be exercised after one year following cessation of employment due to such disability, and may be exercisable only up to the amount vested under Section 3 on the date of disability. A disability means that an employee is unable to carry out the responsibilities and functions of the position held by the employee by reason of any medically determinable physical or mental impairment.

(b) In the event of the Employee's death while in the employ of the Company, or during the three-month period following termination of employment during which the Employee is permitted to exercise this option pursuant to Section 6 or 7, this option may be exercised by the executor or administrator of the Employee's estate or any person who shall have acquired the option from the Employee by his or her will or the applicable law of descent and distribution, during a period of one year after Employee's death with respect to the number of Shares for which the deceased Employee would have been entitled to exercise at the time of his or her death, including the number of Shares that vested upon his death under Section 3, subject to adjustment under Section 5. Any such transferee exercising this option must furnish the Company upon request of the Committee (i) written notice of his or her status as transferee, (ii) evidence satisfactory to the Company to establish the validity of the transfer of the option in compliance with any laws of regulations pertaining to said transfer, and (iii) written acceptance of the terms and conditions of the option as prescribed in this Agreement.

8. How to Exercise Option. This option may be exercised by the person then entitled to do so as to any Share which may then be purchased by giving written notice of exercise to the Company, specifying the number of full Shares to be purchased and accompanied by full payment of the purchase price thereof and the amount of any income tax the Company is required by law to withhold by reason of such exercise. The purchase price shall be payable in cash.

9. No Rights as Shareholder Prior to Exercise. Neither the Employee nor any person claiming under or through the Employee shall be or have any of the rights or privileges of a shareholder of the Company in respect of any of the Shares issuable upon the exercise of the option until the date of receipt of payment (including any amounts required by income tax withholding requirements) by the Company.

10. Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company at its principal executive office, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Employee shall be addressed to the Employee as the address set forth beneath his or her signature hereto, or at any such other address as the Employee may hereafter designate in writing. Any such notice shall be deemed to have been duly given three (3) days after being addressed as aforesaid and deposited in the United States mail, first class postage prepaid.

11. Restrictions on Transfer. Except as otherwise provided herein, the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution attachment or similar process upon the rights and privileges conferred hereby. Any transfer, assignment, pledge or other disposal of said option, or of any right or privilege conferred hereby, contrary to the provisions hereof, or any sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, shall immediately be null and void and shall not vest in any purported assignee or transferee any rights or privileges of the optionee, under this Agreement or otherwise with respect to such options. Notwithstanding the preceding two sentences, in conjunction with the exercise of an option, and for the purpose of obtaining financing for such exercise, the option holder may arrange for a securities broker/dealer to exercise an option on the option holder's behalf, to the extent necessary to obtain funds required to pay the exercise price of the option.

12. Successor and Assigns. Subject to the limitations on transferability contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

13. Additional Restrictions. The rights awarded hereby are subject to the requirement that, if at any time the Board or the Committee shall determine, in its discretion, that the listing, registration or qualification of the Shares subject to such rights upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such rights or the issuance or purchase of Shares in connection with the exercise of such rights, then such rights may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been affected or obtained free of any conditions not acceptable to the Board or the Committee. Furthermore, if the Board or Committee determines that amendment to any stock option (including but not limited to the increase in the exercise price) is necessary or desirable in connection with the registration or qualification of any Shares or other securities under the securities or “blue sky” laws of any state, then the Board or Committee shall have the unilateral right to make such changes without the consent of the Employee.

14. Notice of Sale or Other Disposition of Shares. In the event the Employee disposes of any of the Shares that may be acquired hereunder at any time within two years of the date hereof or one year from the date the Shares were acquired, the Employee agrees to notify the Company in writing within ten days of the date of such disposition, of the number of Shares disposed of, the nature of the transaction, and the amount received (if any) upon such disposition. Employee understands that such a disposition may result in imposition of withholding taxes, and agrees to remit to the Company on request any amounts requested to satisfy any withholding tax liability.

15. Terms of Employment. Subject to any employment contract with the Employee, the terms of employment of the Employee shall be determined from time to time by the Company and the Company shall have the right, which is hereby expressly reserved, to terminate the Employee or change the terms of the employment at any time for any reason whatsoever, with or without good cause. The Employee agrees to notify in writing the Corporate Secretary of the Company of the Employee's intention, if any, to terminate Employee's employment within ten days after said intention is formed.

16. Payment of Taxes. Whenever Shares are to be issued to the Employee in satisfaction of the rights conferred hereby, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.

17. Terms and Conditions of Plan. This Agreement is subject to, and the Company and the Employee agree to be bound by, all of the terms and conditions of the Plan, as the same shall have been amended from time to time in accordance with the terms thereof, provided that no such amendment shall deprive the Employee, without his or her consent, of any of his or her rights hereunder, except as otherwise provided in this Agreement or in the Plan. The Shares acquired hereunder may also be subject to restrictions on transfer and/or rights of repurchase that may be contained in the Bylaws of the Company or in separate agreements with Employee. The Board or the Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Board or the Committee in good faith shall be final and binding upon Employee, the Company and all other interested persons. No member of the Board or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

18. Severability. In the event that any provision in this Agreement shall be invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on the remaining provisions of this Agreement.

19. Governing Law. This Agreement shall be governed by and construed under the laws of the state of California, without regard to conflicts of law provisions.

IN WITNESS HEREOF, the parties hereto have executed this Agreement, as of the day and year first above written.

COMPANY:

BioTime Asia, Limited

By _____

Title _____

By _____

Title _____

EMPLOYEE:

_____
(Signature)

_____
(Please Print Name)

Exhibit 10.43

EMBRYOME SCIENCES, INC.

2010 STOCK OPTION PLAN

1. Purpose and Eligibility

The purpose of this 2011 Stock Option Plan (the "Plan") of EMBRYOME SCIENCES, INC. (the "Company") is to provide stock options and other equity interests in the Company (each an "Award") to selected key officers, directors, employees, consultants, independent contractors, professionals, advisors, scientific advisory board members, and other individuals whose efforts may aid the Company or its Affiliates, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a "Participant." Additional definitions are contained in Section 8.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean such Committee or the Board.

3. Stock Available for Awards

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of shares of Common Stock of the Company (the "Common Stock") that may be issued pursuant to the Plan is 4,000,000 shares. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. If shares of Common Stock issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than cost, such shares of Common Stock shall again be available for the grant of Awards under the Plan; *provided, however,* that the cumulative number of such shares that may be so reissued under the Plan will not exceed 4,000,000. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Adjustment to Common Stock. In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 7(e)(i) applies for any event, this Section 3(b) shall not be applicable.

4. Stock Options

a. General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Common Stock issued upon the exercise of each Option, including vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "Non-Qualified Stock Option."

c. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify it in the applicable option agreement.

d. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

e. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(f) for the number of shares for which the Option is exercised.

f. Payment Upon Exercise. Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment, as determined by the Board in the exercise of its discretion, and specified in the applicable option agreement:

(i) by check payable to the order of the Company;

(ii) except as otherwise explicitly provided in the applicable option agreement, and only if the Common Stock is then publicly traded, delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) to the extent explicitly provided in the applicable option agreement, by (A) delivery of shares of Common Stock owned by the Participant valued at fair market value (as determined by the Board or as determined pursuant to the applicable option agreement), (B) net exercise of the option pursuant to which the Participant agrees to surrender a sufficient number of shares obtained through exercise of the option, valued at fair market value (as determined by the Board or as determined by the applicable option agreement) to satisfy the exercise price, or (C) payment of such other lawful consideration as the Board may determine.

5. Restricted Stock

a. Grants. The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to (i) delivery to the Company by the Participant of cash or other lawful consideration in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan *provided that* such terms and conditions do not contravene the provisions of the Plan.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

e. Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 7(e)(i), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the shares of Common Stock subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding Options, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate, or provide that one or more Options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) for the shares subject to such Options over the exercise price thereof; *provided*, *however*, that before terminating any portion of an Option that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions. Notwithstanding the foregoing, the Board retains the authority to do or approve any action affecting the terms of Awards that the Board deems to be in the best interests of the Company.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the shareholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (z) any other acquisition of the business of the Company, as determined by the Board.

(iii) Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (as determined by the Board or as determined pursuant to the applicable option agreement). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Non-Qualified Stock Option, *provided that* the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

h. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

i. Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a change in control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option. In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to paragraph (e)(i), the Board may provide, as a condition of full exercisability of any or all such Options, that the Common Stock or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

8. Miscellaneous

a. Definitions.

(i) "Company" for purposes of eligibility under the Plan, shall include any present or future corporation which is a parent corporation or a subsidiary corporation with respect to the EMBRYOME SCIENCES, INC. within the meaning of Sections 424(e) or (f) of the Code. For purposes of Awards other than Incentive Stock Options, the term "Company" shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) "Employee" for purposes of eligibility under the Plan (but not for purposes of Section 4(b)) shall include a person to whom an offer of employment has been extended by the Company.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of California, without regard to any applicable conflicts of law.

Adopted by the Board of Directors on

_____

Approved by the stockholders on

_____

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT made and entered into as of _____ by and between ReCyte Therapeutics, Inc., a California corporation (the "Company"), and _____, an employee/consultant (the "Employee") of the Company or of a subsidiary of the Company (hereinafter included within the term "Company") within the meaning of Section 425(f) of the Internal Revenue Code of 1986, as amended (the "Code"),

W I T N E S S E T H

WHEREAS, the Company has adopted the ReCyte Therapeutics, Inc. 2011 Stock Option Plan, (the "Plan"), administered by the Company's Board of Directors (the "Board") or, in the discretion of the Board, by a committee (the "Committee"), providing for the granting to its employees or other individuals, stock options to purchase the Company's common stock, no par value; and

WHEREAS, the Plan provides for the grant of certain options which are intended to be incentive stock options ("incentive stock options" or "options") within the meaning of Section 422(b) of the Code; and

WHEREAS, the Employee is an officer or key employee/consultant who is in a position to make an important contribution to the long-term performance of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Grant. The Company hereby grants to the Employee an incentive stock option to purchase _____ shares of common stock, no par value (the "Shares"), at the price set forth in Section 2, on the terms and conditions hereinafter stated and subject to any limitations contained in the Plan.

2. Exercise Price. The purchase price per Share is _____ ($____) which was the fair market value of a Share as determined by the Board of Directors of the Company immediately prior to the grant.

3. Vesting. Unless otherwise terminated as provided by this Agreement, this option will vest (and thereby become exercisable) as follows: _____. Vesting will depend on Employee=s continued employment with the Company through the applicable vesting date. The unvested portion of the Option shall not be exercisable.

4. **Expiration**. The vested portion of the options shall expire at 5:00 p.m. California time on the _____ anniversary of the date of grant.

5. **Adjustments in Shares and Purchase Price.**

(a) In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event affecting the Shares, the Board will adjust, in a manner that the Board determines, the number and class of securities, vesting schedule and exercise price per Share subject to this option.

(b) Upon the consummation of a merger of the Company in which the shareholders of the Company no longer own a majority of the outstanding equity securities of the Company (or its successor); or any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction), or any other acquisition of the business of the Company, as determined by the Board, appropriate provision will be made for the continuation of this option by the Company or the assumption of this option by the surviving or acquiring company, and by substituting on an equitable basis for the Shares then subject to this option either: (a) the stock or other consideration payable with respect to the outstanding shares of Company common stock in connection with the transaction, (b) shares of stock of the surviving or acquiring corporation, or (c) other securities or other consideration as the Board deems appropriate, provided, that the fair market value of the substituted securities does not materially differ from the fair market value of the Shares subject to this option. The Board may also accelerate the expiration date of this option, or provide that this option will be terminated in exchange for a cash payment equal to the excess of the fair market value of the Shares subject to this option over the option exercise price, but the termination date of this option may not be accelerated unless the vesting of the option is accelerated so that it becomes exercisable prior to being terminated.

(c) To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Board or Committee, whose determination in that respect shall be final, binding and conclusive.

(d) The grant of this option shall not affect in any way the right of power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. **Effect of Termination of Employment**. In the event of termination of the Employee's employment for any reason other than his or her death or disability, this option may not be exercised after three months after the date he or she ceases to be an employee of the Company, and may be exercisable only up to the amount vested on the date of termination.

7. Effect of Death or Disability. This option shall be exercisable during the Employee's lifetime only by the Employee and shall be nontransferable by the Employee otherwise than by will or the laws of descent and distribution.

(a) In the event the Employee ceases to be employed by the Company on account of the Employee's disability, this option may not be exercised after one year following cessation of employment due to such disability, and may be exercisable only up to the amount vested under Section 3 on the date of disability. A disability means that an employee is unable to carry out the responsibilities and functions of the position held by the employee by reason of any medically determinable physical or mental impairment.

(b) In the event of the Employee's death while in the employ of the Company, or during the three-month period following termination of employment during which the Employee is permitted to exercise this option pursuant to Section 6 or 7, this option may be exercised by the executor or administrator of the Employee's estate or any person who shall have acquired the option from the Employee by his or her will or the applicable law of descent and distribution, during a period of one year after Employee's death with respect to the number of Shares for which the deceased Employee would have been entitled to exercise at the time of his or her death, including the number of Shares that vested upon his death under Section 3, subject to adjustment under Section 5. Any such transferee exercising this option must furnish the Company upon request of the Committee (i) written notice of his or her status as transferee, (ii) evidence satisfactory to the Company to establish the validity of the transfer of the option in compliance with any laws of regulations pertaining to said transfer, and (iii) written acceptance of the terms and conditions of the option as prescribed in this Agreement.

8. How to Exercise Option. This option may be exercised by the person then entitled to do so as to any Share which may then be purchased by giving written notice of exercise to the Company, specifying the number of full Shares to be purchased and accompanied by full payment of the purchase price thereof and the amount of any income tax the Company is required by law to withhold by reason of such exercise. The purchase price shall be payable in cash.

9. No Rights as Shareholder Prior to Exercise. Neither the Employee nor any person claiming under or through the Employee shall be or have any of the rights or privileges of a stockholder of the Company in respect of any of the Shares issuable upon the exercise of the option until the date of receipt of payment (including any amounts required by income tax withholding requirements) by the Company.

10. **Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company at its principal executive office, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Employee shall be addressed to the Employee as the address set forth beneath his or her signature hereto, or at any such other address as the Employee may hereafter designate in writing. Any such notice shall be deemed to have been duly given three (3) days after being addressed as aforesaid and deposited in the United States mail, first class postage prepaid.

11. **Restrictions on Transfer**. Except as otherwise provided herein, the option herein granted and the rights and privileges conferred hereby shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution attachment or similar process upon the rights and privileges conferred hereby. Any transfer, assignment, pledge or other disposal of said option, or of any right or privilege conferred hereby, contrary to the provisions hereof, or any sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, shall immediately be null and void and shall not vest in any purported assignee or transferee any rights or privileges of the optionee, under this Agreement or otherwise with respect to such options. Notwithstanding the preceding two sentences, in conjunction with the exercise of an option, and for the purpose of obtaining financing for such exercise, the option holder may arrange for a securities broker/dealer to exercise an option on the option holder's behalf, to the extent necessary to obtain funds required to pay the exercise price of the option.

12. **Successor and Assigns**. Subject to the limitations on transferability contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

13. **Additional Restrictions**. The rights awarded hereby are subject to the requirement that, if at any time the Board or the Committee shall determine, in its discretion, that the listing, registration or qualification of the Shares subject to such rights upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such rights or the issuance or purchase of Shares in connection with the exercise of such rights, then such rights may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been affected or obtained free of any conditions not acceptable to the Board or the Committee. Furthermore, if the Board or Committee determines that amendment to any stock option (including but not limited to the increase in the exercise price) is necessary or desirable in connection with the registration or qualification of any Shares or other securities under the securities or “blue sky” laws of any state, then the Board or Committee shall have the unilateral right to make such changes without the consent of the Employee.

14. **Notice of Sale or Other Disposition of Shares**. In the event the Employee disposes of any of the Shares that may be acquired hereunder at any time within two years of the date hereof or one year from the date the Shares were acquired, the Employee agrees to notify the Company in writing within ten days of the date of such disposition, of the number of Shares disposed of, the nature of the transaction, and the amount received (if any) upon such disposition. Employee understands that such a disposition may result in imposition of withholding taxes, and agrees to remit to the Company on request any amounts requested to satisfy any withholding tax liability.

15. Terms of Employment. Subject to any employment contract with the Employee, the terms of employment of the Employee shall be determined from time to time by the Company and the Company shall have the right, which is hereby expressly reserved, to terminate the Employee or change the terms of the employment at any time for any reason whatsoever, with or without good cause. The Employee agrees to notify in writing the Corporate Secretary of the Company of the Employee's intention, if any, to terminate Employee's employment within ten days after said intention is formed.

16. Payment of Taxes. Whenever Shares are to be issued to the Employee in satisfaction of the rights conferred hereby, the Company shall have the right to require the Employee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares.

17. Terms and Conditions of Plan. This Agreement is subject to, and the Company and the Employee agree to be bound by, all of the terms and conditions of the Plan, as the same shall have been amended from time to time in accordance with the terms thereof, provided that no such amendment shall deprive the Employee, without his or her consent, of any of his or her rights hereunder, except as otherwise provided in this Agreement or in the Plan. The Shares acquired hereunder may also be subject to restrictions on transfer and/or rights of repurchase that may be contained in the Bylaws of the Company or in separate agreements with Employee. The Board or the Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Board or the Committee in good faith shall be final and binding upon Employee, the Company and all other interested persons. No member of the Board or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

18. Severability. In the event that any provision in this Agreement shall be invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on the remaining provisions of this Agreement.

19. Governing Law. This Agreement shall be governed by and construed under the laws of the state of California, without regard to conflicts of law provisions.

IN WITNESS HEREOF, the parties hereto have executed this Agreement, as of the day and year first above written.

COMPANY:

ReCyte Therapeutics, Inc.

By _____

Title _____

By _____

Title _____

EMPLOYEE:

_____
(Signature)

_____
(Please Print Name)

Exhibit 10.44

LEASE AGREEMENT

By and Between

SKS HARBOR BAY ASSOCIATES, LLC,
a Delaware limited liability company

("Landlord")

and

BIOTIME, INC.,
a California corporation

("Tenant")
October 28, 2010

LEASE AGREEMENT

THIS LEASE AGREEMENT, (this "Lease") is made and entered into as of _____, 2010 by and between SKS HARBOR BAY ASSOCIATES, LLC, a Delaware limited liability company ("Landlord"), and Tenant identified in the Basic Lease Information below.

BASIC LEASE INFORMATION

Tenant: Biotime, Inc., a California corporation

Existing Premises: Suite 100 on the ground floor of the Building as outlined on Exhibit B to this Lease.

Expansion Space: That certain office (including an executive conference room) and warehouse space located on the ground floor of the Building adjacent to the Existing Premises and outlined on Exhibit B to this Lease.

Premises: Means the Existing Premises plus the Expansion Space, collectively containing approximately 17,181 rentable square feet, outlined in Exhibit B to this Lease, subject to re-measurement in accordance with Section 1.2

Building: The Building commonly known as 1301 Harbor Bay Parkway, Alameda, California.. The approximate rentable area of the Building is 65,475 square feet, subject to re-measurement in accordance with Section 5.2.

Base Rent:

Period (In Months)	Annual Base Rent	Monthly Base Rent
1-2	NA*	$ 27,489.60*
2-12	$ 329,875.20*	$ 27,489.60
13-24	$ 339,771.46	$ 28,314.29
25-36	$ 349,964.60	$ 29,163.72
37-48	$ 360,463.54	$ 30,038.63
49-60	$ 371,277.44	$ 30,939.79
61-62	$ 382,415.77	$ 31,867.98

* Annual Base Rent for months 1-12 is $329,875.20, subject to abatement of Base Rent for months 1 and 2 in accordance with the provisions of Section 4.1 of this Lease.

Security Deposit Amount: $50,000

Rent Payable Upon Execution: $27,489.60

Tenant's Building Percentage: 26.24%

Commencement Date: December 1, 2010.

Expiration Date: February 29, 2016.

Landlord's Address:

c/o The Prudential Insurance Company of America
8 Campus Drive, 4th Floor
Parsippany, New Jersey 07054
Attention: Daniel McKeever

With a copy by the same method to:

c/o The Prudential Insurance Company of America
8 Campus Drive, 4th Floor
Parsippany, New Jersey 07054
Attention: Greg Shanklin, Esquire

With a copy by the same method to:

c/o SKS Investments
601 California Street, Suite 1310
San Francisco, California 94108
Attention: Pamela Izzo

Address for rental payment:

SKS Harbor Bay Associates, LLC
c/o CAC Real Estate Management Co., Inc.
111 Sutter Street, Suite 350
San Francisco, California 94104

Tenant's Address:

If prior to the Commencement Date

_____

_____

_____

Attention: _____

If on or after the Commencement Date

To the Premises
Attention: _____

Landlord's Broker: GVA Kidder Matthews.

Tenant's Broker: Aegis Realty Partners.

Maximum Parking Allocation: Sixty (60), which is based on a parking ratio of 3.5 non-exclusive parking spaces per one thousand (1,000) square feet of rentable space in the Premises.

The Basic Lease Information is incorporated into and made a part of this Lease. Each reference in this Lease to any Basic Lease Information shall mean the applicable information set forth in the Basic Lease Information, except that in the event of any conflict between an item in the Basic Lease Information and this Lease, this Lease shall control. Additional defined terms used in the Basic Lease Information shall have the meanings given those terms in this Lease.

ARTICLE 1.
PREMISES; COMMON AREAS

1.1 Subject to all of the terms and conditions hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises. The property shown on Exhibit A to this Lease and all improvements thereon and appurtenances on that land thereto, including, but not limited to, the Building, other office buildings, access roadways, and all other related areas, shall be collectively hereinafter referred to as the "Project." Tenant acknowledges and agrees that Landlord may elect to sell one or more of the buildings within the Project and that upon any such sale Tenant's pro-rata share of those Operating Expenses and Taxes (each as defined below) allocated to the Project may be adjusted accordingly by Landlord. The parties hereto hereby acknowledge that the purpose of Exhibit A and Exhibits B-1, B-2, and B-3 are to show the approximate location of the Premises in the Building and the general layout of the Project and such Exhibits are not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the Building or the Project, the precise area of the Premises, the Building or the Project or the specific location of the Building, "Common Areas," as that term is defined in Section 1.3, below, or the elements thereof or of the accessways to the Premises, or the Project.

1.2 Landlord's architect shall calculate and certify in writing to Landlord and Tenant the rentable area of the Premises. The determination of Landlord's architect shall be conclusive and binding upon the parties absent manifest error. If Landlord's architect determines that the rentable area of the Premises is different from that stated in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect rentable square footage amounts (including, without limitation, the amount of the Base Rent and Tenant's Share, and any Tenant Improvement Allowance) shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord to Tenant. For purposes of this Lease, (1) "rentable area" shall be calculated pursuant to the Standard Method for Measuring Floor Area in Office Buildings (ANSI/BOMA Z65.1, 1996) as modified by Landlord with respect to Landlord's standard rentable area measurements for Building and Project, to include, among other calculations, a portion of the Common Areas; and (2) "rentable square feet" and "rentable footage" shall have the same meaning as the term "rentable area".

1.3 Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 27 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "Common Areas"). The Common Areas shall consist of the "Project Common Areas" and the "Building Common Areas." The term "Project Common Areas," as used in this Lease, shall mean the portion of the Project reasonably designated as such by Landlord. The term "Building Common Areas," as used in this Lease, shall mean the portions of the Common Areas located within the Building reasonably designated as such by Landlord. The manner in which the Common Areas are maintained and operated shall be at the reasonable discretion of Landlord and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas. Subject to "Applicable Laws," as that term is defined in Section 5.1(a) of this Lease, except when and where Tenant's right of access is specifically excluded in this Lease, and except in the event of an emergency, Tenant shall have the right of access to the Premises, the Building, and the parking facilities servicing the Building twenty-four (24) hours per day, seven (7) days per week during the "Term," as that term is defined in Section 2.1, below.

ARTICLE 2.
TERM AND CONDITION OF PREMISES

2.1 The term of this Lease (the "Term") shall commence on the Commencement Date and end on the Expiration Date, unless sooner terminated (the "Termination Date") as hereinafter provided. Landlord's Work shall be deemed substantially completed upon the earlier of (a) issuance of a certificate of substantial completion by Landlord's architect as to construction of Landlord's Work or (b) the issuance of a temporary or permanent certificate of occupancy by the local building authority (or a reasonably substantial equivalent such as a sign-off from a building inspector), notwithstanding that minor or unsubstantial details or construction, mechanical adjustment or decoration remains to be performed. The Commencement Date of this Lease and the obligation of Tenant to pay Base Rent, Additional Rent and all other charges hereunder shall not be delayed or postponed by reason of any delay by Tenant in performing changes or alteration in the Premises not required to be performed by Landlord. In the event the Term shall commence on a day other than the first day of a month, then the Base Rent shall be immediately paid for such partial month prorated in accordance with Section 4.4 below. If the Commencement Date is, for any reason, a date different than the one set forth above in the Basic Lease Information, then as soon as the Commencement Date is determined, Tenant shall execute a Commencement Date Memorandum in the form attached hereto as Exhibit F acknowledging, among other things, the (a) Commencement Date, (b) scheduled Expiration Date of this Lease, and (c) Tenant's acceptance of the Premises. The Tenant's failure to execute the Commencement Date Memorandum shall not affect Tenant's liability hereunder, but such failure, if it persists beyond ten (10) business days after delivery of any such Memorandum to Tenant, shall be deemed Tenant's ratification and approval of the matters set forth therein.

2.2 Tenant is currently in occupancy of the Existing Premises pursuant to a sublease, and hereby accepts the Existing Premises "AS IS", without any obligation on Landlord's part to alter or improve such space or provide Tenant with any improvement allowance, except that Landlord shall perform the construction work as provided in Exhibit C-2 hereto ("Landlord's Work"). Tenant shall accept the Expansion Space in its "AS IS" condition. Tenant agrees that Landlord has no obligation and has made no promise to alter, remodel, improve, or repair the Expansion Space, or any part thereof, or to repair, bring into compliance with applicable laws, or improve any condition existing in the Expansion Space as of the delivery thereof, excepting only the Landlord's Work, to the extent applicable to the Expansion Space. Neither Landlord nor Landlord's agents have made any representations or promises with respect to the condition of the Existing Premises, the Expansion Space, the Building, the Project, the land upon which the Building is constructed, the present or future suitability or fitness of the Premises or the Building for the conduct of Tenant's particular business, or any other matter or thing affecting or related to the Building or the Premises, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in this Lease. Any improvements or personal property located in the Existing Premises and/or Expansion Space are delivered without any representation or warranty from Landlord, either express or implied, of any kind, including without limitation, title, merchantability, or suitability for a particular purpose. Tenant acknowledges that the Landlord's Work shall be performed during the term of the Existing Lease, and that Tenant shall be entitled to conduct business in the Existing Premises throughout the performance of such work. As a result, Tenant hereby agrees that Tenant shall not be entitled to any abatement of Rent, nor shall Tenant be deemed to be constructively evicted from the Premises, as a result of the construction of such work.

2.3 Tenant shall give Landlord written notice of any incomplete work, unsatisfactory conditions or defects (the "Punch List Items") which were part of Landlord's Work in the Premises within thirty (30) days after the completion of such work, and Landlord shall, at its sole expense, complete said work and/or remedy such unsatisfactory conditions or defects as soon as possible. The existence of any incomplete work, unsatisfactory conditions or defects as aforesaid shall not affect the Commencement Date or the obligation of Tenant to pay Base Rent, Additional Rent and all other charges hereunder.

2.4 Subject to completion of the Punch List Items, the taking of possession of the Premises by Tenant shall be conclusive evidence that the Premises and the Building were in good and satisfactory condition at the time possession was taken by Tenant. Neither Landlord nor Landlord's agents have made any representations or promises with respect to the condition of the Building, the Premises, the land upon which the Building is constructed, or any other matter or thing affecting or related to the Building or the Premises, except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in this Lease.

ARTICLE 3.
USE, NUISANCE, OR HAZARD

3.1 The Premises shall be used and occupied by Tenant solely for general office, wet laboratory, research and development, and warehousing purposes related to Tenant's business and for no other purposes without the prior written consent of Landlord. If Tenant's use or operation of the Premises or any of Tenant's equipment therein requires a governmental permit, license or other authorization or any notice to any governmental agency, Tenant shall promptly provide a copy thereof to Landlord.

3.2 Tenant shall not use, occupy, or permit the use or occupancy of the Premises for any purpose which Landlord, in its reasonable discretion, deems to be illegal, immoral, or dangerous; permit any public or private nuisance; do or permit any act or thing which may disturb the quiet enjoyment of any other tenant of the Project, or use the Premises in a way which violates any exclusive use privileges which Landlord has granted to any other tenant of the Building or Project, so long as Tenant has notice of such privilege(s); keep any substance or carry on or permit any operation which might introduce offensive odors or conditions into other portions of the Project, use any apparatus which might make undue noise or set up vibrations in or about the Project; permit anything to be done which would increase the premiums paid by Landlord for special causes of loss form insurance coverage on the Project or its contents or cause a cancellation of any insurance policy covering the Project or any part thereof or any of its contents; or permit anything to be done which is prohibited by or which shall in any way conflict with any law, statute, ordinance, or governmental rule, regulation or covenants, conditions and restrictions affecting the Project, including without limitation the CC&R's (as defined below) now or hereinafter in force. Should Tenant do any of the foregoing without the prior written consent of Landlord, and the same is not cured within five (5) business days after notice from Landlord (which five (5) business day period shall be subject to extension if the nature of the breach is such that it is not possible to cure the same within such five (5) business day period so long as the Tenant commences the cure of such breach within such five (5) day period and diligently prosecutes the same to completion) it shall constitute an Event of Default (as hereinafter defined) and shall enable Landlord to resort to any of its remedies hereunder.

3.3 The ownership, operation, maintenance and use of the Project shall be subject to certain conditions and restrictions contained in an instrument (as may be amended from time to time, the "CC&R's") recorded or to be recorded against title to the Project. Tenant agrees that regardless of when those CC&R's are so recorded, this Lease and all provisions hereof shall be subject and subordinate thereto. Accordingly, as a consequence of that subordination, during any period in which the entire Project is not owned by Landlord, (a) the portion of Operating Expenses and Taxes (each as defined below) for the Common Areas shall be allocated among the owners of the Project as provided in the CC&R's, and (b) the CC&R's shall govern the maintenance and insuring of the portions of the Project not owned by Landlord. Tenant shall, promptly upon request of Landlord, sign all documents reasonably required to carry out the foregoing into effect.

ARTICLE 4.
RENT

4.1 Tenant hereby agrees to pay Landlord the Base Rent subject to recalculation as provided in Section 1.2. For purposes of Rent adjustment under the Lease, the number of months is measured from the first day of the calendar month in which the Commencement Date falls. Each monthly installment (the "Monthly Rent") shall be payable by check or by money order on or before the first day of each calendar month. In addition to the Base Rent, Tenant also agrees to pay Tenant's Share of Operating Expenses and Taxes (each as hereinafter defined), and any and all other sums of money as shall become due and payable by Tenant as hereinafter set forth, all of which shall constitute additional rent under this Lease (the "Additional Rent"). Landlord expressly reserves the right to apply any payment received to Base Rent or any other items of Rent that are not paid by Tenant. The Monthly Rent and the Additional Rent are sometimes hereinafter collectively called "Rent" and shall be paid when due in lawful money of the United States without demand, deduction, abatement, or offset to the addresses for the rental payment set forth in the Basic Lease Information, or as Landlord may designate from time to time. As an inducement to Tenant entering into this Lease, Base Rent shall be abated for the first sixty (60) days after the Commencement Date. Landlord and Tenant agree for tax reporting purposes that none of the Base Rent due in periods in which the Base Rent is not being abated shall be allocated to any other period.

4.2 In the event any Monthly or Additional Rent or other amount payable by Tenant hereunder is not paid within five (5) days after its due date, Tenant shall pay to Landlord a late charge (the "Late Charge"), as Additional Rent, in an amount of five percent (5%) of the amount of such late payment. Failure to pay any Late Charge shall be deemed a Monetary Default (as hereinafter defined). Provision for the Late Charge shall be in addition to all other rights and remedies available to Landlord hereunder, at law or in equity, and shall not be construed as liquidated damages or limiting Landlord's remedies in any manner. Failure to charge or collect such Late Charge in connection with any one (1) or more such late payments shall not constitute a waiver of Landlord's right to charge and collect such Late Charges in connection with any other similar or like late payments.

4.3 Simultaneously with the execution hereof, Tenant shall deliver to Landlord (i) the Rent Payable on Execution set forth in the Basic Lease Information as payment of the first installment of Monthly Rent due hereunder and (ii) an amount equal to the Security Deposit to be held by Landlord as security for Tenant's faithful performance of all of the terms, covenants, conditions, and obligations required to be performed by Tenant hereunder (the "Security Deposit"). The Security Deposit shall be held by Landlord as security for the performance by Tenant of all of the covenants of this Lease to be performed by Tenant and Tenant shall not be entitled to interest thereon. The Security Deposit is not an advance Rent deposit, an advance payment of any other kind, or a measure of Landlord's damages in any case of Tenant's default. If Tenant fails to perform any of the covenants of this Lease to be performed by Tenant, including without limitation the provisions relating to payment of Rent, the removal of property at the end of the Term, the repair of damage to the Premises caused by Tenant, and the cleaning of the Premises upon termination of the tenancy created hereby, then Landlord shall have the right, but no obligation, to apply the Security Deposit, or so much thereof as may be necessary, for the payment of any Rent or any other sum in default and/or to cure any other such failure by Tenant. If Landlord applies the Security Deposit or any part thereof for payment of such amounts or to cure any such other failure by Tenant, then Tenant shall immediately pay to Landlord the sum necessary to restore the Security Deposit to the full amount then required by this Section 4.3. Landlord's obligations with respect to the Security Deposit are those of a debtor and not a trustee. Landlord shall not be required to maintain the Security Deposit separate and apart from Landlord's general or other funds and Landlord may commingle the Security Deposit with any of Landlord's general or other funds. Upon termination of the original Landlord's or any successor owner's interest in the Premises or the Building, the original Landlord or such successor owner shall be released from further liability with respect to the Security Deposit upon the original Landlord's or such successor owner's complying with California Civil Code Section 1950.7. Subject to the foregoing, Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or hereafter in force, which (a) establish a time frame within which a landlord must refund a security deposit under a lease, and/or (b) provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage caused by the default of Tenant under this Lease, including without limitation all damages or Rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code. If Tenant performs every provision of this Lease to be performed by Tenant, the unused portion of the Security Deposit shall be returned to Tenant or the last assignee of Tenant's interest under this Lease within thirty (30) days following expiration or termination of the Term of this Lease.

4.4 If the Term commences on a date other than the first day of a calendar month or expires or terminates on a date other than the last day of a calendar month, the Rent for any such partial month shall be prorated to the actual number of days in such partial month.

4.5 All Rents and any other amount payable by Tenant to Landlord hereunder, if not paid when due, shall bear interest from the date due until paid at a rate equal to the prime commercial rate established from time to time by Bank of America, plus four percent (4%) per annum; but not in excess of the maximum legal rate permitted by law. Failure to charge or collect such interest in connection with any one (1) or more delinquent payments shall not constitute a waiver of Landlord's right to charge and collect such interest in connection with any other or similar or like delinquent payments.

4.6 If Tenant fails to make when due two (2) consecutive payments of Monthly Rent or makes two (2) consecutive payments of Monthly Rent which are returned to Landlord by Tenant's financial institution for insufficient funds, Landlord may require, by giving written notice to Tenant, that all future payments of Rent shall be made in cashier's check or by money order. The foregoing is in addition to any other remedy of Landlord hereunder, at law or in equity.

ARTICLE 5.
RENT ADJUSTMENT

5.1 Definitions.

5.1.1 "Operating Expenses", as said term is used herein, shall mean all expenses, costs, and disbursements of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the ownership, operation, management, security, repair, restoration, replacement, or maintenance of the Project, or any portion thereof. Operating Expenses shall be computed in accordance with generally accepted real estate practices, consistently applied, and shall include, but not be limited to, the items as listed below:

(a) Wages, salaries, other compensation and any and all taxes, insurance and benefits of, the Building manager and of all other persons engaged in the operation, maintenance and security of the Project;

(b) Payments under any equipment rental agreements or management agreements, including without limitation the cost of any actual or charged management fee and all expenses for the Project management office including rent, office supplies, and materials therefor;

(c) Costs of all supplies, equipment, materials, and tools and amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof;

(d) All costs incurred in connection with the operation, maintenance, and repair of the Project including without limitation, the following: (A) the cost of operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (B) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (C) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which are reasonably anticipated by Landlord to increase Operating Expenses, and the cost incurred in connection with a transportation system management program or similar program; (D) the cost of landscaping, decorative lighting, and relamping, the cost of maintaining fountains, sculptures, bridges; and (E) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Taxes" as that term is defined below;

(e) The cost of supplying all utilities, the cost of operating, maintaining, repairing, replacing, renovating and managing the utility systems, mechanical systems, sanitary, storm drainage systems, communication systems and escalator and elevator systems, and the cost of supplies, tools, and equipment and maintenance and service contracts in connection therewith;

(f) The cost of all insurance carried by Landlord in connection with the Project as reasonably determined by Landlord, including without limitation commercial general liability insurance, physical damage insurance covering damage or other loss caused by fire, earthquake, flood or other water damage, explosion, vandalism and malicious mischief, theft or other casualty, rental interruption insurance and such insurance as may be required by any lessor under any present or future ground or underlying lease of the Building or Project or any holder of a mortgage, deed of trust or other encumbrance now or hereafter in force against the Building or Project or any portion thereof, and any deductibles payable thereunder; including, without limitation, Landlord's cost of any self insurance deductible or retention;

(g) Capital improvements made to or capital assets acquired for the Project, or any portion thereof, after the Commencement Date that (1) are intended to reduce Operating Expenses or (2) are necessary for the health, safety and/or security of the Project, its occupants and visitors and are deemed advisable and the reasonable judgment of Landlord or (3) are required under any and all applicable laws, statutes, codes, ordinances, orders, rules, regulations, conditions of approval and requirements of all federal, state, county, municipal and governmental authorities and all administrative or judicial orders or decrees and all permits, licenses, approvals and other entitlements issued by governmental entities, and rules of common law, relating to or affecting the Project, the Premises or the Building or the use or operation thereof, whether now existing or hereafter enacted, including, without limitation, the Americans with Disabilities Act of 1990, 42 USC 12111 et seq. (the "ADA") as the same may be amended from time to time, all Environmental Laws (as hereinafter defined), and any CC&R's, or any corporation, committee or association formed in connection therewith, or any supplement thereto recorded in any official or public records with respect to the Project or any portion thereof (collectively, "Applicable Laws"), which capital costs, or an allocable portion thereof, shall be amortized over the period determined by Landlord, together with interest on the unamortized balance at a rate determined by Landlord;

(h) fees, charges and other costs, including management fees (or amounts in lieu thereof), consulting fees, legal fees and accounting fees, of all contractors, engineers, consultants and other persons engaged by Landlord or otherwise incurred by or charged by Landlord in connection with the management, operation, maintenance and repair of the Buildings and the Project; and

(i) payments, fees or charges under the CC&R's and any easement, license, operating agreement, declaration, restricted covenant, or instrument pertaining to the sharing of costs by the Project, or any portion thereof.

Expressly excluded from Operating Expenses are the following items:

(A) Advertising and leasing commissions;

(B) Repairs and restoration paid for by the proceeds of any insurance policies or amounts otherwise reimbursed to Landlord or paid by any other source (other than by tenants paying their share of Operating Expenses);

(C) Principal, interest, and other costs directly related to financing the Project or ground lease rental or depreciation;

(D) The cost of special services to tenants (including Tenant) for which a special charge is made;

(E) The costs of repair of casualty damage or for restoration following condemnation to the extent covered by insurance proceeds or condemnation awards;

(F) The costs of any capital expenditures except as expressly permitted to be included in Operating Expenses as provided under subsection (7) above;

(G) The costs, including permit, license and inspection costs and supervision fees, incurred with respect to the installation of tenant improvements within the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space within the Project or promotional or other costs in order to market space to potential tenants;

(H) The legal fees and related expenses and legal costs incurred by Landlord (together with any damages awarded against Landlord) due to the bad faith violation by Landlord or any tenant of the terms and conditions of any lease of space in the Project;

(I) Costs incurred: (A) to comply with Applicable Laws with respect to any Hazardous Materials (as defined below) which were in existence in, on, under or about the Project (or any portion thereof) prior to the Commencement Date, and were of such a nature that a federal, state or municipal governmental or quasi-governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions that they then existed in, on, under or about the Project, would have then required the removal, remediation or other action with respect thereto; and/or (B) with respect to Hazardous Materials which are disposed of or otherwise introduced into, on, under or about the Project after the date hereof by Landlord or Landlord's agents or employees and are of such a nature, at time of disposition or introduction, that a federal, state or municipal governmental or quasi-governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions, that they then existed in, on, under or about the Project, would have then required the removal, remediation or other action with respect thereto; provided, however, Operating Expenses shall include costs incurred in connection with the clean-up, remediation, monitoring, management and administration of (and defense of claims related to) the presence of (1) Hazardous Materials used by Landlord (provided such use is not negligent and is in compliance with Applicable Laws) in connection with the operation, repair and maintenance of the Project to perform Landlord's obligations under this Lease (such as, without limitation, fuel oil for generators, cleaning solvents, and lubricants) and which are customarily found or used in Comparable Buildings and (2) Hazardous Materials created, released or placed in the Premises, Building or the Project by Tenant (or Tenant's affiliates or their tenants, contractors, employees or agents) prior to or after the Commencement Date;

(J) The attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Project;

(K) The expenses in connection with services or other benefits which are not available to Tenant;

(L) The overhead and profit paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Project to the extent the same exceeds the costs of such goods and/or services rendered by qualified, unaffiliated third parties on a competitive basis;

(M) The costs arising from Landlord's charitable or political contributions;

(N) The costs (other than ordinary maintenance and insurance) for sculpture, paintings and other objects of art;

(O) The interest and penalties resulting from Landlord's failure to pay any items of Operating Expense when due;

(P) The Landlord's general corporate overhead and general and administrative expenses, costs of entertainment, dining, automobiles or travel for Landlord's employees, and costs associated with the operation of the business of the partnership or entity which constitutes Landlord as the same are distinguished from the costs of the operation of the Project, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Project, costs of any disputes between Landlord and its employees (if any) not engaged in the operation of the Project, disputes of Landlord with management, or outside fees paid in connection with disputes with other Project tenants or occupants (except to the extent such dispute is based on Landlord's good faith efforts to benefit Tenant or meet Landlord's obligations under this Lease);

(Q) The costs arising from the gross negligence or willful misconduct of Landlord;

(R) The management office rental to the extent such rental exceeds the fair market rental for such space;

(S) The costs of correction of latent defects in the Project to the extent covered by warranties;

(T) The costs of Landlord's membership in professional organizations (such as, by way of example and without limitation, BOMA) in excess of $2,500.00 per year;

(U) any property management fee in excess of five percent (5%) of Base Rent; and

(V) any costs associated with maintaining, repairing or replacing any Building-wide HVAC system except to the extent (A) incurred with respect to a standard maintenance contract therefor, or (B) such costs are incurred in connection with a capital improvement/replacement of such system, with such costs amortized over a ten (10) year period, not to exceed a cost to Tenant in excess of $500,000 to Tenant over the Term,

5.1.2 "Taxes" shall mean all ad valorem taxes, personal property taxes, and all other taxes, assessments, embellishments, use and occupancy taxes, transit taxes, water, sewer and pure water charges not included in Section 5.1.(a)(v) above, excises, levies, license fees or taxes, and all other similar charges, levies, penalties, or taxes, if any, which are levied, assessed, or imposed, by any Federal, State, county, or municipal authority, whether by taxing districts or authorities presently in existence or by others subsequently created, upon, or due and payable in connection with, or a lien upon, all or any portion of the Project, or facilities used in connection therewith, and rentals or receipts therefrom and all taxes of whatsoever nature that are imposed in substitution for or in lieu of any of the taxes, assessments, or other charges included in its definition of Taxes, and any costs and expenses of contesting the validity of same. Taxes shall include, without limitation:

(a) Any tax on Landlord's Rent, right to rent or other income from the Project, or as against Landlord's business of leasing any portion of the Project.

(b) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("Proposition 13") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies, and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Taxes for purposes of this Lease.

(c) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any gross income tax upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof.

(d) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

(e) Any reasonable expenses incurred by Landlord in attempting to protest, reduce or minimize Taxes.

5.1.3 "Lease Year" shall mean the twelve (12) month period commencing January 1st and ending December 31st.

5.1.4 "Tenant's Building Percentage" shall mean Tenant's percentage of the entire Building as determined by dividing the rentable area of the Premises by the total rentable area of the Building. If there is a change in the total Building rentable area as a result of an addition to the Building, partial destruction, modification or similar cause, which event causes a reduction or increase on a permanent basis, Landlord shall cause adjustments in the computations as shall be necessary to provide for any such changes. Landlord shall, at Landlord's option, have the right to segregate Operating Expenses into two (2) separate categories, one (1) such category, to be applicable only to Operating Expenses incurred for the Building and Building Common Areas, and the other category applicable to Operating Expenses incurred for the Project Common Areas and/or the Project as a whole. If Landlord so segregates Operating Expenses into two (2) categories, two (2) Tenant's Building Percentages shall apply, one (1) such Tenant's Building Percentage shall be calculated by dividing the rentable area of the Premises by the total rentable area in the Building ("Tenant's Building Only Percentage"), and the other Tenant's Building Percentage to be calculated by dividing the rentable area of the Premises by the total rentable area of all buildings in the Project ("Tenant's Project Allocated Building Percentage"). Consequently, if Landlord elects to so segregate Operating Expenses into two (2) categories, any reference in this Lease to "Tenant's Building Percentage" shall mean and refer to both Tenant's Building Only Percentage and Tenant's Project Allocated Building Percentage of Operating Expenses.

5.1.5 "Tenant's Tax Percentage" shall mean the percentage determined by dividing the rentable area of the Premises by the total rentable area of all buildings in the Project.

5.1.6 "Market Area" shall mean Alameda, California (the "City").

5.1.7 "Comparable Buildings" shall mean comparable Class "A" office buildings owned by institutions in the Market Area.

5.2 Tenant shall pay to Landlord, as Additional Rent, Tenant's Share (as hereinafter defined) of Operating Expenses. "Tenant's Share" shall be determined by multiplying Operating Expenses for any Lease Year or pro rata portion thereof, by Tenant's Building Percentage. Landlord shall, in advance of each Lease Year, estimate what Tenant's Share will be for such Lease Year based, in part, on Landlord's operating budget for such Lease Year, and Tenant shall pay Tenant's Share as so estimated each month (the "Monthly Expense Payments"). The Monthly Expense Payments shall be due and payable at the same time and in the same manner as the Monthly Rent. Landlord shall have the right from time to time to redetermine the rentable square feet of the Building, and Tenant's Building Percentage and Tenant's Share shall be appropriately adjusted to reflect any such determination. If Tenant's Building Percentage and Tenant's Share are adjusted pursuant to the foregoing, as to the Lease Year in which such adjustment occurs, Tenant's Building Percentage and Tenant's Share for such year shall be determined on the basis of the number of days during such Lease Year that each such Tenant's Building Percentage and Tenant's Share was in effect.

5.3 Landlord shall, within one hundred fifty (150) days after the end of each Lease Year, or as soon thereafter as reasonably possible, provide Tenant with a written statement of the actual Operating Expenses incurred during such Lease Year for the Project and such statement shall set forth Tenant's Share of such Operating Expenses. Tenant shall pay Landlord, as Additional Rent, the difference between Tenant's Share of Operating Expenses and the amount of Monthly Expense Payments made by Tenant attributable to said Lease Year, such payment to be made within thirty (30) days of the date of Tenant's receipt of said statement (except as provided in Section 5.4 below); similarly, Tenant shall receive a credit if Tenant's Share is less than the amount of Monthly Expense Payments collected by Landlord during said Lease Year, such credit to be applied to future Monthly Expense Payments to become due hereunder. If utilities, janitorial services or any other components of Operating Expenses increase during any Lease Year, Landlord may revise Monthly Expense Payments due during such Lease Year by giving Tenant written notice to that effect; and thereafter, Tenant shall pay, in each of the remaining months of such Lease Year, a sum equal to the amount of the revised difference in Operating Expenses multiplied by Tenant's Building Percentage divided by the number of months remaining in such Lease Year.

5.4 If, within sixty (60) days following Tenant's receipt of the Operating Expense statement or Taxes statement, neither party hereto delivers to the other party a notice referring in reasonable detail to one (1) or more errors in such statement, it shall be deemed conclusively that the information set forth in such statement(s) is correct. Tenant shall, however, be entitled to conduct or require an audit to be conducted, provided that (a) not more than one (1) such audit may be conducted during any Lease Year of the Term, (b) the records for each Lease Year may be audited only once, (c) such audit is commenced within sixty (60) days following Tenant's receipt of the applicable statement, and (d) such audit is completed and a copy thereof is delivered to Landlord within one hundred eighty (180) days following Tenant's receipt of the applicable statement. If Landlord responds to any such audit with an explanation of any issues raised in the audit, such issues shall be deemed resolved unless Tenant responds to Landlord with further written objections within thirty (30) days after receipt of Landlord's response to the audit. In no event shall payment of Rent ever be contingent upon the performance of such audit. For purposes of any audit, Tenant or Tenant's duly authorized representative, at Tenant's sole cost and expense, shall have the right, upon fifteen (15) days' written notice to Landlord, to inspect Landlord's books and records pertaining to Operating Expenses and Taxes at the offices of Landlord or Landlord's managing agent during ordinary business hours, provided that such audit must be conducted so as not to interfere with Landlord's business operations and must be reasonable as to scope and time. Alternatively, at Landlord's sole discretion, Landlord may provide an audit of such books and records prepared by a certified public accountant of Landlord's selection, prepared at Tenant's expense, which shall be deemed to be conclusive for the purposes of this Lease. If actual Operating Expenses or Taxes are determined to have been overstated or understated by Landlord for any calendar year, then the parties shall within thirty (30) days thereafter make such adjustment payment or refund as is applicable, and if actual Operating Expenses and Taxes are determined to have been overstated by Landlord for any calendar year by in excess of ten percent (10%), then Landlord shall pay the reasonable cost of Tenant's audit, not to exceed $1,000.00.

5.5 If the occupancy of the Building during any part of any Lease Year is less than one hundred percent (100%), Landlord shall make an appropriate adjustment of the variable components of Operating Expenses for that Lease Year, as reasonably determined by Landlord using sound accounting and management principles, to determine the amount of Operating Expenses that would have been incurred had the Building been one hundred percent (100%) occupied. This amount shall be considered to have been the amount of Operating Expenses for that Lease Year. For purposes of this Section 5.5, "variable components" include only those component expenses that are affected by variations in occupancy levels.

5.6 Tenant shall pay to Landlord, as Additional Rent, "Tenant's Tax Share" (as hereinafter defined) of the Taxes. "Tenant's Tax Share" shall be determined by multiplying Taxes for any Lease Year or pro rata portion thereof, by Tenant's Tax Percentage. Landlord shall, in advance of each Lease Year, estimate what Tenant's Tax Share will be for such Lease Year and Tenant shall pay Tenant's Tax Share as so estimated each month (the "Monthly Tax Payments"). The Monthly Tax Payments shall be due and payable at the same time and in the same manner as the Monthly Rent.

5.7 Landlord shall, within one hundred fifty (150) days after the end of each Lease Year, or as soon thereafter as reasonably possible, provide Tenant with a written statement of the actual Taxes incurred during such Lease Year for the Project and such statement shall set forth Tenant's Tax Share of such Taxes. Tenant shall pay Landlord, as Additional Rent, the difference between Tenant's Tax Share of Taxes and the amount of Monthly Tax Payments made by Tenant attributable to said Lease Year, such payment to be made within thirty (30) days of the date of Tenant's receipt of said statement; similarly, Tenant shall receive a credit if Tenant's Tax Share is less than the amount of Monthly Tax Payments collected by Landlord during said Lease Year, such credit to be applied to future Monthly Tax Payments to become due hereunder. If Taxes increase during any Lease Year, Landlord may revise Monthly Tax Payments due during such Lease Year by giving Tenant written notice to that effect; and, thereafter, Tenant shall pay, in each of the remaining months of such Lease Year, a sum equal to the amount of revised difference in Taxes multiplied by Tenant's Tax Percentage divided by the number of months remaining in such Lease Year.

5.8 If the Taxes for any Lease Year are changed as a result of protest, appeal or other action taken by a taxing authority, the Taxes as so changed shall be deemed the Taxes for such Lease Year. If in any year the Project is less than ninety-five percent (95%) occupied, the elements of Taxes which vary depending upon the occupancy of the Project (e.g., Taxes attributable to the build out of leasable floor area), shall be adjusted to reflect such amount as would have been incurred had the Project been at least ninety-five percent (95%) occupied during such year. Any expenses incurred by Landlord in attempting to protest, reduce or minimize Taxes shall be included in Taxes in the Lease Year in which those expenses are paid. Landlord shall have the exclusive right to conduct such contests, protests and appeals of the Taxes as Landlord shall determine is appropriate in Landlord's sole discretion.

5.9 Tenant's obligation with respect to Additional Rent and the payment of Tenant's Share of Operating Expenses and Tenant's Tax Share of Taxes shall survive the Expiration Date or Termination Date of this Lease and Landlord shall have the right to retain the Security Deposit, or so much thereof as it deems necessary, to secure payment of Tenant's Share of Operating Expenses and Tenant's Tax Share of Taxes for the final year of the Lease, or part thereof, during which Tenant was obligated to pay such expenses.

ARTICLE 6.
SERVICES TO BE PROVIDED BY LANDLORD

6.1 Subject to Articles 5 and 10 herein, and provided Tenant is not in default under this Lease, Landlord agrees to furnish or cause to be furnished to the Premises the utilities and services described in the Standards for Utilities and Services, attached hereto as Exhibit G, subject to the conditions and in accordance with the standards set forth herein.

6.2 Landlord shall not be liable for any loss or damage arising or alleged to arise in connection with the failure, stoppage, or interruption of any such services; nor shall the same be construed as an eviction of Tenant, work an abatement of Rent, entitle Tenant to any reduction in Rent, or relieve Tenant from the operation of any covenant or condition herein contained; it being further agreed that Landlord reserves the right to discontinue temporarily such services or any of them at such times as may be necessary by reason of repair or capital improvements performed within the Project, accident, unavailability of employees, repairs, alterations or improvements, or whenever by reason of strikes, lockouts, riots, acts of God, or any other happening or occurrence beyond the reasonable control of Landlord. In the event of any such failure, stoppage or interruption of services, Landlord shall use reasonable diligence to have the same restored. Neither diminution nor shutting off of light or air or both, nor any other effect on the Project by any structure erected or condition now or hereafter existing on lands adjacent to the Project, shall affect this Lease, abate Rent, or otherwise impose any liability on Landlord.

6.3 Landlord shall have the right to reduce heating, cooling, or lighting within the Premises and in the public area in the Building as required by any mandatory fuel or energy-saving program.

6.4 Unless otherwise provided by Landlord, Tenant shall separately arrange with the applicable local public authorities or utilities, as the case may be, for the furnishing of and payment of all telephone and facsimile services as may be required by Tenant in the use of the Premises. Tenant shall directly pay for such telephone and facsimile services as may be required by Tenant in the use of the Premises. Tenant shall directly pay for such telephone and facsimile services, including the establishment and connection thereof, at the rates charged for such services by said authority or utility; and the failure of Tenant to obtain or to continue to receive such services for any reason whatsoever shall not relieve Tenant of any of its obligations under this Lease.

6.5 Landlord shall have the exclusive right, but not the obligation, to provide any locksmithing services, and Landlord shall also have the non-exclusive right, but not the obligation, to provide any additional services which may be required by Tenant, including without limitation additional repairs and maintenance, provided that Tenant shall pay to Landlord upon billing, the sum of all costs to Landlord of such additional services plus an administration fee. If Tenant requests the Landlord provide locksmithing services and Landlord declines, then Tenant shall not be obligated to use Landlord's locksmithing services. Charges for any utilities or service for which Tenant is required to pay from time to time hereunder, shall be deemed Additional Rent hereunder and shall be billed on a monthly basis.

ARTICLE 7.
REPAIRS AND MAINTENANCE BY LANDLORD

7.1 Landlord shall provide for the cleaning and maintenance of the public portions of the Project in keeping with the ordinary standard for Comparable Buildings as part of Operating Expenses. Unless otherwise expressly stipulated herein, Landlord shall not be required to make any improvements or repairs of any kind or character to the Premises during the Term, except such repairs as may be required to the exterior walls, corridors, windows, roof, integrated Building utility and mechanical systems and other Base Building (as defined below) elements and other structural elements and equipment of the Project, and subject to Section 13.4, below, such additional maintenance as may be necessary because of the damage caused by persons other than Tenant, its agents, employees, licensees, or invitees. As used in this Lease, the "Base Building" shall include the structural portions of the Building, and the public restrooms, elevators, exit stairwells and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located.

7.2 Landlord or Landlord's officers, agents, and representatives (subject to any security regulations imposed by any governmental authority) shall have the right to enter all parts of the Premises at all reasonable hours upon reasonable prior notice to Tenant (other than in an emergency) to Tenant to inspect, clean, make repairs, alterations, and additions to the Project or the Premises which it may deem necessary or desirable, to make repairs to adjoining spaces, to cure any defaults of Tenant hereunder that Landlord elects to cure pursuant to Section 22.5, below, to show the Premises to prospective tenants (during the final nine (9) months of the Term or at any time after the occurrence of an Event of Default that remains uncured), mortgagees or purchasers of the Building, or to provide any service which it is obligated or elects to furnish to Tenant; and Tenant shall not be entitled to any abatement or reduction of Rent by reason thereof. Landlord shall have the right to enter the Premises at any time and by any means in the case of an emergency.

7.3 Except as otherwise expressly provided in this Lease, Tenant hereby waives all rights it would otherwise have under California Civil Code Sections 1932(1) and 1942(a) or any successor statutes to deduct repair costs from Rent and/or terminate this Lease as the result of any failure by Landlord to maintain or repair.

ARTICLE 8.
REPAIRS AND CARE OF PROJECT BY TENANT

8.1 If the Building, the Project, or any portion thereof, including but not limited to, the elevators, boilers, engines, pipes, and other apparatus, or members of elements of the Building (or any of them) used for the purpose of climate control of the Building or operating of the elevators, or of the water pipes, drainage pipes, electric lighting, or other equipment of the Building or the roof or outside walls of the Building and also the Premises improvements, including but not limited to, the carpet, wall coverings, doors, and woodwork, become damaged or are destroyed through the negligence, carelessness, or misuse of Tenant, its servants, agents, employees, or anyone permitted by Tenant to be in the Building, or through it or them, then the reasonable cost of the necessary repairs, replacements, or alterations shall be borne by Tenant who shall pay the same to Landlord as Additional Rent within ten (10) days after demand, subject to Section 13.4 below. Landlord shall have the exclusive right, but not the obligation, to make any repairs necessitated by such damage.

8.2 Subject to Section 13.4 below, Tenant agrees, at its sole cost and expense, to repair or replace any damage or injury done to the Project, or any part thereof, caused by Tenant, Tenant's agents, employees, licensees, or invitees which Landlord elects not to repair. Tenant shall not injure the Project or the Premises and shall maintain the elements of the Premises not to be maintained by Landlord pursuant to this Lease in a clean, attractive condition and in good repair. If Tenant fails to keep such elements of the Premises in such good order, condition, and repair as required hereunder to the satisfaction of Landlord, Landlord may restore the Premises to such good order and condition and make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's property or business by reason thereof, and within ten (10) days after completion thereof, Tenant shall pay to Landlord, as Additional Rent, upon demand, the cost of restoring the Premises to such good order and condition and of the making of such repairs, plus an additional charge of ten percent (10%) thereof. Upon the Expiration Date or the Termination Date, Tenant shall surrender and deliver up the Premises to Landlord in the same condition in which it existed at the Commencement Date, excepting only ordinary wear and tear and damage arising from any cause not required to be repaired by Tenant. Upon the Expiration Date or the Termination Date, Landlord shall have the right to re-enter and take possession of the Premises.

8.3 Tenant shall provide its own janitorial and cleaning services to the Premises at Tenant's sole cost and expense. Landlord is not obligated to provide any janitorial or cleaning services to the Premises.

ARTICLE 9.
TENANT'S EQUIPMENT AND INSTALLATIONS

9.1 Landlord makes no representation to Tenant regarding the adequacy or fitness of the heating, air conditioning or ventilation equipment in the Building to maintain temperatures that may be required for, or because of, any of Tenant's equipment that uses other than the fractional horsepower normally required for office equipment, and Landlord shall have no liability for loss or damage suffered by Tenant or others in connection therewith. If any heat-generating machines or equipment, including without limitation any telephone/telecommunications equipment, research equipment/machinery, or manufacturing equipment/machinery cause the temperature in the Premises, or any part thereof, to exceed the temperatures the Building's air conditioning system would be able to maintain in such Premises were it not for such heat-generating equipment, then Landlord reserves the right to install supplementary air conditioning units in the Premises, and the cost thereof, including the cost of installation and the cost of operation, maintenance, repair and replacement thereof, including water, shall be paid by Tenant to Landlord within ten (10) days after demand by Landlord. Without limiting the forgoing or Tenant's obligations under Article 8, Tenant hereby agrees that (i) it shall be responsible, at its sole cost and expense, for all maintenance, repairs and replacement of the Lab HVAC Systems (defined below), and (ii) if the Lab HVAC Systems are not exclusive to the Premises, or to the extent the Lab HVAC Systems are required to be maintained by Landlord pursuant to the expressed terms of Article 7 of this Lease, then all costs of operation, maintenance, repair and replacement of the Lab HVAC Systems, as such costs may be reasonably allocated by Landlord among the Premises and any other portions of the Building served by the Lab HVAC Systems, shall be paid by Tenant to Landlord within ten (10) days after demand by Landlord. As used herein, the term "Lab HVAC Systems" means, collectively, all heating, ventilation and air conditioning equipment and systems located in the Building and/or Premises which serve any portion of the Premises which is used for laboratory purposes.

9.2 Except for desk or table-mounted typewriters, adding machines, office calculators, dictation equipment, personal computers, and other similar office equipment consistent with first-class general office use in Comparable Buildings, Tenant shall not install within the Premises any fixtures, equipment, machinery, facilities, or other improvements without the specific written consent of Landlord, subject to Article 15, below and any other applicable provisions of this Lease. Tenant shall not, without the specific written consent of Landlord (which consent shall not be unreasonably withheld, conditioned, or delayed), install or maintain any equipment, machinery, apparatus or device within the Premises which shall increase the usage of electrical power or water for the Premises to an amount greater than would be normally required for general office use for space of comparable size in the Market Area; and if any such apparatus or device is so installed, Tenant agrees to furnish Landlord a written agreement to pay for any additional costs of utilities as the result of said installation. Landlord shall not, in any way, be liable or responsible to Tenant for any loss or damage or expense that Tenant may incur or sustain if either the quantity or character of electric service or water service is changed or is no longer available or suitable for Tenant's requirements.

ARTICLE 10.
FORCE MAJEURE

10.1 It is understood and agreed that with respect to any service or other obligation to be furnished or obligations to be performed by either party, in no event shall either party be liable for failure to furnish or perform the same when prevented from doing so by strike, lockout, breakdown, accident, supply, or inability by the exercise of reasonable diligence to obtain supplies, parts, or employees necessary to furnish such service or meet such obligation; or because of war or other emergency; or for any cause beyond the reasonable control with the party obligated for such performance; or for any cause due to any act or omission of the other party or its agents, employees, licensees, invitees, or any persons claiming by, through, or under the other party; or because of the failure of any public utility to furnish services; or because of order or regulation of any federal, state, county or municipal authority (collectively, "Force Majeure Events"). Nothing in this Section 10.1 shall limit or otherwise modify or waive Tenant's obligation to pay Base Rent and Additional Rent as and when due pursuant to the terms of this Lease.

ARTICLE 11.
CONSTRUCTION, MECHANICS' AND MATERIALMAN'S LIENS

11.1 Tenant shall not suffer or permit any construction, mechanics' or materialman's lien to be filed against the Premises or any portion of the Project by reason of work, labor services, or materials supplied or claimed to have been supplied to Tenant. Nothing herein contained shall be deemed or construed in any way as constituting the consent or request of Landlord, expressed or implied, by inference or otherwise, for any contractor, subcontractor, laborer, or materialman to perform any labor or to furnish any materials or to make any specific improvement, alteration, or repair of or to the Premises or any portion of the Project; nor of giving Tenant any right, power, or authority to contract for, or permit the rendering of, any services or the furnishing of any materials that could give rise to the filing of any construction, mechanics' or materialman's lien against the Premises or any portion of the Project.

11.2 If any such construction, mechanics' or materialman's lien shall at any time be filed against the Premises or any portion of the Project as the result of any act or omission of Tenant, Tenant covenants that it shall, within twenty (20) days after Tenant has notice of the claim for lien, procure the discharge thereof by payment or by giving security or in such other manner as is or may be required or permitted by law or which shall otherwise satisfy Landlord. If Tenant fails to take such action, Landlord, in addition to any other right or remedy it may have, may take such action as may be reasonably necessary to protect its interests. Any amounts paid by Landlord in connection with such action, all other expenses of Landlord incurred in connection therewith, including reasonable attorneys' fees, court costs, and other necessary disbursements shall be repaid by Tenant to Landlord within ten (10) days after demand.

ARTICLE 12.
ARBITRATION

12.1 In the event that a dispute arises under Section 5.3 above, the same shall be submitted to arbitration in accordance with the provisions of applicable state law, if any, as from time to time amended. Arbitration proceedings, including the selection of an arbitrator, shall be conducted pursuant to the rules, regulations, and procedures from time to time in effect as promulgated by the American Arbitration Association (the "Association"). Prior written notice of application by either party for arbitration shall be given to the other at least ten (10) days before submission of the application to the said Association's office in the city wherein the Building is situated (or the nearest other city having an Association office). The arbitrator shall hear the parties and their evidence. The decision of the arbitrator may be entered in the appropriate court of law; and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the court or a judge thereof may be served outside the state wherein the Building is situated by registered mail or by personal service, provided a reasonable time for appearance is allowed. The costs and expenses of each arbitration hereunder and their apportionment between the parties shall be determined by the arbitrator in his or her award or decision, subject to the last sentence of this section. No arbitrable dispute shall be deemed to have arisen under this Lease (a) prior to the expiration of the period of twenty (20) days after the date of the giving of written notice by the party asserting the existence of the dispute, together with a description thereof sufficient for an understanding thereof, and (b) where Tenant disputes the amount of a Tenant payment required hereunder (e.g., Operating Expense excess under Section 5.3 hereof), prior to Tenant paying in full the amount billed by Landlord, including the disputed amount. The prevailing party in such arbitration shall be reimbursed for its expenses, including reasonable attorneys' fees. Notwithstanding the foregoing, in no event shall this Article 12 affect or delay Landlord's unlawful detainer rights under California law.

ARTICLE 13.
INSURANCE

13.1 Landlord shall maintain, as a part of Operating Expenses, special causes of loss form insurance coverage on the Project in an amount equal to the full replacement cost of the Project, subject to such deductibles as Landlord may determine. Landlord shall not be obligated to insure, and shall not assume any liability of risk of loss for, any of Tenant's furniture, equipment, machinery, goods, supplies, improvements or alterations upon the Premises. Such insurance shall be maintained with an insurance company selected, and in amounts desired, by Landlord or Landlord's mortgagee, and payment for losses thereunder shall be made solely to Landlord subject to the rights of the holder of any mortgage or deed of trust which may now or hereafter encumber the Project. Additionally Landlord may maintain such additional insurance, including, without limitation, earthquake insurance, flood insurance, liability insurance and/or rent insurance, as Landlord may in its sole discretion elect. The cost of all such additional insurance shall also be part of the Operating Expenses. Any or all of Landlord's insurance may be provided by blanket coverage maintained by Landlord or any affiliate of Landlord under its insurance program for its portfolio of properties or by Landlord or any affiliate of Landlord's program of self insurance, and in such event Operating Expenses shall include the portion of the reasonable cost of blanket insurance or self-insurance that is allocated to the Project.

13.2 Tenant, at its own expense, shall maintain with insurers authorized to do business in the State of California and which are rated A- and have a financial size category of at least VIII in the most recent Best's Key Rating Guide, or any successor thereto (or if there is none, an organization having a national reputation), (a) commercial general liability insurance, including Broad Form Property Damage and Contractual Liability with the following minimum limits: General Aggregate $3,000,000.00; Products/Completed Operations Aggregate $2,000,000.00; Each Occurrence $2,000,000.00; Personal and Advertising Injury $1,000,000.00; Medical Payments $5,000.00 per person, (b) Umbrella/Excess Liability on a following form basis with the following minimum limits: General Aggregate $5,000,000.00; Each Occurrence $5,000,000.00; (c) Workers' Compensation with statutory limits; (d) Employer's Liability insurance with the following limits: Bodily injury by disease per person $1,000,000.00; Bodily injury by accident policy limit $1,000,000.00; Bodily injury by disease policy limit $1,000,000.00; (e) property insurance, on a special causes of loss insurance form, covering any and all personal property of Tenant including but not limited to alterations, improvements (inclusive of the initial improvements (if any) constructed pursuant to Exhibit C-1), betterments, furniture, fixtures and equipment in an amount not less than their full replacement cost, with a deductible not to exceed $25,000.00; and (f) business auto liability insurance having a combined single limit of not less than One Million Dollars ($1,000,000.00) per occurrence and insuring Tenant against liability for claims arising out of ownership, maintenance or use of any owned, hired or non-owned automobiles. At all times during the Term, such insurance shall be maintained, and Tenant shall cause a current and valid certificate of such policies to be deposited with Landlord. If Tenant fails to have a current and valid certificate of such policies on deposit with Landlord at all times during the Term and such failure is not cured within three (3) business days following Tenant's receipt of notice thereof from Landlord, Landlord shall have the right, but not the obligation, to obtain such an insurance policy, and Tenant shall be obligated to pay Landlord the amount of the premiums applicable to such insurance within ten (10) days after Tenant's receipt of Landlord's request for payment thereof. Said policy of liability insurance shall name Landlord and Landlord's managing agent as additional insureds and Tenant as the insured and shall be noncancellable with respect to Landlord except after thirty (30) days' written notice from the insurer to Landlord.

13.3 Tenant shall adjust annually the amount of coverage established in Section 13.2 hereof to such amount as in Landlord's reasonable opinion, adequately protects Landlord's interest; provided the same is consistent with the amount of coverage customarily required of comparable tenants in Comparable Buildings.

13.4 Notwithstanding anything in this Lease to the contrary, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action, or cause of action against the other, its agents, employees, licensees, or invitees for any loss or damage to or at the Premises or the Project or any personal property of such party therein or thereon by reason of fire, the elements, or any other cause which would be insured against under the terms of (i) special causes of loss form insurance coverage or (ii) the liability insurance referred to in Section 13.2, to the extent of such insurance, regardless of cause or origin, including omission of the other party hereto, its agents, employees, licensees, or invitees. Landlord and Tenant covenant that no insurer shall hold any right of subrogation against either of such parties with respect thereto. This waiver shall be ineffective against any insurer of Landlord or Tenant to the extent that such waiver is prohibited by the laws and insurance regulations of the State of California. The parties hereto agree that any and all such insurance policies required to be carried by either shall be endorsed with a subrogation clause, substantially as follows: "This insurance shall not be invalidated should the insured waive, in writing prior to a loss, any and all right of recovery against any party for loss occurring to the property described therein, " and shall provide that such party's insurer waives any right of recovery against the other party in connection with any such loss or damage.

13.5 In the event Tenant's occupancy or conduct of business in or on the Premises, whether or not Landlord has consented to the same, results in any increase in premiums for the insurance carried from time to time by Landlord with respect to the Building, Tenant shall pay any such increase in premiums as Rent within ten (10) days after bills for such additional premiums shall be rendered by Landlord. In determining whether increased premiums are a result of Tenant's use or occupancy of the Premises, a schedule issued by the organization computing the insurance rate on the Building showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate. Tenant shall promptly comply with all reasonable requirements of the insurance authority or of any insurer now or hereafter in effect relating to the Premises.

ARTICLE 14.
QUIET ENJOYMENT

14.1 Provided Tenant is not in default under this Lease after the expiration of any period for cure in the performance of all its obligations under this Lease, including, but not limited to, the payment of Rent and all other sums due hereunder, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance by Landlord, subject to the provisions and conditions set forth in this Lease.

ARTICLE 15.
ALTERATIONS

15.1 Tenant agrees that it shall not make or allow to be made any alterations, physical additions, or improvements in or to the Premises without first obtaining the written consent of Landlord in each instance. As used herein, the term "Minor Alteration" refers to an alteration that (a) does not affect the outside appearance of the Building and is not visible from the Common Areas, (b) is non-structural and does not impair the strength or structural integrity of the Building, and (c) does not affect the mechanical, electrical, HVAC or other systems of the Building. Landlord agrees not to unreasonably withhold its consent to any Minor Alteration. Landlord's consent to any other alteration may be conditioned, given, or withheld in Landlord's sole discretion. Notwithstanding the foregoing, Landlord consents to any repainting, recarpeting, or other purely cosmetic changes or upgrades to the Premises, so long as (i) the aggregate cost of such work is less than $2,500.00 in any twelve-month period, (ii) such work constitutes a Minor Alteration (iii) no building permit is required in connection therewith, and (iv) such work conforms to the then existing Building standards. At the time of said request, Tenant shall submit to Landlord plans and specifications of the proposed alterations, additions, or improvements; and Landlord shall have a period of not less than thirty (30) days therefrom in which to review and approve or disapprove said plans; provided that if Landlord determines in good faith that Landlord requires a third party to assist in reviewing such plans and specifications, Landlord shall instead have a period of not less than sixty (60) days in which to review and approve or disapprove said plans. Tenant shall pay to Landlord upon demand the cost and expense of Landlord in (A) reviewing said plans and specifications, and (B) inspecting the alterations, additions, or improvements to determine whether the same are being performed in accordance with the approved plans and specifications and all laws and requirements of public authorities, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose. In any instance where Landlord grants such consent, and permits Tenant to use its own contractors, laborers, materialmen, and others furnishing labor or materials for Tenant's construction (collectively, "Tenant's Contractors"), Landlord's consent shall be deemed conditioned upon each of Tenant's Contractors (1) working in harmony and not interfering with any laborer utilized by Landlord, Landlord's contractors, laborers, or materialmen; and (2) furnishing Landlord with evidence of acceptable liability insurance, worker's compensation coverage and if required by Landlord, completion bonding, and if at any time such entry by one or more persons furnishing labor or materials for Tenant's work shall cause such disharmony or interference, the consent granted by Landlord to Tenant may be withdrawn immediately upon written notice from Landlord to Tenant. Tenant, at its expense, shall obtain all necessary governmental permits and certificates for the commencement and prosecution of alterations, additions, or improvements and for final approval thereof upon completion, and shall cause any alterations, additions, or improvements to be performed in compliance therewith and with all applicable laws and requirements of public authorities and with all applicable requirements of insurance bodies. All alterations, additions, or improvements shall be diligently performed in a good and workmanlike manner, using new materials and equipment at least equal in quality and class to be better than (a) the original installations of the Building, or (b) the then standards for the Comparable Building. Upon the completion of work and upon request by Landlord, Tenant shall provide Landlord copies of all waivers or releases of lien from each of Tenant's Contractors. No alterations, modifications, or additions to the Project or the Premises shall be removed by Tenant either during the Term or upon the Expiration Date or the Termination Date without the express written approval of Landlord. Tenant shall not be entitled to any reimbursement or compensation resulting from its payment of the cost of constructing all or any portion of said improvements or modifications thereto unless otherwise expressly agreed by Landlord in writing. Tenant agrees specifically that no food, soft drink, or other vending machine shall be installed within the Premises, without the prior written consent of Landlord.

15.2 Landlord's approval of Tenant's plans for work shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules, and regulations of governmental agencies or authorities, including, but not limited to, the Americans with Disabilities Act. Landlord may, at its option, at Tenant's expense, require that Landlord's contractors be engaged for any work upon the integrated Building mechanical or electrical systems or other Building or leasehold improvements.

15.3 At least five (5) days prior to the commencement of any work permitted to be done by persons requested by Tenant on the Premises, Tenant shall notify Landlord of the proposed work and the names and addresses of Tenant's Contractors. During any such work on the Premises, Landlord, or its representatives, shall have the right to go upon and inspect the Premises at all reasonable times, and shall have the right to post and keep posted thereon notices of non-responsibility or to take any further action which Landlord may deem to be proper for the protection of Landlord's interest in the Premises.

ARTICLE 16.
FURNITURE, FIXTURES, AND PERSONAL PROPERTY

16.1 Tenant, at its sole cost and expense, may remove its trade fixtures, machinery, office supplies, moveable office furniture and equipment, to the extent not attached to the Project or Premises provided:

16.1.1 Such removal is made prior to the Expiration Date or the Termination Date;

16.1.2 No Event of Default exists under this Lease at the time of such removal; and

16.1.3 Tenant promptly repairs all damage caused by such removal.

16.2 If Tenant does not remove its trade fixtures, machinery, office supplies, moveable office furniture and equipment, as herein above provided prior to the Expiration Date or the Termination Date (unless prior arrangements have been made with Landlord and Landlord has agreed in writing to permit Tenant to leave such items in the Premises for an agreed period), then, in addition to its other remedies, at law or in equity, Landlord shall have the right to have such items removed and stored at Tenant's sole cost and expense and all damage to the Project or the Premises resulting from said removal shall be repaired at the cost of Tenant; Landlord may elect that such items automatically become the property of Landlord upon the Expiration Date or the Termination Date, and Tenant shall not have any further rights with respect thereto or reimbursement therefor subject to the provisions of applicable law. All other property in the Premises, any alterations, or additions to the Premises (including wall-to-wall carpeting, paneling, wall covering, specially constructed or built-in cabinetry or bookcases), and any other article attached or affixed to the floor, wall, or ceiling of the Premises shall become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the Expiration or Termination Date regardless of who paid therefor; and Tenant hereby waives all rights to any payment or compensation therefor. If, however, Landlord so requests, in writing, Tenant shall remove, prior to the Expiration Date or the Termination Date, any and all alterations, additions, fixtures, equipment, machinery and property placed or installed in the Premises and shall repair any damage caused by such removal. In addition, if any alterations performed by Tenant do not use materials that conform to the building standards used by Landlord at the time of the particular alteration, then Tenant shall (a) at Tenant's sole cost and expense, no later than the expiration of the Term (or no later than fifteen (15) days after the earlier termination of the Term) cause the improvements in the Premises to be restored to conform to Landlord's building standard at Tenant's sole cost and expense, or (b) if Landlord so elects in writing, Tenant shall pay Landlord a lump-sum amount determined by Landlord in its reasonable judgment sufficient to pay the cost of restoring the improvements in the Premises to building standard. Prior to commencing any alteration, Tenant may request that Landlord notify Tenant whether or not the proposed alteration will be required by Landlord to be removed at the end of the Term.

16.3 All the furnishings, fixtures, equipment, machinery, effects, and property of every kind, nature, and description of Tenant and of all persons claiming by, through, or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises or elsewhere in the Project shall be at the sole risk and hazard of Tenant, and if the whole or any part thereof shall be destroyed or damaged by fire, water, or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft, or from any other cause, no part of said loss or damage is to be charged to or be borne by Landlord unless due to the gross negligence or willful misconduct of Landlord or its employees, agents or contractors.

ARTICLE 17.
PERSONAL PROPERTY AND OTHER TAXES

17.1 During the Term hereof, Tenant shall pay, prior to delinquency, all business and other taxes, charges, notes, duties, and assessments levied, and rates or fees imposed, charged, or assessed against or in respect of Tenant's occupancy of the Premises or in respect of the personal property, trade fixtures, furnishings, equipment, and all other personal and other property of Tenant contained in the Project (including without limitation taxes and assessments attributable to the cost or value of any leasehold improvements made in or to the Premises by or for Tenant (to the extent that the assessed value of those leasehold improvements exceeds the assessed value of standard office improvements in other space in the Project regardless of whether title to those improvements is vested in Tenant or Landlord), and shall hold Landlord harmless from and against all payment of such taxes, charges, notes, duties, assessments, rates, and fees, and against all loss, costs, charges, notes, duties, assessments, rates, and fees, and any and all such taxes. Tenant shall cause said fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real and personal property of Landlord. In the event any or all of Tenant's fixtures, furnishings, equipment, and other personal property shall be assessed and taxed with Landlord's real property, Tenant shall pay to Landlord Tenant's share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

ARTICLE 18.
ASSIGNMENT AND SUBLETTING

18.1 Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld (except that Landlord shall in no event be obligated to consent to an encumbrance of this Lease or any transfer by operation of law): (a) assign, convey, mortgage or otherwise transfer this Lease or any interest hereunder, or sublease the Premises, or any part thereof, whether voluntarily or by operation of law; or (b) permit the use of the Premises or any part thereof by any person other than Tenant and its employees. Any such transfer, sublease or use described in the preceding sentence (a "Transfer") occurring without the prior written consent of Landlord shall, at Landlord's option, be void and of no effect. Landlord's consent to any Transfer shall not constitute a waiver of Landlord's right to withhold its consent to any future Transfer. Landlord may require as a condition to its consent to any assignment of this Lease that the assignee execute an instrument in which such assignee assumes the remaining obligations of Tenant hereunder; provided that the acceptance of any assignment of this Lease by the applicable assignee shall automatically constitute the assumption by such assignee of all of the remaining obligations of Tenant that accrue following such assignment. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger and shall, at the option of Landlord, terminate all or any existing sublease or may, at the option of Landlord, operate as an assignment to Landlord of Tenant's interest in any or all such subleases.

18.2 For purposes of this Lease, the term "Transfer" shall also include (i) if a Tenant is a partnership or limited liability company, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, members or managers thereof, or transfer of twenty-five percent (25%) or more of partnership or membership interests therein within a twelve (12) month period, or the dissolution of the partnership or the limited liability company without immediate reconstitution thereof, and (ii) if Tenant is a corporation whose stock is not publicly held and not traded through an exchange or over the counter or any other form of entity, (A) the dissolution, merger, consolidation or other reorganization of Tenant, the sale or other transfer of more than an aggregate of fifty percent (50%) of the voting shares or other interests of or in Tenant (other than to immediate family members by reason of gift or death), within a twelve (12) month period, or (B) the sale, mortgage, hypothecation or pledge of more than an aggregate of fifty percent (50%) of the value of the unencumbered assets of Tenant within a twelve (12) month period.

18.3 If Tenant desires the consent of Landlord to a Transfer, Tenant shall submit to Landlord, at least thirty (30) business days prior to the proposed effective date of the Transfer, a written notice (the "Transfer Notice") which includes (a) the name of the proposed sublessee or assignee, (b) the nature of the proposed sublessee's or assignee's business, (c) the terms and provisions of the proposed sublease or assignment, and (d) current financial statements and information on the proposed sublessee or assignee. Upon receipt of the Transfer Notice, Landlord may request additional information concerning the Transfer or the proposed sublessee or assignee (the "Additional Information"). Subject to Landlord's rights under Section 18.6, Landlord shall not unreasonably withhold its consent to any assignment or sublease (excluding an encumbrance or transfer by operation of law), which consent or lack thereof shall be provided within thirty (30) business days of receipt of Tenant's Transfer Notice; provided, however, Tenant hereby agrees that it shall be a reasonable basis for Landlord to withhold its consent if Landlord has not received the Additional Information requested by Landlord. Without limiting any other reasonable basis for Landlord to withhold its consent to the proposed Transfer, Landlord and Tenant agree that for purposes of this Lease and any Applicable Law, Landlord shall not be deemed to have unreasonably withheld its consent if, in the judgment of Landlord: (i) the transferee is of a character or engaged in a business which is not in keeping with the standards or criteria used by Landlord in leasing the Project, or the general character or quality of the Project; (ii) the financial condition of the transferee is such that it may not be able to perform its obligations in connection with this Lease (or otherwise does not satisfy Landlord's standards for financial standing with respect to tenants under direct leases of comparable economic scope); (iii) the transferee, or any person or entity which directly or indirectly controls, is controlled by, or is under common control with, the transferee, is a tenant of or negotiating for space in the Project occupies space in the Project or has negotiated with Landlord within the preceding one hundred eighty (180) days (or is currently negotiating with Landlord) to lease space in the Project, (iv) the transferee has the power of eminent domain, is a governmental agency or an agency or subdivision of a foreign government; (v) an Event of Default by Tenant has occurred and is uncured at the time Tenant delivers the Transfer Notice to Landlord; (vi) in the judgment of Landlord, such a Transfer would violate any term, condition, covenant, or agreement of Landlord involving the Project or any other tenant's lease within it (including without limitation any exclusive use rights granted to any other tenant) or would give an occupant of the Project a right to cancel or modify its lease; (vii) the rent charged by Tenant to such transferee during the term of such Transfer, calculated using a present value analysis, is less than one hundred percent (100%) of the rent being quoted by Landlord at the time of such Transfer for comparable space in the Project for a comparable term, calculated using a present value analysis; (viii) in Landlord's judgment, the use of the Premises by the proposed transferee would not be comparable to the types of office use by other tenants in the Project, would entail any alterations which would lessen the value of the tenant improvements in the Premises, would result in more than a reasonable density of occupants per rentable square foot of the Premises, would increase the burden on elevators or other Building systems or equipment over the burden thereon prior to the proposed Transfer, would require increased services by Landlord or would require any alterations to the Project to comply with applicable laws; (ix) the transferee intends to use the space for purposes which are not permitted under this Lease; (x) the terms of the proposed Transfer would allow the transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the transferee to occupy space leased by Tenant pursuant to any such right); (xi) the proposed Transfer would result in more than three (3) subleases per each full floor of the Premises being in effect at any one time during the Term; or (xii) any ground lessor or mortgagee whose consent to such Transfer is required fails to consent thereto. Tenant hereby waives any right to terminate the Lease and/or recover damages as remedies for Landlord wrongfully withholding its consent to any Transfer and agrees that Tenant's sole and exclusive remedy therefor shall be to seek specific performance of Landlord's obligation to consent to such Transfer.

18.4 Landlord and Tenant agree that, in the event of any approved assignment or subletting, the rights of any such assignee or sublessee of Tenant herein shall be subject to all of the terms, conditions, and provisions of this Lease, including, without limitation, restriction on use, assignment, and subletting and the covenant to pay Rent. Landlord may collect the rent owing by the assignee or sublessee directly from such assignee or sublessee and apply the amount so collected to the Rent herein reserved. No such consent to or recognition of any such assignment or subletting shall constitute a release of Tenant or any guarantor of Tenant's performance hereunder from further performance by Tenant or such guarantor of covenants undertaken to be performed by Tenant herein. Tenant and any such guarantor shall remain liable and responsible for all Rent and other obligations herein imposed upon Tenant, and Landlord may condition its consent to any Transfer upon the receipt of a written reaffirmation from each such guarantor in a form acceptable to Landlord (which shall not be construed to imply that the occurrence of a Transfer without such a reaffirmation would operate to release any guarantor). Consent by Landlord to a particular assignment, sublease, or other transaction shall not be deemed a consent to any other or subsequent transaction. In any case where Tenant desires to assign, sublease or enter into any related or similar transaction, whether or not Landlord consents to such assignment, sublease, or other transaction, Tenant shall pay any reasonable attorneys' fees incurred by Landlord in connection with such assignment, sublease or other transaction, including, without limitation, fees incurred in reviewing documents relating to, or evidencing, said assignment, sublease, or other transaction. All documents utilized by Tenant to evidence any subletting or assignment for which Landlord's consent has been requested and is required hereunder, shall be subject to prior approval (not to be unreasonably withheld, conditioned or delayed) by Landlord or its attorney.

18.5 Tenant shall be bound and obligated to pay Landlord a portion of any sums or economic consideration payable to Tenant by any sublessee, assignee, licensee, or other transferee, within ten (10) days following receipt thereof by Tenant from such sublessee, assignee, licensee, or other transferee, as the case might be, as follows:

18.5.1 In the case of an assignment, fifty percent (50%) of any sums or other economic consideration received by Tenant as a result of such assignment shall be paid to Landlord after first deducting the unamortized cost of reasonable leasehold improvements paid for by Tenant in connection with such assignment and reasonable cost of any real estate commissions incurred by Tenant in connection with such assignment.

18.5.2 In the case of a subletting, fifty percent (50%) of any sums or economic consideration received by Tenant as a result of such subletting shall be paid to Landlord after first deducting (i) the Rent due hereunder prorated to reflect only Rent allocable to the sublet portion of the Premises, (ii) the reasonable cost of tenant improvements made to the sublet portion of the Premises by Tenant for the specific benefit of the sublessee, which shall be amortized over the term of the sublease, and (iii) the reasonable cost of any real estate commissions incurred by Tenant in connection with such subletting, which shall be amortized over the term of the sublease.

18.5.3 Tenant shall provide Landlord with a detailed statement setting forth any sums or economic consideration Tenant either has or will derive from such Transfer, the deductions permitted under (a) and (b) of this Section 18.5, and the calculation of the amounts due Landlord under this Section 18.5. In addition, Landlord or its representative shall have the right at all reasonable times to audit the books and records of Tenant with respect to the calculation of the Transfer profits. If such inspection reveals that the amount paid to Landlord was incorrect, then within ten (10) days of Tenant's receipt of the results of such audit, Tenant shall pay Landlord the deficiency and the cost of Landlord's audit.

18.6 If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. Section 101 et seq. or any successor or substitute therefor (the "Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord, and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any such monies or other consideration not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid or delivered to Landlord. Any person or entity to whom this Lease is so assigned shall be deemed, without further act or deed, to have assumed all of the remaining obligations arising under this Lease as of the date of such assignment. Any such assignee shall, upon demand therefor, execute and deliver to Landlord an instrument confirming such assumption.

18.7 Landlord shall have the following option with respect to any assignment or subletting proposed by Tenant:

18.7.1 Notwithstanding any other provision of this Article, Landlord has the option, by written notice to Tenant (the "Recapture Notice") within thirty (30) days after receiving any Transfer Notice to recapture the Space covered by the proposed sublease or the entire Premises in the case of an assignment (the "Subject Space") by terminating this Lease for the Subject Space or taking an assignment or a sublease of the Subject Space from Tenant. A timely Recapture Notice terminates this Lease or creates an assignment or a sublease for the Subject Space for the same term as the proposed Transfer, effective as of the date specified in the Transfer Notice. After such termination, Landlord may (but shall not be obligated to) enter into a lease with the party to the sublease or assignment proposed by Tenant.

18.7.2 To determine the new Base Rent under this Lease in the event Landlord recaptures the Subject Space without terminating this Lease, the original Base Rent under the Lease shall be multiplied by a fraction, the numerator of which is the rentable square feet of the Premises retained by Tenant after Landlord's recapture and the denominator of which is the total rentable square feet in the Premises before Landlord's recapture. The Additional Rent, to the extent that it is calculated on the basis of the rentable square feet within the Premises, shall be reduced to reflect Tenant's proportionate share based on the rentable square feet of the Premises retained by Tenant after Landlord's recapture. This Lease as so amended shall continue thereafter in full force and affect. Either party may require a written confirmation of the amendments to this Lease necessitated by Landlord's recapture of the Subject Space. If Landlord recaptures the Subject Space, Landlord shall, at Landlord's sole expense, construct any partitions required to segregate the Subject Space from the remaining Premises retained by Tenant. Tenant shall, however, pay for painting, covering or otherwise decorating the surfaces of the partitions facing the remaining Premises retained by Tenant.

18.8 Notwithstanding anything to the contrary contained in this Article 18, Tenant may assign this Lease or sublet the Premises without the need for Landlord's prior consent if such assignment or sublease is to any parent, subsidiary or affiliate business entity which the initially named Tenant controls, is controlled by or is under common control with (each, an "Affiliate") provided that: (i) at least thirty (30) days prior to such assignment or sublease, Tenant delivers to Landlord the financial statements or other financial and background information of the assignee or sublessee as required for other transfers; (ii) if the transfer is an assignment, the assignee assumes, in full, the obligations of Tenant under this Lease (or if a sublease, the sublessee of a portion of the Premises or term assumes, in full, the obligations of Tenant with respect to such portion); (iii) the financial audited net worth of the assignee or sublessee as of the time of the proposed transfer is equal to or greater than the financial audited net worth of the Tenant upon the Commencement Date and is sufficient for such assignee or sublessee to fulfill its obligations pursuant to such assignment or sublease; (iv) Tenant remains fully liable under this Lease; and (v) unless Landlord consents to the same, the use of the Premises set forth herein remains unchanged. As used in this section, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies through ownership of at least fifty-one percent (51%) of the securities or partnership or other ownership interests of the entity subject to control.

ARTICLE 19.
DAMAGE OR DESTRUCTION

19.1 Casualty. If the Premises or Building should be damaged or destroyed by fire or other casualty, Tenant shall give immediate written notice to Landlord. Within thirty (30) days after receipt from Tenant of such written notice, Landlord shall notify Tenant whether the necessary repairs can reasonably be made: (a) within ninety (90) days; (b) in more than ninety (90) days but in less than one hundred eighty (180) days; or (c) in more than one hundred eighty (180) days, in each case after the date of the issuance of permits for the necessary repair or reconstruction of the portion of the Premises or Building which was damaged or destroyed.

19.1.1 Less Than 90 Days. If the Premises or Building should be damaged only to such extent that rebuilding or repairs can reasonably be completed within ninety (90) days after the issuance of permits for the necessary repair or reconstruction of the portion of the Premises which was damaged or destroyed, this Lease shall not terminate and, provided that insurance proceeds are available to pay for the full repair of all damage, Landlord shall repair the Premises or Building, except that Landlord shall not be required to rebuild, repair or replace Tenant's furniture, fixtures, furnishings, or equipment (collectively, "Tenant's Property") which may have been placed in, on or about the Premises by or for the benefit of Tenant. If Tenant is required to vacate all or a portion of the Premises during Landlord's repair thereof, the Base Rent payable hereunder shall be abated proportionately on the basis of the size of the area of the Premises that is damaged (i.e., the number of square feet of floor area of the Premises that is damaged compared to the total square footage of the floor area of the Premises) from the date Tenant vacates all or a portion of the Premises that was damaged only to the extent rental abatement insurance proceeds are received by Landlord and only during the period the Premises are unfit for occupancy.

19.1.2 Greater Than 90 Days. If the Premises or Building should be damaged only to such extent that rebuilding or repairs can reasonably be completed in more than ninety (90) days but in less than one hundred eighty (180) days after the issuance of permits for the necessary repair or reconstruction of the portion of the Premises which was damaged or destroyed, then Landlord shall have the option of: (a) terminating the Lease effective upon the occurrence of such damage, in which event the Base Rent shall be abated from the date Tenant vacates the Premises; or (b) electing to repair the Premises, provided insurance proceeds are available to pay for the full repair of all damage (except that Landlord shall not be required to rebuild, repair or replace Tenant's Property). If Tenant is required to vacate all or a portion of the Premises during Landlord's repair thereof, the Base Rent payable hereunder shall be abated proportionately on the basis of the size of the area of the Premises that is damaged (i.e., the number of square feet of floor area of the Premises that is damaged compared to the total square footage of the floor area of the Premises) from the date Tenant vacates all or a portion of the Premises that was damaged only to the extent rental abatement insurance proceeds are received by Landlord and only during the period the Premises are unfit for occupancy. In the event that Landlord should fail to substantially complete such repairs within one hundred eighty (180) days after the issuance of permits for the necessary repair or reconstruction of the portion of the Premises which was damaged or destroyed (such period to be extended for delays caused by Tenant or because of any Force Majeure Events, as hereinafter defined), and Tenant has not reoccupied the Premises, Tenant shall have the right, as Tenant's exclusive remedy, within ten (10) days after the expiration of such one hundred eighty (180) day period, and provided that such repairs have not been substantially completed within such ten (10) day period, to terminate this Lease by delivering written notice to Landlord as Tenant's exclusive remedy, whereupon all rights of Tenant hereunder shall cease and terminate thirty (30) days after Landlord's receipt of such notice.

19.1.3 Greater Than 180 Days. If the Premises or Building should be so damaged that rebuilding or repairs cannot be completed within one hundred eighty (180) days after the issuance of permits for the necessary repair or reconstruction of the portion of the Premises or Building which was damaged or destroyed, either Landlord or Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair, and this Lease shall terminate and the Rent shall be abated from the date Tenant vacates the Premises. In the event that neither party elects to terminate this Lease, Landlord shall commence and prosecute to completion the repairs to the Premises or Building, provided insurance proceeds are available to pay for the repair of all damage (except that Landlord shall not be required to rebuild, repair or replace Tenant's Property). If Tenant is required to vacate all or a portion of the Premises during Landlord's repair thereof, the Base Rent payable hereunder shall be abated proportionately on the basis of the size of the area of the Premises that is damaged (i.e., the number of square feet of floor area of the Premises that is damaged compared to the total square footage of the floor area of the Premises), from the date Tenant vacates all or a portion of the Premises that was damaged only to the extent rental abatement insurance proceeds are received by Landlord and only during the period that the Premises are unfit for occupancy.

19.1.4 Casualty During the Last Year of the Lease Term. Notwithstanding any other provisions hereof, if the Premises or Building shall be damaged within the last year of the Lease Term, and if the cost to repair or reconstruct the portion of the Premises or Building which was damaged or destroyed shall exceed $50,000, then, irrespective of the time necessary to complete such repair or reconstruction, Landlord shall have the right, in its sole and absolute discretion, to terminate the Lease effective upon the occurrence of such damage, in which event the Rent shall be abated from the date Tenant vacates the Premises. The foregoing right shall be in addition to any other right and option of Landlord under this Article 19.

19.2 Uninsured Casualty. Tenant shall be responsible for and shall pay to Landlord Tenant's Share of any deductible or retention amount payable under the property insurance for the Building as part of Operating Expenses. In the event that the Premises or any portion of the Building is damaged to the extent Tenant is unable to use the Premises and such damage is not covered by insurance proceeds received by Landlord or in the event that the holder of any indebtedness secured by the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right at Landlord's option, in Landlord's sole and absolute discretion, either (i) to repair such damage as soon as reasonably possible at Landlord's expense, or (ii) to give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to terminate this Lease, Tenant shall have the right within ten (10) days after receipt of such notice to give written notice to Landlord of Tenant's commitment to pay the cost of repair of such damage, in which event this Lease shall continue in full force and effect, and Landlord shall make such repairs as soon as reasonably possible subject to the following conditions: Tenant shall deposit with Landlord Landlord's estimated cost of such repairs not later than five (5) business days prior to Landlord's commencement of the repair work. If the cost of such repairs exceeds the amount deposited, Tenant shall reimburse Landlord for such excess cost within ten (10) business days after receipt of an invoice from Landlord. Any amount deposited by Tenant in excess of the cost of such repairs shall be refunded within thirty (30) days of Landlord's final payment to Landlord's contractor. If Tenant does not give such notice within the ten (10) day period, or fails to make such deposit as required, Landlord shall have the right, in Landlord's sole and absolute discretion, to immediately terminate this Lease to be effective as of the date of the occurrence of the damage.

19.3 Waiver. The provisions of this Lease, including this Article 19, constitute an express agreement between Landlord and Tenant with respect to damage to, or destruction of, all or any portion of the Premises or the Project, and any statute or regulation of the State of California, including without limitation Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties (and any other statute or regulation now or hereafter in effect with respect to such rights or obligations), shall have no application to this Lease or to any damage or destruction to all or any portion of the Premises or the Project.

ARTICLE 20.
CONDEMNATION

20.1 Total Condemnation. If all of the Premises is condemned by eminent domain, inversely condemned or sold under threat of condemnation for any public or quasi-public use or purpose ("Condemned"), this Lease shall terminate as of the earlier of the date the condemning authority takes title to or possession of the Premises, and Rent shall be adjusted to the date of termination.

20.2 Partial Condemnation. If any portion of the Premises or Building is condemned and such partial condemnation materially impairs Tenant's ability to use the Premises for Tenant's business as reasonably determined by Landlord, Landlord shall have the option in Landlord's sole and absolute discretion of either (i) relocating Tenant to comparable space within the Project or (ii) terminate this Lease as of the earlier of the date title vests in the condemning authority or as of the date an order of immediate possession is issued and Rent shall be adjusted to the date of termination. If such partial condemnation does not materially impair Tenant's ability to use the Premises for the business of Tenant, Landlord shall promptly restore the Premises to the extent of any condemnation proceeds recovered by Landlord, excluding the portion thereof lost in such condemnation, and this Lease shall continue in full force and effect except that after the date of such title vesting or order of immediate possession Rent shall be adjusted as reasonably determined by Landlord.

20.3 Award. If the Premises are wholly or partially condemned, Landlord shall be entitled to the entire award paid for such condemnation, and Tenant waives any claim to any part of the award from Landlord or the condemning authority; provided, however, Tenant shall have the right to recover from the condemning authority such compensation as may be separately awarded to Tenant in connection with costs in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment to a new location. No condemnation of any kind shall be construed to constitute an actual or constructive eviction of Tenant or a breach of any express or implied covenant of quiet enjoyment. Tenant hereby waives the effect of Sections 1265.120 and 1265.130 of the California Code of Civil Procedure.

20.4 Temporary Condemnation. In the event of a temporary condemnation not extending beyond the Term, this Lease shall remain in effect, Tenant shall continue to pay Rent and Tenant shall receive any award made for such condemnation except damages to any of Landlord's property. If a temporary condemnation is for a period which extends beyond the Term, this Lease shall terminate as of the date of initial occupancy by the condemning authority and any such award shall be distributed in accordance with the preceding section. If a temporary condemnation remains in effect at the expiration or earlier termination of this Lease, Tenant shall pay Landlord the reasonable cost of performing any obligations required of Tenant with respect to the surrender of the Premises.

ARTICLE 21.
HOLD HARMLESS

21.1 Tenant agrees to defend, with counsel approved by Landlord, all actions against Landlord, any member, partner, trustee, stockholder, officer, director, employee, or beneficiary of Landlord (collectively, "Landlord Parties"), holders of mortgages secured by the Premises or the Project and any other party having an interest therein (collectively with Landlord Parties, the "Indemnified Parties") with respect to, and to pay, protect, indemnify, and save harmless, to the extent permitted by law, all Indemnified Parties from and against, any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands, or judgments of any nature to which any Indemnified Party is subject because of its estate or interest in the Premises or the Project arising from (a) injury to or death of any person, or damage to or loss of property on the Premises, the Project, on adjoining sidewalks, streets or ways, or, in any of the foregoing cases, connected with the use, condition, or occupancy of the Premises, the Project sidewalks streets, or ways, except to the extent, if any, caused by the gross negligence or willful misconduct of Landlord or its employees, contractors or agents, (b) any violation of this Lease by or attributable to Tenant, or (c) subject to Section 13.4, any act, fault, omission, or other misconduct of Tenant or its agents, contractors, licensees, sublessees, or invitees. Tenant agrees to use and occupy the Premises and other facilities of the Project at its own risk, and hereby releases the Indemnified Parties from any and all claims for any damage or injury to the fullest extent permitted by law.

21.2 Tenant agrees that Landlord shall not be responsible or liable to Tenant, its agents, employees, or invitees for fatal or non-fatal bodily injury or property damage occasioned by the acts or omissions of any other tenant, or such other tenant's agents, employees, licensees, or invitees, of the Project. Landlord shall not be liable to Tenant for losses due to theft, burglary, or damages done by persons on the Project.

ARTICLE 22.
DEFAULT BY TENANT

22.1 The term "Event of Default" refers to the occurrence of any one (1) or more of the following:

22.1.1 Failure of Tenant to pay when due any sum required to be paid hereunder which is not received by Landlord within seven (7) days after the date due (the "Monetary Default");

22.1.2 Failure of Tenant, after fifteen (15) days written notice thereof, to perform any of Tenant's obligations, covenants, or agreements except a Monetary Default, provided that if the cure of any such failure is not reasonably susceptible of performance within such fifteen (15) day period, then an Event of Default of Tenant shall not be deemed to have occurred so long as Tenant has promptly commenced and thereafter diligently prosecutes such cure to completion and completes that cure within thirty (30) days;

22.1.3 Tenant, or any guarantor of Tenant's obligations under this Lease (the "Guarantor"), admits in writing that it cannot meet its obligations as they become due; or is declared insolvent according to any law; or assignment of Tenant's or Guarantor's property is made for the benefit of creditors; or a receiver or trustee is appointed for Tenant or Guarantor or its property; or the interest of Tenant or Guarantor under this Lease is levied on under execution or other legal process; or any petition is filed by or against Tenant or Guarantor to declare Tenant bankrupt or to delay, reduce, or modify Tenant's debts or obligations; or any petition filed or other action taken to reorganize or modify Tenant's or Guarantor's capital structure if Tenant is a corporation or other entity. Any such levy, execution, legal process, or petition filed against Tenant or Guarantor shall not constitute a breach of this Lease provided Tenant or Guarantor shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within ninety (90) days from the date of its creation, service, or filing;

22.1.4 The abandonment of the Premises by Tenant, which shall mean that Tenant has vacated the Premises for ten (10) consecutive days, whether or not Tenant is in Monetary Default and such abandonment has impaired Landlord's insurance coverage for the Premises or the Building;

22.1.5 The discovery by Landlord that any financial statement given by Tenant or any of its assignees, subtenants, successors-in-interest, or Guarantors was materially false; or

22.1.6 If Tenant or any Guarantor shall die, cease to exist as a corporation or partnership, or be otherwise dissolved or liquidated or become insolvent, or shall make a transfer in fraud of creditors.

22.2 In the event of any Event of Default by Tenant, Landlord, at its option, may pursue one or more of the following remedies without notice or demand in addition to all other rights and remedies provided for at law or in equity:

22.2.1 Landlord may continue this Lease in full force and effect, and this Lease shall continue in full force and effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect Rent when due. Landlord may enter the Premises and relet it, or any part of it, to third parties for Tenant's account, provided that any Rent in excess of the Rent due hereunder shall be payable to Landlord. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of cleaning and redecorating the Premises required by the reletting and like costs. Reletting may be for a period shorter or longer than the remaining Term of this Lease. Tenant shall pay to Landlord the Rent and other sums due under this Lease on the dates the Rent is due, less the Rent and other sums Landlord receives from any reletting. No act by Landlord allowed by this Section 22.2(a) shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

"The lessor has the remedy described in Civil Code Section 1951.4 (lessor may continue the lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign subject only to reasonable limitations)."

22.2.2 Landlord may terminate Tenant's right to possession of the Premises at any time by giving written notice to that effect. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord shall have the right to remove all personal property of Tenant and store it at Tenant's cost and to recover from Tenant as damages: (i) the worth at the time of award of unpaid Rent and other sums due and payable which had been earned at the time of termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent and other sums due and payable which would have been payable after termination until the time of award exceeds the amount of the Rent loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent and other sums due and payable for the balance of the Term after the time of award exceeds the amount of the Rent loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which, in the ordinary course of things, would be likely to result therefrom, including, without limitation, any costs or expenses incurred by Landlord: (A) in retaking possession of the Premises, including reasonable attorneys' fees and costs therefor; (B) maintaining or preserving the Premises for reletting to a new tenant, including repairs or alterations to the Premises for the reletting; (C) leasing commissions; (D) any other costs necessary or appropriate to relet the Premises; and (E) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

The "worth at the time of award" of the amounts referred to in Sections 22.2(b)(i) and 22.2(b)(ii) shall be calculated by allowing interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law, on the unpaid Rent and other sums due and payable from the termination date through the date of award. The "worth at the time of award" of the amount referred to in Section 22.2(b)(iii) shall be calculated by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%). Tenant waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other present or future law, if Tenant is evicted or Landlord takes possession of the Premises by reason of any Event of Default by Tenant.

22.3 If Landlord shall exercise any one or more remedies hereunder granted or otherwise available, it shall not be deemed to be an acceptance or surrender of the Premises by Tenant whether by agreement or by operation of law; it is understood that such surrender can be effected only by the written agreement of Landlord and Tenant. No alteration of security devices and no removal or other exercise of dominion by Landlord over the property of Tenant or others in the Premises shall be deemed unauthorized or constitute a conversion, Tenant hereby consenting to the aforesaid exercise of dominion over Tenant's property within the Premises after any Event of Default.

22.4 Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, including, but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity, or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord for any or all other rights or remedies provided for in this Lease or now or hereafter existing at or in equity or by statute or otherwise. All such rights and remedies shall be considered cumulative and non-exclusive. All costs incurred by Landlord in connection with collecting any Rent or other amounts and damages owing by Tenant pursuant to the provisions of this Lease, or to enforce any provision of this Lease, including reasonable attorneys' fees from the date such matter is turned over to an attorney, whether or not one or more actions are commenced by Landlord, shall also be recoverable by Landlord from Tenant. If any notice and grace period required under Sections 22.1(a) or 22.1(b) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Tenant under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Sections 22.1(a) or 22.1(b). In such case, the applicable grace period under Sections 22.1(a) or 22.1(b) and under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Tenant to cure the default within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and an Event of Default entitling Landlord to the remedies provided for in this Lease and/or by said statute.

22.5 If Tenant should fail to make any payment or cure any default hereunder within the time herein permitted and such failure constitutes an Event of Default (except in the case where if Landlord in good faith believes that action prior to the expiration of any cure period under Section 22.1 is necessary to prevent damage to persons or property, in which case Landlord may act without waiting for such cure period to expire), Landlord, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such default for the account of Tenant (and enter the Premises for such purpose), and thereupon, Tenant shall be obligated and hereby agrees to pay Landlord, upon demand, all reasonable costs, expenses, and disbursements, plus ten percent (10%) overhead cost incurred by Landlord in connection therewith.

22.6 In addition to Landlord's rights set forth above, if Tenant fails to pay its Rent or any other amounts owing hereunder on the due date thereof more than two (2) times during any calendar year during the Term, then upon the occurrence of the third or any subsequent default in the payment of monies during said calendar year, Landlord, at its sole option, shall have the right to require that Tenant, as a condition precedent to curing such default, pay to Landlord, in check or money order, in advance, the Rent and Landlord's estimate of all other amounts which will become due and owing hereunder by Tenant for a period of two (2) months following said cure. All such amounts shall be paid by Tenant within thirty (30) days after notice from Landlord demanding the same. All monies so paid shall be retained by Landlord, without interest, for the balance of the Term and any extension thereof, and shall be applied by Landlord to the last due amounts owing hereunder by Tenant. If, however, Landlord's estimate of the Rent and other amounts for which Tenant is responsible hereunder are inaccurate, when such error is discovered, Landlord shall pay to Tenant, or Tenant shall pay to Landlord, within thirty (30) days after written notice thereof, the excess or deficiency, as the case may be, which is required to reconcile the amount on deposit with Landlord with the actual amounts for which Tenant is responsible.

22.7 Nothing contained in this Article 22 shall limit or prejudice the right of Landlord to prove and obtain as damages in any bankruptcy, insolvency, receivership, reorganization, or dissolution proceeding, an amount equal to the maximum allowed by any statute or rule of law governing such a proceeding and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal, or less than the amounts recoverable, either as damages or Rent, referred to in any of the preceding provisions of this Article 22. Notwithstanding anything contained in this Article to the contrary, any such proceeding or action involving bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, or appointment of a receiver or trustee, as set forth above, shall be considered to be an Event of Default only when such proceeding, action, or remedy shall be taken or brought by or against the then holder of the leasehold estate under this Lease.

22.8 Landlord is entitled to accept, receive, in check or money order, and deposit any payment made by Tenant for any reason or purpose or in any amount whatsoever, and apply them at Landlord's option to any obligation of Tenant, and such amounts shall not constitute payment of any amount owed, except that to which Landlord has applied them. No endorsement or statement on any check or letter of Tenant shall be deemed an accord and satisfaction or recognized for any purpose whatsoever. The acceptance of any such check or payment shall be without prejudice to Landlord's rights to recover any and all amounts owed by Tenant hereunder and shall not be deemed to cure any other default nor prejudice Landlord's rights to pursue any other available remedy, Landlord's acceptance of partial payment of Rent does not constitute a waiver of any rights, including without limitation any right Landlord may have to recover possession of the Premises.

22.9 In the event that Tenant's right of possession of the Premises is terminated prior to the end of the initial Term by reason of an Event of Default by Tenant, then immediately upon such termination, an amount shall be due and payable by Tenant to Landlord equal to the unamortized portion as of that date (which amortization shall be based on an interest rate of eleven percent (11%) per annum) of the sum of (a) the cost of Landlord's Work (if any), (b) the Allowance (if any), (c) the value of any free Base Rent (i.e., the Base Rent stated in this Lease to be abated as an inducement to Tenant's entering into this Lease) enjoyed as of that date by Tenant, and (d) the amount of all commissions paid by Landlord in order to procure this Lease.

22.10 Tenant waives the right to terminate this Lease on Landlord's default under this Lease. Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief. Landlord's failure to perform any of its obligations under this Lease shall constitute a default by Landlord under this Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord. If the required performance cannot be completed within thirty (30) days, Landlord's failure to perform shall constitute a default under the Lease unless Landlord undertakes to cure the failure within thirty (30) days and diligently and continuously attempts to complete this cure as soon as reasonably possible. All obligations of each party hereunder shall be construed as covenants, not conditions.

ARTICLE 23.
LIEN FOR RENT

23.1 To secure the payment of all Rent due and to become due hereunder and the faithful performance of all the other covenants of this Lease required to be performed by Tenant, Tenant hereby gives to Landlord an express contract lien on and first security interest in and to all property, equipment, machinery, trade fixtures, chattels, and merchandise ("Lien") which may be placed in the Premises, and also upon all proceeds of any insurance which may accrue to Tenant by reason of damage to or destruction of any such property, and agrees that this Lease shall constitute a security agreement with respect thereto. All exemption laws are hereby waived by Tenant. This Lien is given in addition to any statutory liens and shall be cumulative thereto. Tenant authorizes Landlord to file UCC-1 Financing Statements referencing this Security Agreement in a form satisfactory to Landlord, and to file originals of such statements with the Secretary of State and the clerk(s) of the county(ies) where (a) the Premises are located, and (b) Tenant maintain its principal business office or residence, or wherever else such statements would ordinarily be filed to protect creditor's rights under California law. In addition to all other rights of Landlord under this Lease, upon Tenant's default, Landlord shall have all of the remedies of a secured party with respect to said property, equipment, machinery, trade fixtures, chattels, and merchandise.

ARTICLE 24.
RIGHT TO RELOCATE

24.1 Notwithstanding anything herein to the contrary, Landlord shall, in all cases, retain the right and power to relocate Tenant upon thirty (30) days' written notice to other space in the Project in such space which is the same or larger in size, has a comparable location, has comparable improvements and is suited to Tenant's use, such right and power to be exercised reasonably. Landlord shall not be liable or responsible for any claims, damages, or liabilities in connection with, or occasioned by such relocation, except to the extent expressly provided in this Section 24.1. Landlord's reasonable exercise of such right and power shall include, but not be limited to, a relocation to consolidate the rentable area occupied in order to provide Landlord's services more efficiently or a relocation to provide contiguous vacant space for a prospective tenant. If Landlord shall exercise said option, the substituted premises shall thereafter be deemed for the purposes hereof the "Premises" hereunder, and a new amended Exhibits A and B showing the new Premises and Project will be substituted for the original Exhibits A and B attached hereto and there shall be no increase in Rent resulting from such relocation. Landlord agrees to pay all Tenant's reasonable expenses incurred as a result of the relocation, including without limitation all costs incurred in changing addresses on stationery, business cards, and other such items and all costs to move Tenant's furniture, fixtures and equipment to such substituted Premises.

ARTICLE 25.
ATTORNEYS' FEES

25.1 All costs and expenses, including reasonable attorneys' fees (whether or not legal proceedings are instituted), involved in collecting rents, enforcing the obligations of Tenant, or protecting the rights or interests of Landlord under this Lease, whether or not an action is filed, including without limitation the cost and expense of instituting and prosecuting legal proceedings or recovering possession of the Premises after default by Tenant or upon expiration or sooner termination of this Lease, shall be due and payable by Tenant on demand, as Additional Rent. In addition, and notwithstanding the foregoing, if either party hereto shall file any action or bring any proceeding against the other party arising out of this Lease or for the declaration of any rights hereunder, the prevailing party in such action shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees incurred by the prevailing party, as determined by the trier of fact in such legal proceeding. For purposes of this provision, the terms "attorneys' fees" or "attorneys' fees and costs," or "costs and expenses" shall mean the fees and expenses of legal counsel (including external counsel and in-house counsel) of the parties hereto, which include printing, photocopying, duplicating, mail, overnight mail, messenger, court filing fees, costs of discovery, and fees billed for law clerks, paralegals, investigators and other persons not admitted to the bar for performing services under the supervision and direction of an attorney. For purposes of determining in-house counsel fees, the same shall be considered as those fees normally applicable to a partner in a law firm with like experience in such field. In addition, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in enforcing any judgment arising from a suit or proceeding under this Lease, including without limitation post-judgment motions, contempt proceedings, garnishment, levy and debtor and third party examinations, discovery and bankruptcy litigation, without regard to schedule or rule of court purporting to restrict such award. This post-judgment award of attorneys' fees and costs provision shall be severable from any other provision of this Lease and shall survive any judgment/award on such suit or arbitration and is not to be deemed merged into the judgment/award or terminated with the Lease.

ARTICLE 26.
NON-WAIVER

26.1 Neither acceptance of any payment by Landlord from Tenant nor, failure by Landlord to complain of any action, non-action, or default of Tenant shall constitute a waiver of any of Landlord's rights hereunder. Time is of the essence with respect to the performance of every obligation of each party under this Lease in which time of performance is a factor. Waiver by either party of any right or remedy arising in connection with any default of the other party shall not constitute a waiver of such right or remedy or any other right or remedy arising in connection with either a subsequent default of the same obligation or any other default. No right or remedy of either party hereunder or covenant, duty, or obligation of any party hereunder shall be deemed waived by the other party unless such waiver is in writing, signed by the other party or the other party's duly authorized agent.

ARTICLE 27.
RULES AND REGULATIONS

27.1 Such reasonable rules and regulations applying to all lessees in the Project for the safety, care, and cleanliness of the Project and the preservation of good order thereon are hereby made a part hereof as Exhibit D, and Tenant agrees to comply with all such rules and regulations. Landlord shall have the right at all times to change such rules and regulations or to amend them in any reasonable and non-discriminatory manner as may be deemed advisable by Landlord, all of which changes and amendments shall be sent by Landlord to Tenant in writing and shall be thereafter carried out and observed by Tenant. Landlord shall not have any liability to Tenant for any failure of any other lessees of the Project to comply with such rules and regulations.

ARTICLE 28.
ASSIGNMENT BY LANDLORD

28.1 Landlord shall have the right to transfer or assign, in whole or in part, all its rights and obligations hereunder and in the Premises and the Project. In such event, no liability or obligation shall accrue or be charged to Landlord with respect to the period from and after such transfer or assignment and assumption of Landlord's obligations by the transferee or assignee.

ARTICLE 29.
LIABILITY OF LANDLORD

29.1 It is expressly understood and agreed that the obligations of Landlord under this Lease shall be binding upon Landlord and its successors and assigns and any future owner of the Project only with respect to events occurring during its and their respective ownership of the Project. In addition, Tenant agrees to look solely to Landlord's interest in the Project for recovery of any judgment against Landlord arising in connection with this Lease, it being agreed that neither Landlord nor any successor or assign of Landlord nor any future owner of the Project, nor any partner, shareholder, member, or officer of any of the foregoing shall ever be personally liable for any such judgment. The limitations of liability contained in this Section 29.1 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

ARTICLE 30.
SUBORDINATION AND ATTORNMENT

30.1 This Lease, at Landlord's option, shall be subordinate to any present or future mortgage, ground lease or declaration of covenants regarding maintenance and use of any areas contained in any portion of the Building, and to any and all advances made under any present or future mortgage and to all renewals, modifications, consolidations, replacements, and extensions of any or all of same. Tenant agrees, with respect to any of the foregoing documents, that no documentation other than this Lease shall be required to evidence such subordination. If any holder of a mortgage shall elect for this Lease to be superior to the lien of its mortgage and shall give written notice thereof to Tenant, then this Lease shall automatically be deemed prior to such mortgage whether this Lease is dated earlier or later than the date of said mortgage or the date of recording thereof. Tenant agrees to execute such documents as may be further required to evidence such subordination or to make this Lease prior to the lien of any mortgage or deed of trust, as the case may be, and by failing to do so within five (5) days after written demand, Tenant does hereby make, constitute, and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place, and stead, to do so. This power of attorney is coupled with an interest. Tenant hereby attorns to all successor owners of the Building, whether or not such ownership is acquired as a result of a sale through foreclosure or otherwise. Landlord hereby agrees to use commercially reasonable efforts to obtain a recognition and non-disturbance agreement from any present or future lenders with a lien that is superior to Tenant's leasehold interest in the Premises.

30.2 Each party shall, at such time or times as the other party may request, upon not less than ten (10) days' prior written request by the requesting party, sign and deliver to the requesting party a certificate stating whether this Lease is in full force and effect; whether any amendments or modifications exist; whether any Monthly Rent has been prepaid and, if so, how much; whether to the knowledge of the certifying party there are any defaults hereunder; and in the circumstance where Landlord is the requesting party, such other information and agreements as may be reasonably requested, it being intended that any such statement delivered pursuant to this Article may be relied upon by the requesting party and by any prospective purchaser of all or any portion of the requesting party's interest herein, or a holder or prospective holder of any mortgage encumbering the Building. Tenant's failure to deliver such statement within five (5) days after Landlord's second written request therefor shall constitute an Event of Default (as that term is defined elsewhere in this Lease) and shall conclusively be deemed to be an admission by Tenant of the matters set forth in the request for an estoppel certificate.

30.3 Tenant shall deliver to Landlord prior to the execution of this Lease and thereafter at any time upon Landlord's request, Tenant's current audited financial statements, including a balance sheet and profit and loss statement for the most recent prior year (collectively, the "Statements"), which Statements shall accurately and completely reflect the financial condition of Tenant. Landlord shall have the right to deliver the same to any proposed purchaser of the Building or the Project, and to any encumbrancer of all or any portion of the Building or the Project.

30.4 Tenant acknowledges that Landlord is relying on the Statements in its determination to enter into this Lease, and Tenant represents to Landlord, which representation shall be deemed made on the date of this Lease and again on the Commencement Date, that no material change in the financial condition of Tenant, as reflected in the Statements, has occurred since the date Tenant delivered the Statements to Landlord. The Statements are represented and warranted by Tenant to be correct and to accurately and fully reflect Tenant's true financial condition as of the date of submission of any Statements to Landlord.

ARTICLE 31.
HOLDING OVER

31.1 In the event Tenant, or any party claiming under Tenant, retains possession of the Premises after the Expiration Date or Termination Date, such possession shall be that of a holdover tenant and an unlawful detainer. No tenancy or interest shall result from such possession, and such parties shall be subject to immediate eviction and removal. Tenant or any such party shall pay Landlord, as Base Rent for the period of such holdover, an amount equal to one hundred fifty percent (150%) of the Base Rent otherwise provided for herein, during the time of holdover together with all other Additional Rent and other amounts payable pursuant to the terms of this Lease. Tenant shall also be liable for any and all damages sustained by Landlord as a result of such holdover. Tenant shall vacate the Premises and deliver same to Landlord immediately upon Tenant's receipt of notice from Landlord to so vacate. The Rent during such holdover period shall be payable to Landlord on demand. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend the Term of this Lease.

ARTICLE 32.
SIGNS

32.1 No sign, symbol, or identifying marks shall be put upon the Project, Building, in the halls, elevators, staircases, entrances, parking areas, or upon the doors or walls, without the prior written approval of Landlord. Should such approval ever be granted, all signs or lettering shall conform in all respects to the sign and/or lettering criteria established by Landlord. Landlord, at Landlord's sole cost and expense, reserves the right to change the door plaques as Landlord deems reasonably desirable.

32.2 Landlord, at Tenant's sole cost and expense, shall provide Tenant with Building standard lobby signage.

32.3 Subject to Applicable Laws, the CC&Rs, and the reasonable regulations and requirements of Landlord, Tenant shall be entitled, at its sole cost and expense, to one (1) signage slot on the monument sign for the Building. Such sign shall be installed by a signage contractor designated by Landlord. The location, quality, design, style, lighting and size of such sign shall be consistent with the Landlord's Building standard signage program and shall be subject to Landlord's prior written approval, in its reasonable discretion. Upon the expiration or earlier termination of this Lease, Tenant shall be responsible, at its sole cost and expense, for the removal of such signage and the repair of all damage caused by such removal. Except for such identification sign, Tenant may not install any signs on the exterior or roof of the Building or the Common Areas of the Building or the Project. Any signs, window coverings, or blinds (even if the same are located behind the Landlord approved window coverings for the Building), or other items visible from the exterior of the Premises or Building are subject to the prior approval of Landlord, in its sole and absolute discretion.

ARTICLE 33.
HAZARDOUS SUBSTANCES

33.1 Except for Hazardous Material (as defined below) contained in products used by Tenant for ordinary cleaning and office purposes in quantities not violative of applicable Environmental Requirements, Tenant shall not permit or cause any party to bring any Hazardous Material upon the Premises and/or the Project or transport, store, use, generate, manufacture, dispose, or release any Hazardous Material on or from the Premises and/or the Project without Landlord's prior written consent. Tenant, at its sole cost and expense, shall operate its business in the Premises in strict compliance with all Environmental Requirements (as defined below) and all requirements of this Lease. Tenant shall complete and certify to disclosure statements as requested by Landlord from time to time relating to Tenant's transportation, storage, use, generation, manufacture, or release of Hazardous Materials on the Premises, and Tenant shall promptly deliver to Landlord a copy of any notice of violation relating to the Premises or the Project of any Environmental Requirement.

33.2 The term “Environmental Requirements” means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, permits, authorizations, orders, policies or other similar requirements of any governmental authority, agency or court regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; the Clean Air Act; the Clean Water Act; the Toxic Substances Control Act and all state and local counterparts thereto; all applicable California requirements, including, but not limited to, Sections 25115, 25117, 25122.7, 25140, 25249.8, 25281, 25316 and 25501 of the California Health and Safety Code and Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, and any policies or rules promulgated thereunder as well as any County or City ordinances that may operate independent of, or in conjunction with, the State programs, and any common or civil law obligations including, without limitation, nuisance or trespass, and any other requirements of Article 3 of this Lease. The term “Hazardous Materials” means and includes any substance, material, waste, pollutant, or contaminant that is or could be regulated under any Environmental Requirement or that may adversely affect human health or the environment, including, without limitation, any solid or hazardous waste, hazardous substance, asbestos, petroleum (including crude oil or any fraction thereof, natural gas, synthetic gas, polychlorinated biphenyls (PCBs), and radioactive material). For purposes of Environmental Requirements, to the extent authorized by law, Tenant is and shall be deemed to be the responsible party, including without limitation, the “owner” and “operator” of Tenant’s “facility” and the “owner” of all Hazardous Materials brought on the Premises by Tenant, its agents, employees, contractors or invitees, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

33.3 Tenant, at its sole cost and expense, shall remove all Hazardous Materials stored, disposed of or otherwise released by Tenant, its assignees, subtenants, agents, employees, contractors or invitees onto or from the Premises, in a manner and to a level satisfactory to Landlord in its sole discretion, but in no event to a level and in a manner less than that which complies with all Environmental Requirements and does not limit any future uses of the Premises or require the recording of any deed restriction or notice regarding the Premises. Tenant shall perform such work at any time during the Term of the Lease upon written request by Landlord or, in the absence of a specific request by Landlord, before Tenant’s right to possession of the Premises terminates or expires. If Tenant fails to perform such work within the time period specified by Landlord or before Tenant’s right to possession terminates or expires (whichever is earlier), Landlord may at its discretion, and without waiving any other remedy available under this Lease or at law or equity (including without limitation an action to compel Tenant to perform such work), perform such work at Tenant’s cost. Tenant shall pay all costs incurred by Landlord in performing such work within ten (10) days after Landlord’s request therefor. Such work performed by Landlord is on behalf of Tenant and Tenant remains the owner, generator, operator, transporter, and/or arranger of the Hazardous Materials for purposes of Environmental Requirements. Tenant agrees not to enter into any agreement with any person, including without limitation any governmental authority, regarding the removal of Hazardous Materials that have been disposed of or otherwise released onto or from the Premises without the written approval of Landlord.

33.4 Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all losses (including, without limitation, diminution in value of the Premises or the Project and loss of rental income from the Project), claims, demands, actions, suits, damages (including, without limitation, punitive damages), expenses (including, without limitation, remediation, removal, repair, corrective action, or cleanup expenses), and costs (including, without limitation, actual attorneys' fees, consultant fees or expert fees and including, without limitation, removal or management of any asbestos brought into the Premises or disturbed in breach of the requirements of this Article 33, regardless of whether such removal or management is required by law) which are brought or recoverable against, or suffered or incurred by Landlord as a result of any release of Hazardous Materials or any breach of the requirements under this Article 33 by Tenant, its agents, employees, contractors, subtenants, assignees or invitees, regardless of whether Tenant had knowledge of such noncompliance. The obligations of Tenant under this Article 33 shall survive any termination of this Lease.

33.5 Landlord shall have access to, and a right to perform inspections and tests of, the Premises to determine Tenant's compliance with Environmental Requirements, its obligations under this Article 33, or the environmental condition of the Premises. Access shall be granted to Landlord upon Landlord's prior notice to Tenant and at such times so as to minimize, so far as may be reasonable under the circumstances, any disturbance to Tenant's operations. Such inspections and tests shall be conducted at Landlord's expense, unless such inspections or tests reveal that Tenant has not complied with any Environmental Requirement, in which case Tenant shall reimburse Landlord for the reasonable cost of such inspection and tests. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights that Landlord holds against Tenant. Tenant shall promptly notify Landlord of any communication or report that Tenant makes to any governmental authority regarding any possible violation of Environmental Requirements or release or threat of release of any Hazardous Materials onto or from the Premises. Tenant shall, within five (5) days of receipt thereof, provide Landlord with a copy of any documents or correspondence received from any governmental agency or other party relating to a possible violation of Environmental Requirements or claim or liability associated with the release or threat of release of any Hazardous Materials onto or from the Premises.

33.6 In addition to all other rights and remedies available to Landlord under this Lease or otherwise, Landlord may, in the event of a breach of the requirements of this Article 33 that is not cured within thirty (30) days following notice of such breach by Landlord, require Tenant to provide financial assurance (such as insurance, escrow of funds or third party guarantee) in an amount and form satisfactory to Landlord. The requirements of this Article 33 are in addition to and not in lieu of any other provision in the Lease.

ARTICLE 34.
COMPLIANCE WITH LAWS AND OTHER REGULATIONS

34.1 Tenant, at its sole cost and expense, shall promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereafter become in force, of federal, state, county, and municipal authorities, including, but not limited to, the Americans with Disabilities Act, with the requirements of any board of fire underwriters or other similar body now or hereafter constituted, and with any occupancy certificate issued pursuant to any law by any public officer or officers, which impose, any duty upon Landlord or Tenant, insofar as any thereof relate to or affect the condition, use, alteration, or occupancy of the Premises. Landlord's approval of Tenant's plans for any improvements shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules, and regulations of governmental agencies or authorities, including, but not limited to, the Americans with Disabilities Act.

34.2 As an inducement to Landlord to enter into this Lease, Tenant hereby represents and warrants that: (i) Tenant is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on any list issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") pursuant to Executive Order 13224 or any similar list or any law, order, rule or regulation or any Executive Order of the President of the United States as a terrorist, "Specially Designated National and Blocked Person" or other banned or blocked person (any such person, group, entity or nation being hereinafter referred to as a "Prohibited Person"); (ii) Tenant is not (nor is it owned or controlled, directly or indirectly, by any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) neither Tenant (nor any person, group, entity or nation which owns or controls Tenant, directly or indirectly) has conducted or will conduct business or has engaged or will engage in any transaction or dealing with any Prohibited Person, including without limitation any assignment of this Lease or any subletting of all or any portion of the Premises or the making or receiving of any contribution of funds, goods or services to or for the benefit of a Prohibited Person. Tenant covenants and agrees (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this Section 34.2 are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any Prohibited Person to make any payment due to Landlord under the Lease and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof. Any breach by Tenant of the foregoing representations and warranties shall be deemed an Event of Default by Tenant under this Lease and shall be covered by the indemnity provisions of Section 21.1 above. The representations and warranties contained in this subsection shall be continuing in nature and shall survive the expiration or earlier termination of this Lease.

ARTICLE 35.
SEVERABILITY

35.1 This Lease shall be construed in accordance with the laws of the State of California. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws effective during the Term, then it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of both parties that in lieu of each clause or provision that is illegal, or unenforceable, there is added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and still be legal, valid, and enforceable.

ARTICLE 36.
NOTICES

36.1 Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease to or on the other, such notice or demand shall be given or served in writing and delivered personally, or forwarded by certified or registered mail, postage prepaid, or recognized overnight courier, addressed to Landlord's address and Tenant's address, as applicable, as specified in the Basic Lease Information. Either party may change its address for notice from time to time by serving written notice of the new address as provided in this Article 36.

36.2 Notice hereunder shall become effective upon (a) delivery in case of personal delivery and (b) receipt or refusal in case of certified or registered mail or delivery by overnight courier.

ARTICLE 37.
OBLIGATIONS OF, SUCCESSORS, PLURALITY, GENDER

37.1 Landlord and Tenant agree that all the provisions hereof are to be construed as covenants and agreements as though the words imparting such covenants were used in each paragraph hereof, and that, except as restricted by the provisions hereof, shall bind and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors, and assigns. If the rights of Tenant hereunder are owned by two or more parties, or two or more parties are designated herein as Tenant, then all such parties shall be jointly and severally liable for the obligations of Tenant hereunder. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

ARTICLE 38.
ENTIRE AGREEMENT

38.1 This Lease and any attached addenda or exhibits constitute the entire agreement between Landlord and Tenant. No prior or contemporaneous written or oral leases or representations shall be binding. This Lease shall not be amended, changed, or extended except by written instrument signed by Landlord and Tenant.

38.2 THE SUBMISSION OF THIS LEASE BY LANDLORD, ITS AGENT OR REPRESENTATIVE FOR EXAMINATION OR EXECUTION BY TENANT DOES NOT CONSTITUTE AN OPTION OR OFFER TO LEASE THE PREMISES UPON THE TERMS AND CONDITIONS CONTAINED HEREIN OR A RESERVATION OF THE PREMISES IN FAVOR OF TENANT, IT BEING INTENDED HEREBY THAT THIS LEASE SHALL ONLY BECOME EFFECTIVE UPON THE EXECUTION HEREOF BY LANDLORD AND DELIVERY OF A FULLY EXECUTED LEASE TO TENANT.

ARTICLE 39.
CAPTIONS

39.1 Paragraph captions are for Landlord's and Tenant's convenience only, and neither limit nor amplify the provisions of this Lease.

ARTICLE 40.
CHANGES

40.1 Should any mortgagee require a modification of this Lease, which modification will not bring about any increased cost or expense to Tenant or in any other way substantially and adversely change the rights and obligations of Tenant hereunder, then and in such event Tenant agrees that this Lease may be so modified.

ARTICLE 41.
AUTHORITY

41.1 All rights and remedies of Landlord under this Lease, or those which may be provided by law, may be exercised by Landlord in its own name individually, or in its name by its agent, and all legal proceedings for the enforcement of any such rights or remedies, including distress for Rent, unlawful detainer, and any other legal or equitable proceedings may be commenced and prosecuted to final judgment and be executed by Landlord in its own name individually or in its name by its agent. Landlord and Tenant each represent to the other that each has full power and authority to execute this Lease and to make and perform the agreements herein contained, and Tenant expressly stipulates that any rights or remedies available to Landlord, either by the provisions of this Lease or otherwise, may be enforced by Landlord in its own name individually or in its name by its agent or principal.

ARTICLE 42.
BROKERAGE

42.1 Tenant represents and warrants to Landlord that it has dealt only with Tenant's Broker and Landlord's Broker, in negotiation of this Lease. Landlord shall make payment of the brokerage fee due the Landlord's Broker pursuant to and in accordance with a separate agreement between Landlord and Landlord's Broker. Landlord's Broker shall pay a portion of its commission to Tenant's Broker pursuant to a separate agreement between Landlord's Broker and Tenant's Broker. Except for amounts owing to Landlord's Broker and Tenant's Broker, each party hereby agrees to indemnify and hold the other party harmless of and from any and all damages, losses, costs, or expenses (including, without limitation, all attorneys' fees and disbursements) by reason of any claim of or liability to any other broker or other person claiming through the indemnifying party and arising out of or in connection with the negotiation, execution, and delivery of this Lease. Additionally, except as may be otherwise expressly agreed upon by Landlord in writing, Tenant acknowledges and agrees that Landlord and/or Landlord's agent shall have no obligation for payment of any brokerage fee or similar compensation to any person with whom Tenant has dealt or may in the future deal with respect to leasing of any additional or expansion space in the Building or renewals or extensions of this Lease.

ARTICLE 43.
EXHIBITS

43.1 Exhibits A through G are attached hereto and incorporated herein for all purposes and are hereby acknowledged by both parties to this Lease.

ARTICLE 44.
APPURTENANCES

44.1 The Premises include the right of ingress and egress thereto and therefrom; however, Landlord reserves the right to make changes and alterations to the Building, fixtures and equipment thereof, in the street entrances, doors, halls, corridors, lobbies, passages, elevators, escalators, stairways, toilets and other parts thereof which Landlord may deem necessary or desirable; provided that Tenant at all times has a means of access to the Premises (subject to a temporary interruption due to Force Majeure Events or necessary maintenance that cannot reasonably be performed without such interruption of access). Neither this Lease nor any use by Tenant of the Building or any passage, door, tunnel, concourse, plaza or any other area connecting the garages or other buildings with the Building, shall give Tenant any right or easement of such use and the use thereof may, without notice to Tenant, be regulated or discontinued at any time and from time to time by Landlord without liability of any kind to Tenant and without affecting the obligations of Tenant under this Lease.

ARTICLE 45.
PREJUDGMENT REMEDY, REDEMPTION, COUNTERCLAIM, AND JURY

45.1 Tenant, for itself and for all persons claiming through or under it, hereby expressly waives any and all rights which are, or in the future may be, conferred upon Tenant by any present or future law to redeem the Premises, or to any new trial in any action for ejection under any provisions of law, after reentry thereupon, or upon any part thereof, by Landlord, or after any warrant to dispossess or judgment in ejection. If Landlord shall acquire possession of the Premises by summary proceedings, or in any other lawful manner without judicial proceedings, it shall be deemed a reentry within the meaning of that word as used in this Lease. In the event that Landlord commences any summary proceedings or action for nonpayment of Rent or other charges provided for in this Lease, Tenant shall not interpose any counterclaim of any nature or description in any such proceeding or action. Tenant and Landlord both waive a trial by jury of any or all issues arising in any action or proceeding between the parties hereto or their successors, under or connected with this Lease, or any of its provisions.

ARTICLE 46.
RECORDING

46.1 Tenant shall not record this Lease but will, at the request of Landlord, execute a memorandum or notice thereof in recordable form satisfactory to both Landlord and Tenant specifying the date of commencement and expiration of the Term of this Lease and other information required by statute. Either Landlord or Tenant may then record said memorandum or notice of lease at the cost of the recording party.

ARTICLE 47.
MORTGAGEE PROTECTION

47.1 Tenant agrees to give any mortgagees and/or trust deed holders, by registered mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified, in writing of the address of such mortgagees and/or trust deed holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees and/or trust deed holders shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure) in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

ARTICLE 48.
OTHER LANDLORD CONSTRUCTION

48.1 Tenant acknowledges that portions of the Project may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, odor, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction. If any excavation or construction is made adjacent to, upon or within the Building, or any part thereof, Tenant shall afford to any and all persons causing or authorized to cause such excavation or construction license to enter upon the Premises for the purpose of doing such work as such persons shall deem necessary to preserve the Building or any portion thereof from injury or damage and to support the same by proper foundations, braces and supports, without any claim for damages or indemnity or abatement of Rent (subject to the express provisions of this Lease), or of a constructive or actual eviction of Tenant.

48.2 It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, the Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the "Renovations") the Project, the Building and/or the Premises. Tenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility and shall not be liable to Tenant for any injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations.

ARTICLE 49.
PARKING

49.1 The use by Tenant, its employees and invitees, of the parking facilities of the Project shall be on the terms and conditions set forth in Exhibit E attached hereto and by this reference incorporated herein and shall be subject to such other agreement between Landlord and Tenant as may hereinafter be established and to such other rules and regulations as Landlord may establish from time to time. Tenant, its employees and invitees shall use no more than the Maximum Parking Allocation. Tenant shall only use those parking facilities located within the Project. If, in Landlord's reasonable business judgment, it becomes necessary, Landlord shall exercise due diligence to cause the creation of cross-parking easements and such other agreements as are necessary to permit Tenant, its employees and invitees to use parking spaces on properties and buildings which are separate legal parcels from the Project. Tenant acknowledges that other tenants of the Project and the tenants of the other buildings, their employees and invitees, may be given the right to park at the Project.

ARTICLE 50.
ELECTRICAL CAPACITY

50.1 Tenant covenants and agrees that at all times, its use of electric energy shall never exceed the capacity of the existing feeders to the Building or the risers of wiring installation. Any riser or risers to supply Tenant's electrical requirements upon written request of Tenant shall be installed by Landlord at the sole cost and expense of Tenant, if, in Landlord's sole judgment, the same are necessary and will not cause or create a dangerous or hazardous condition or entail excess or unreasonable alterations, repairs or expense or interfere with or disrupt other tenants or occupants. In addition to the installation of such riser or risers, Landlord will also, at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions.

ARTICLE 51.
OPTION TO EXTEND LEASE

51.1 Extension Option. Tenant shall have the option to extend this Lease (the "Extension Option") for one additional term of five (5) years (the "Extension Period"), upon the terms and conditions hereinafter set forth:

51.1.1 If the Extension Option is exercised, then the Base Rent per annum for such Extension Period (the "Option Rent") shall be an amount equal to the Fair Market Rental Value (as defined hereinafter) for the Premises as of the commencement of the Extension Option for such Extension Period; provided, however, that the Option Rent shall in no event be less than the Base Rent scheduled to be paid during the year immediately prior to the commencement of the Extension Period.

51.1.2 The Extension Option must be exercised by Tenant, if at all, only at the time and in the manner provided in this Section 51.1(b).

(A) If Tenant wishes to exercise the Extension Option, Tenant must, on or before the date occurring nine (9) months before the expiration of the initial Lease Term (but not before the date that is twelve (12) months before the expiration of the initial Lease Term), exercise the Extension Option by delivering written notice (the "Exercise Notice") to Landlord. If Tenant timely and properly exercises its Extension Option, the Lease Term shall be extended for the Extension Period upon all of the terms and conditions set forth in the Lease, as amended, except that the Base Rent for the Extension Period shall be as provided in Section 51.1(a) and Tenant shall have no further options to extend the Lease Term.

(B) If Tenant fails to deliver a timely Exercise Notice, Tenant shall be considered to have elected not to exercise the Extension Option.

51.1.3 It is understood and agreed that the Extension Option hereby granted is personal to the Original Tenant and is not transferable. In the event of any assignment or subletting of the Premises or any part thereof, the Extension Option shall automatically terminate and shall thereafter be null and void.

51.1.4 Tenant's exercise of the Extension Option shall, if Landlord so elects in its absolute discretion, be ineffective in the event that (i) an Event of Default by Tenant remains uncured at the time of delivery of the Exercise Notice or at the commencement of the Extension Period, or (ii) Tenant shall have reduced the size of the Premises below the size of the initial Premises by agreement with Landlord or pursuant to an express right in this Lease.

51.2 Fair Market Rental Value. The provisions of this Section shall apply in any instance in which this Lease provides that the Fair Market Rental Value is to apply.

51.2.1 "Fair Market Rental Value" means the annual amount per square foot that a willing tenant would pay and a willing landlord would accept in arm's length negotiations, without any additional inducements, for a lease of the applicable space on the applicable terms and conditions for the applicable period of time. Fair Market Rental Value shall be determined by Landlord considering the most recent new direct leases (and market renewals and extensions, if applicable) in the Building and in Comparable Buildings owned or managed by Landlord in the Market Area. If there are no such direct leases that are recent, consideration shall be given to the most recent new direct leases (and market renewals and extensions, if applicable) in other Comparable Buildings in the Market Area.

51.2.2 In determining the rental rate of comparable space, the parties shall include all escalations and take into consideration the following concessions:

(A) Rental abatement concessions, if any, being granted to tenants in connection with the comparable space;

(B) Tenant improvements or allowances provided or to be provided for the comparable space, taking into account the value of the existing improvements in the Premises, based on the age, quality, and layout of the improvements.

51.2.3 If in determining the Fair Market Rental Value the parties determine that the economic terms of leases of comparable space include a tenant improvement allowance, Landlord may, at Landlord's sole option, elect to do the following:

(A) Grant some or all of the value of the tenant improvement allowance as an allowance for the refurbishment of the Premises; and

(B) Reduce the Base Rent component of the Fair Market Rental Value to be an effective rental rate that takes into consideration the total dollar value of that portion of the tenant improvement allowance that Landlord has elected not to grant to Tenant (in which case that portion of the tenant improvement allowance evidenced in the effective rental rate shall not be granted to Tenant).

51.3 Determination of Fair Market Rental Value. The determination of Fair Market Rental Value shall be as provided in this Section 51.3.

51.3.1 Negotiated Agreement. Landlord and Tenant shall diligently attempt in good faith to agree on the Fair Market Rental Value on or before the tenth (10th) day after Tenant's exercise of the Extension Option (the "Outside Agreement Date").

51.3.2 Parties' Separate Determinations. If Landlord and Tenant fail to reach agreement on or before the Outside Agreement Date, Landlord and Tenant shall each make a separate determination of the Fair Market Rental Value and notify the other party of this determination within five (5) days after the Outside Agreement Date.

(A) Two Determinations. If each party makes a timely determination of the Fair Market Rental Value, those determinations shall be submitted to arbitration in accordance with Section 51.3(c).

(B) One Determination. If Landlord or Tenant fails to make a determination of the Fair Market Rental Value within the five (5) day period, that failure shall be conclusively considered to be that party's approval of the Fair Market Rental Value submitted within the five (5) day period by the other party.

51.3.3 Arbitration. If both parties make timely individual determinations of the Fair Market Rental Value under Section 51.3(b), the Fair Market Rental Value shall be determined by arbitration under this Section 51.3(c).

(A) Scope of Arbitration. The determination of the arbitrators shall be limited to the sole issue of whether Landlord's or Tenant's submitted Fair Market Rental Value is the closest to the actual Fair Market Rental Value as determined by the arbitrators, taking into account the requirements of Section 51.2.

(B) Qualifications of Arbitrator(s). The arbitrators must be licensed real estate brokers who have been active in the leasing of commercial multi-story properties in the Market Area over the five-year period ending on the date of their appointment as arbitrator(s).

(C) Parties' Appointment of Arbitrators. Within fifteen (15) days after the Outside Agreement Date, Landlord and Tenant shall each appoint one arbitrator and notify the other party of the arbitrator's name and business address.

(D) Appointment of Third Arbitrator. If each party timely appoints an arbitrator, the two (2) arbitrators shall, within ten (10) days after the appointment of the second arbitrator, agree on and appoint a third arbitrator (who shall be qualified under the same criteria set forth above for qualification of the initial two (2) arbitrators) and provide notice to Landlord and Tenant of the arbitrator's name and business address.

(E) Arbitrators' Decision. Within thirty (30) days after the appointment of the third arbitrator, the three (3) arbitrators shall decide whether the parties will use Landlord's or Tenant's submitted Fair Market Rental Value and shall notify Landlord and Tenant of their decision. The decision of the majority the three (3) arbitrators shall be binding on Landlord and Tenant.

(F) If Only One Arbitrator is Appointed. If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the Outside Agreement Date, the arbitrator timely appointed by one of them shall reach a decision and notify Landlord and Tenant of that decision within thirty (30) days after the arbitrator's appointment. The arbitrator's decision shall be binding on Landlord and Tenant.

(G) If Only Two Arbitrators Are Appointed. If each party appoints an arbitrator in a timely manner, but the two (2) arbitrators fail to agree on and appoint a third arbitrator within the required period, the arbitrators shall be dismissed without delay and the issue of Fair Market Rental Value shall be submitted to binding arbitration under the real estate arbitration rules of JAMS, subject to the provisions of this section.

(H) If No Arbitrator Is Appointed. If Landlord and Tenant each fail to appoint an arbitrator in a timely manner, the matter to be decided shall be submitted without delay to binding arbitration under the real estate arbitration rules of JAMS subject the provisions of this Section 51.3(c).

51.4 Cost of Arbitration. The cost of the arbitration shall be paid by the party whose submitted Fair Market Rental Value is not selected by the arbitrators.

ARTICLE 52.
TELECOMMUNICATIONS LINES AND EQUIPMENT

52.1 Location of Tenant's Equipment and Landlord Consent:

52.1.1 Tenant may install, maintain, replace, remove and use communications or computer wires, cables and related devices (collectively, the "Lines") at the Building in or serving the Premises only with Landlord's prior written consent, which consent may not be unreasonably withheld. Tenant shall locate all electronic telecommunications equipment within the Premises and shall coordinate the location of all Lines with Landlord. Any request for consent shall contain such information as Landlord may request.

52.1.2 Landlord's approval of, or requirements concerning, the Lines or any equipment related thereto, the plans, specifications or designs related thereto, the contractor or subcontractor, or the work performed hereunder, shall not be deemed a warranty as to the adequacy or appropriateness thereof, and Landlord hereby disclaims any responsibility or liability for the same.

52.1.3 If Landlord consents to Tenant's proposal, Tenant shall pay all of Tenant's and Landlord's third party costs in connection therewith (including without limitation all costs related to new Lines) and shall use, maintain and operate the Lines and related equipment in accordance with and subject to all laws governing the Lines and equipment and at Tenant's sole risk and expense. Tenant shall comply with all of the requirements of this Lease concerning alterations in connection with installing the Lines. As soon as the work is completed, Tenant shall submit as-built drawings to Landlord.

52.1.4 Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any laws or present a dangerous or potentially dangerous condition (whether such Lines were installed by Tenant or any other party), within three (3) days after written notice.

52.2 Reallocation of Line Space. Landlord may (but shall not have the obligation to) (a) install and relocate Lines at the Building; and (b) monitor and control the installation, maintenance, replacement and removal of, the allocation and periodic re-allocation of available space (if any) for, and the allocation of excess capacity (if any) on, any Lines now or hereafter installed at the Building by Landlord, Tenant or any other party.

52.3 Line Problems. Except to the extent arising from the gross negligence or willful misconduct of Landlord or Landlord's contractors, agents or employees, Landlord shall have no liability for damages arising from, and Landlord does not warrant that the Tenant's use of any Lines will be free from the following (collectively called "Line Problems"): (a) any shortages, failures, variations, interruptions, disconnections, loss or damage caused by the installation, maintenance, or replacement, use or removal of Lines by or for other tenants or occupants in the Building, by any failure of the environmental conditions or the power supply for the Building to conform to any requirement of the Lines or any associated equipment, or any other problems associated with any Lines by any other cause; (b) any failure of any Lines to satisfy Tenant's requirements; or (c) any eavesdropping or wiretapping by unauthorized parties. Landlord in no event shall be liable for damages by reason of loss of profits, business interruption or other consequential damage arising from any Line Problems.

52.4 Electromagnetic Fields. If Tenant at any time uses any equipment that may create an electromagnetic field and/or radio frequency exceeding the normal insulation ratings of ordinary twisted pair riser cable or cause radiation higher than normal background radiation, Landlord reserves the right to require Tenant to appropriately insulate that equipment and the Lines therefor (including without limitation riser cables), and take such other remedial action at Tenant's sole cost and expense as Lender may require in its sole discretion to prevent such excessive electromagnetic fields, radio frequency or radiation.

52.5 Removal of Electrical and Telecommunications Wires.

52.5.1 Within thirty (30) days after the expiration or sooner termination of the Lease, Landlord may elect by written notice to Tenant to:

(a) Retain any or all Lines installed by Tenant in the risers of the Building;

(b) Remove any or all such Lines and restore the Premises and risers to their condition existing prior to the installation of the Lines ("Wire Restoration Work"). Landlord shall perform such Wire Restoration Work at Tenant's sole cost and expense; or

(c) Require Tenant to perform the Wire Restoration Work at Tenant's sole cost and expense.

52.5.2 In the event Landlord elects to retain the Lines, Tenant covenants that Tenant shall have good right to surrender such Lines, free of all liens and encumbrances, and that all Lines shall be left in their then existing condition, reasonable wear and tear excepted, properly labeled at each end and in each telecommunications/electrical closet and junction box, and in safe condition.

52.5.3 In the event Tenant fails or refuses to pay all costs of the Wire Restoration Work within ten (10) days of Tenant's receipt of Landlord's notice requesting Tenant's reimbursement for or payment of such costs, Landlord may apply all or any portion of Tenant's Security Deposit toward the payment of such unpaid costs relative to the Wire Restoration Work. The retention or application of such Security Deposit by Landlord pursuant to this clause does not constitute a limitation on or waiver of Landlord's right to seek further remedy under law or equity. The provisions of this clause shall survive the expiration or sooner termination of the Lease.

ARTICLE 53.
ERISA

53.1 To induce Landlord to enter into the Lease, and in order to enable The Prudential Insurance Company of America ("Prudential") to satisfy its compliance with the Employee Retirement Income Security Act of 1974, as amended, Tenant represents and warrants to Landlord and Prudential that: (i) neither Tenant nor any of its affiliates (within the meaning of Part V(c) of Prohibited Transaction Exemption 84-14 granted by the U.S. Department of Labor ("PTE 84-14")) has the authority to appoint or terminate Prudential as investment manager of any assets of the employee benefit plan whose assets are held by Prudential or to negotiate the terms of any management agreement with Prudential on behalf of any such plan; (ii) the transaction evidenced by this Lease is not specifically excluded by Part I(b) of PTE 84-14; (iii) the undersigned is not a related party of Prudential (as defined in V(h) of PTE 84-14, and (iv) the terms of the Lease have been negotiated and determined at arm's length, as such terms would be negotiated and determined by unrelated parties.

ARTICLE 54.
RIGHT OF FIRST REFUSAL

54.1 During the first two (2) Lease Years only, Tenant shall have a right of first refusal (the "First Refusal Right") to lease the First Refusal Space (defined below) in accordance with the terms of this Article 54. As used herein, the term "First Refusal Space" shall mean all of the shell area on the ground floor of the Building for which Landlord receives a Good Faith Offer (defined below) which space includes all or any portion of the Expansion Space.

54.2 If at any time during the first two (2) Lease Years Landlord receives a good faith written offer (the "Good Faith Offer") to lease any portion of the First Refusal Space which Landlord desires to accept, Landlord shall deliver to Tenant a written notice (the "First Refusal Notice") setting forth the terms of such Good Faith Offer and providing Tenant with the right to exercise its First Refusal Right as set forth herein. The First Refusal Notice shall describe the space so offered to Tenant and shall set forth the "First Refusal Rent," as that term is defined in Section 54.4 below, and the other economic terms upon which Landlord is willing to lease such space to Tenant (collectively, the "Economic Terms"), which Economic Terms shall be consistent with the terms of the Good Faith Offer.

54.3 If Tenant wishes to exercise its First Refusal Right, then within five (5) business days of delivery of the First Refusal Notice to Tenant (the "Exercise Period"), Tenant shall deliver notice to Landlord of Tenant's exercise of its First Refusal Right with respect to all of the space described in the First Refusal Notice on the terms contained in such First Refusal Notice. If Tenant does not notify Landlord prior to the expiration of the Exercise Period, then Landlord shall be free to lease all or any part of the First Refusal Space described in the First Refusal Notice to anyone to whom Landlord desires on any terms that Landlord desires.

54.4 The Rent payable by Tenant for the First Refusal Space (the "First Refusal Rent") shall be equal to the Economic Terms set forth in the First Refusal Notice.

54.5 Tenant shall take the First Refusal Space in its "AS-IS" condition, and the construction of any improvements in the First Refusal Space shall be performed by Tenant and shall comply with the terms of Article 15 of this Lease; provided Landlord agrees to provide Tenant with a tenant improvement allowance equal to $100.00 per rentable square foot of the First Refusal Space (the "ROFR Allowance"); provided the ROFR Allowance shall be prorated by dividing the number of months remaining in the initial Term from and after the month when the First Refusal Notice is delivered to Tenant, by sixty (60). For example, if forty-eight (48) months remain in the Term as of the month when the First Refusal Notice is sent to Tenant, then the ROFR Allowance would be equal to 48/60 x $100.00, or $80.00 per rentable square foot of the First Refusal Space.

54.6 If Tenant timely exercises Tenant's right to lease the First Refusal Space as set forth herein, Landlord and Tenant shall endeavor to execute within fifteen (15) days thereafter an amendment to this Lease for such First Refusal Space upon the terms and conditions as set forth in the First Refusal Notice and this Article 54. The term of the First Refusal Space shall commence upon the date of delivery of the First Refusal Space to Tenant (the "First Refusal Commencement Date"), and terminate on the date set forth in the First Refusal Notice (the "First Refusal Term"), subject to the Economic Terms agreed upon for the lease of the First Refusal Space.

54.7 The rights contained in this Article 54 shall be personal to the original Tenant named above and executing this Lease (the "Original Tenant") and may only be exercised by the Original Tenant and not any other assignee or any sublessee or other transferee of the Original Tenant's interest in this Lease. Tenant shall not have the right to lease First Refusal Space, as provided in this Article 54, if, as of the date of the attempted exercise of any First Refusal Right by Tenant, or, at Landlord's option, as of the scheduled date of delivery of such First Refusal Space to Tenant, an uncured Event of Default by Tenant exists under this Lease. In addition, Tenant's right to lease each portion of the First Refusal Space shall terminate and be of no further force or effect in the event Tenant fails to lease such portion of the First Refusal Space following Tenant's receipt of a First Refusal Notice from Landlord.

Remainder of page intentionally left blank.
Signatures on following page(s).

IN WITNESS WHEREOF, Landlord and Tenant, acting herein through duly authorized individuals, have caused these presents to be executed as of the date first above written.

TENANT:

BIOTIME, INC., a California corporation

By: _____

_____
[Printed Name and Title]

By: _____

_____
[Printed Name and Title]

If Tenant is a corporation, this instrument must be executed by BOTH (i) the chairman of the board, the president or any vice president, AND (ii) the secretary, any assistant secretary, the chief financial officer or any assistant financial officer or any assistant treasurer of such corporation, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which case the bylaws or a certified copy of the resolution, as the case may be, must be attached to this instrument.

Tenant's NAICS Code: _____

LANDLORD:

SKS HARBOR BAY ASSOCIATES, LLC,
a Delaware limited liability company

By: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation, its member

By: _____

_____
[Printed Name and Title]

EXHIBIT A

THE PROJECT

EXHIBIT B

PREMISES (including Existing Premises and Expansion Space)

(See Attached)

EXHIBIT C-1

TENANT WORK LETTER

This Tenant Work Letter ("Tenant Work Letter") shall set forth the terms and conditions relating to the construction of the Premises. All references in this Tenant Work Letter to "the Lease" shall mean the relevant portions of the Lease to which this Tenant Work Letter is attached as Exhibit C-1.

ARTICLE 1.

BASE, SHELL AND CORE

Landlord has previously constructed the base, shell, and core (i) of the Premises and (ii) of the floor(s) of the Building on which the Premises are located (collectively, the "Base, Shell, and Core"), and Tenant shall accept the Base, Shell and Core and the Premises in their current "As-Is" condition existing as of the date of the Lease and the Commencement Date. Tenant shall install in the Premises certain "Tenant Improvements" (as defined below) pursuant to the provisions of this Tenant Work Letter. Except for Landlord's obligation to disburse the Tenant Improvement Allowance as described below, and except as set forth in Exhibit C-2, Landlord shall not be obligated to make or pay for any alterations or improvements to the Premises, the Building or the Project.

ARTICLE 2.

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "Tenant Improvement Allowance") in the amount of up to, but not exceeding Sixteen Dollars ($16.00) per rentable square foot of the Premises (i.e., up to Two Hundred Seventy Four Thousand Eight Hundred Ninety Six Dollars ($274,896), based on 17,181 rentable square feet in the Premises), for the costs relating to the initial design and construction of Tenant's improvements which are permanently affixed to the Premises (the "Tenant Improvements"); provided, however, that (i) the Tenant Improvement Allowance shall be reduced to $72,000 as of the first anniversary of the Commencement Date, and Landlord shall have no obligation to disburse any portion of the Tenant Improvement Allowance in excess of such amount to Tenant unless Tenant makes a request for disbursement pursuant to the terms and conditions of Section 2.2 below prior to such date, and (ii) Landlord shall have no obligation to disburse any remaining portion of the then reduced Tenant Improvement Allowance unless Tenant makes a request for disbursement pursuant to the terms and conditions of Section 2.2 below prior to the third (3rd) anniversary of the Commencement Date. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall not be entitled to receive any cash payment or credit against Rent or otherwise for any unused portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items (as such term is defined below).

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively, the "Tenant Improvement Allowance Items"):

2.2.1.1 Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, contractors' fees and general conditions, testing and inspection costs, costs of utilities, trash removal, parking and hoists, and the costs of after-hours freight elevator usage.

2.2.1.4 The cost of any changes in the Base, Shell and Core work when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Drawings or Tenant Improvements required by applicable laws and building codes (collectively, "Code");

2.2.1.6 Sales and use taxes and Title 24 fees;

2.2.1.7 The "Coordination Fee," as that term is defined in Section 4.2.2.2 of this Tenant Work Letter; and

2.2.1.7 All other costs to be expended by Landlord in connection with the construction of the Tenant Improvements.

2.2.2 Disbursement of Tenant Improvement Allowance. Subject to Section 2.1 above, during the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows:

2.2.2.1 Monthly Disbursements. On or before the first (1st) day of each calendar month during the construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 below, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed, and demonstrating that the relationship between the cost of the work completed and the cost of the work to be completed complies with the terms of the "Construction Budget," as that term is defined in Section 4.2.1 below; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 below, for labor rendered and materials delivered to the Premises; (iii) executed mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (iv) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the twentieth (20th) day of the following calendar month, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "Final Retention") and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant and Contractor shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), and (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items.

2.2.3 Specifications for Building Standard Components. Landlord has established specifications (the "Specifications") for the Building standard components to be used in the construction of the Tenant Improvements in the Premises which Specifications have been received by Tenant. Unless otherwise agreed to by Landlord, the Tenant Improvements shall comply with the Specifications. Landlord may make changes to the Specifications from time to time.

2.2.4 Required Tenant Improvements. Tenant hereby agrees that the initial Tenant Improvements shall include, at a minimum, installation of an autoclave and DI water system, both of which shall remain in the Premises upon the expiration of the Term or earlier termination of this Lease, and on such date become the Landlord's property without any payment needed to Tenant. Tenant hereby agrees that Landlord shall have no obligation to disburse any portion of the Tenant Improvement Allowance until it is satisfied, in Landlord's sole and absolute discretion, that such items are included in the initial Tenant Improvements to be constructed by Tenant in accordance with this Work Letter.

ARTICLE 3.

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain the architect/space planner (the "Architect") approved by Landlord, which approval shall not be unreasonably withheld, to prepare the Construction Drawings. Tenant shall retain the engineering consultants designated by Landlord (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction Drawings shall comply with the drawing format and specifications reasonably determined by Landlord, and shall be subject to Landlord's approval. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Premises before any architectural working drawings or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require, and (ii) deliver such revised Final Space Plan to Landlord.

3.3 Final Working Drawings. After the Final Space Plan has been approved by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and cause the Architect to compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits for the Tenant Improvements (collectively, the "Final Working Drawings"), and shall submit the same to Landlord for Landlord's approval. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Working Drawings for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith, and (ii) deliver such revised Final Working Drawings to Landlord.

3.4 Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the "Approved Working Drawings") prior to the commencement of construction of the Premises by Tenant. After approval by Landlord of the Final Working Drawings, Tenant shall promptly submit the same to the appropriate governmental authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld; provided that Landlord may withhold its consent, in its sole discretion, to any change in the Approved Working Drawings, if such change would result in an Over-Allowance Cap (as defined below).

ARTICLE 4.

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant's Selection of Contractor and Tenant's Agents.

4.1.1 The Contractor. A general contractor shall be retained by Tenant to construct the Tenant Improvements. Such general contractor ("Contractor") shall be selected by Tenant from a list of general contractors supplied by Landlord, and Tenant shall deliver to Landlord notice of its selection of the Contractor upon such selection.

4.1.2 Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed; provided that, in any event, Tenant must contract with Landlord's base building subcontractors for any mechanical, electrical, plumbing, life safety, structural, heating, ventilation, and air-conditioning work in the Premises. If requested by Landlord, Tenant's Agents shall all be union labor in compliance with the master labor agreements existing between trade unions and the local chapter of the Associated General Contractors of America.

4.2 Construction of Tenant Improvements by Tenant's Agents.

4.2.1 Construction Contract; Cost Budget. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "Contract"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a written detailed cost breakdown (the "Final Costs Statement"), by trade, of the final costs to be incurred, or which have been incurred, as set forth more particularly in Section 2.2.1.1 through 2.2.1.8 above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor which costs form a basis for the amount of the Contract, if any (the "Final Costs"). Prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount (the "Over-Allowance Amount") by which the Final Costs exceed the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Tenant Improvements). The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Tenant Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Landlord to Tenant, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary to such design and construction in excess of the Final Costs shall, to the extent they exceed the remaining balance of the Tenant Improvement Allowance, be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount and, in any event, prior to the commencement of the construction of such changes, or, at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in Sections 2.2.2.1(i), (ii), (iii) and (iv) above, for Landlord's approval, prior to Tenant paying such costs

4.2.2 Tenant's Agents.

4.2.2.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agents' construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base, Shell and Core or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord's Building contractor or Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.2.2 Coordination Fee. Tenant shall pay a logistical coordination fee (the "Coordination Fee") to Landlord in an amount equal to the product of (i) three percent (3%), and (ii) the sum of the Tenant Improvement Allowance, the Over-Allowance Amount, as such amount may be increased hereunder, and any other amounts expended by Tenant in connection with the design and construction of the Tenant Improvements, which Coordination Fee shall be for services relating to the coordination of the construction of the Tenant Improvements. Landlord agrees to cap this fee at $6,000 for the initial anticipated improvements of Tenant's autoclave, deionized water system, paint and carpet. Should the scope of improvements be changed, Coordination Fee shall be adjusted.

4.2.2.3 Indemnity. Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

4.2.2.4 Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.2 Special Coverages. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to the Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord, and in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents, and shall name as additional insureds Landlord's Property Manager, Landlord's Asset Manager, and all mortgagees and ground lessors of the Building. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.3 of this Tenant Work Letter.

4.2.3 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 Meetings. Commencing upon the execution of the Lease, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held at a location designated by Landlord, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.3 Notice of Completion; Copy of "As Built" Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease, (C) to deliver to Landlord two (2) sets of sepias of such as-built drawings within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (D) to deliver to Landlord a computer disk containing the Approved Working Drawings in AutoCAD format, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

4.4 Coordination by Tenant's Agents with Landlord. Upon Tenant's delivery of the Contract to Landlord under Section 4.2.1 of this Tenant Work Letter, Tenant shall furnish Landlord with a schedule setting forth the projected date of the completion of the Tenant Improvements and showing the critical time deadlines for each phase, item or trade relating to the construction of the Tenant Improvements.

ARTICLE 5.

MISCELLANEOUS

5.1 Tenant's Representative. Tenant has designated _____ [PLEASE PROVIDE] as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated _____as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant of this Tenant Work Letter or the Lease has occurred at any time on or before the substantial completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law and/or in equity, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord). In addition, if the Lease is terminated prior to the Commencement Date, for any reason due to a default by Tenant under the Lease or under this Tenant Work Letter, in addition to any other remedies available to Landlord under the Lease, at law and/or in equity, Tenant shall pay to Landlord, as Additional Rent under the Lease, within five (5) days of receipt of a statement therefor, any and all costs (if any) incurred by Landlord (including any portion of the Tenant Improvement Allowance disbursed by Landlord) and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto.

EXHIBIT C-2

Landlord shall, at its sole cost and expense, perform the following work on the Premises: (i) construction of demising walls as shown on Schedule 1 to this Exhibit C-2, such walls to be constructed prior to such time as such adjacent space is to be occupied by another tenant, (2) installation of separate meters and/or sub-meters, as needed, to separately measure the electrical consumption of the Premises, and (3) after the completion of the Tenant's Work, construction of those cosmetic upgrades to the restrooms in the Premises described on Schedule 2 to this Exhibit C-2.

EXHIBIT D

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations:

1. Tenant shall not alter any locks or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant and Tenant shall promptly deliver any new keys to Landlord.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises. Tenant shall assume any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

3. Tenant, its employees and agents must be sure that the entry doors to the Premises are securely closed and locked when leaving the Premises if it is after the normal hours of business of the Project. Tenant, its employees, agents or any other persons entering or leaving the Project at any time when it is so locked, or any time when it is considered to be after normal business hours for the Project, may be required to sign the Project register. Access to the Project may be refused unless the person seeking access has proper identification or has a previously received authorization for access to the Project. Landlord and its agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Project of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. Landlord reserves the right, in the event of an emergency in Landlord's reasonable discretion, to close or limit access to the Project and/or the Premises, from time to time, due to damage to the Project and/or the Premises, to ensure the safety of persons or property or due to government order or directive, and Tenant agrees to immediately comply with any such reasonable decision by Landlord. If Landlord closes or limits access to the Project and/or the Premises for the reasons described above, Landlord's actions shall not constitute a breach of the Lease.

5. Tenant shall not disturb, solicit, or canvass any occupant of the Project and shall cooperate with Landlord and its agents to prevent the same. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, halls, stairways, elevators, or any Common Areas for the purposes of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises. Smoking shall not be permitted in the Common Areas.

6. The toilet rooms, urinals and wash bowls shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenants who, or whose employees or agents, shall have caused it.

7. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord. All vendors or other persons visiting the Premises shall be subject to the reasonable control of Landlord. Tenant shall not permit its vendors or other persons visiting the Premises to solicit other tenants of the Project.

8. Tenant shall not use or keep in or on the Premises or the Project any kerosene, gasoline or other inflammable or combustible fluid or material, except as otherwise permitted in the Lease. Tenant shall not bring into or keep within the Premises or the Project any animals, birds or vehicles (other than passenger vehicles, forklifts or bicycles).

9. Tenant shall not use, keep or permit to be used or kept, any noxious gas or substance in or on the Premises or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or to otherwise unreasonably interfere with the use of the Project by other tenants.

10. No cooking shall be done or permitted on the Premises nor shall the Premises be used for the storage of merchandise, for loading or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' Laboratory approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors of Tenant, provided that such use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations; and provided further that such cooking does not result in odors escaping from the Premises.

11. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

12. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash in the vicinity of the Project without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

13. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

14. Tenant acknowledges that the local fire department has previously required Landlord to participate in a fire and emergency preparedness program or may require Landlord and/or Tenant to participate in such a program in the future. Tenant agrees to take all actions reasonably necessary to comply with the requirements of such a program including, but not limited to, designating certain employees as "fire wardens" and requiring them to attend any necessary classes and meetings and to perform any required functions.

15. Tenant and its employees shall comply with all federal, state and local recycling and/or resource conservation laws and shall take all actions reasonably requested by Landlord in order to comply with such laws.

Landlord reserves the right at any time to reasonably change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable and nondiscriminatory Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Landlord, however, shall apply such Rules and Regulations in a nondiscriminatory manner. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them.

EXHIBIT E

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles, pickup trucks and sport utility vehicles. Tenant and its employees shall park automobiles within the lines of the parking spaces.

2. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

3. Parking stickers and parking cards, if any, shall be the property of Landlord and shall be returned to Landlord by the holder thereof upon termination of the holder's parking privileges. Landlord may require Tenant and each of its employees to give Landlord a commercially reasonable deposit when a parking card or other parking device is issued. Landlord shall not be obligated to return the deposit unless and until the parking card or other device is returned to Landlord. Tenant will pay such replacement charges as is reasonably established by Landlord for the loss of such devices. Loss or theft of parking identification stickers or devices from automobiles must be reported to the parking operator immediately. Any parking identification stickers reported lost or stolen found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution.

4. Unless otherwise instructed, every person using the parking area is required to park and, lock his own vehicle. Landlord will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

5. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.

6. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws, and agreements. Parking area managers or attendants, if any, are not authorized to make or allow any exceptions to these Parking Rules and Regulations. Landlord reserves the right to terminate parking rights for any person or entity that willfully refuses to comply with these rules and regulations.

7. Every driver is required to park his or her own car. Tenant agrees that all responsibility for damage to cars or the theft of or from cars is assumed by the driver, and further agrees that Tenant will hold Landlord harmless for any such damages or theft.

8. No vehicles shall be parked in the parking areas overnight. The parking area shall only be used for daily parking and no vehicle or other property shall be stored in a parking space.

9. Any vehicle parked by Tenant, its employees, contractors or visitors in a reserved parking space or in any area of the parking area that is not designated for the parking of such a vehicle may, at Landlord's option, and without notice or demand, be towed away by any towing company selected by Landlord, and the cost of such towing shall be paid for by Tenant and/or the driver of said vehicle.

Landlord reserves the right at any time to reasonably change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable and nondiscriminatory Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Landlord, however, shall apply such Rules and Regulations in a nondiscriminatory manner. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them.

EXHIBIT F

COMMENCEMENT DATE MEMORANDUM

With respect to that certain lease ("Lease") dated _____, 2010 between SKS HARBOR BAY ASSOCIATES, LLC, a Delaware limited liability company ("Landlord"), and _____ ("Tenant"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately _____ rentable square feet of that certain office building located at _____, California ("Premises"), Tenant hereby acknowledges and certifies to Landlord as follows:

(1) Landlord delivered possession of the Premises to Tenant with all Tenant Improvements (if any) required to be constructed by Landlord pursuant to Exhibit C to the Lease substantially complete on _____, 201__;

(2) The Term of the Lease commenced on _____ ("Commencement Date") and Tenant's obligation to pay Rent commenced on _____ ("Rent Commencement Date"), and the Term of the Lease shall end on _____ (the "Expiration Date") unless the Lease is earlier terminated in accordance with its expressed terms;

(3) The Premises contain approximately _____ rentable square feet of space;

(4) Tenant has accepted and is currently in possession of the Premises and the Premises are acceptable for Tenant's use;

(5) Tenant's Building Percentage is _____ (___%); and

(6) The initial Base Rent per month is $_____.

IN WITNESS WHEREOF, this Commencement Date Memorandum is executed this day of _____, 201__

"Tenant"

_____

_____

By: _____

Its: _____

By: _____

Its: _____

** If Tenant is a corporation, this instrument must be executed by BOTH (i) the chairman of the board, the president or any vice president, AND (ii) the secretary, any assistant secretary, the chief financial officer or any assistant financial officer or any assistant treasurer of such corporation, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which case the bylaws or a certified copy of the resolution, as the case may be, must be attached to this instrument.

EXHIBIT G

STANDARDS FOR UTILITIES AND SERVICES

The following Standards for Utilities and Services are in effect. Landlord reserves the right to adopt nondiscriminatory modifications and additions hereto:

As long as Tenant is not in default under any of the terms, covenants, conditions, provisions, or agreements of this Lease, Landlord shall:

(a) On Monday through Friday, except holidays, from 8 A.M. to 6 P.M. (and other times for a reasonable additional charge to be fixed by Landlord), ventilate the Premises and furnish air conditioning or heating on such days and hours, when in the judgment of Landlord it may be required for the comfortable occupancy of the Premises. The air conditioning system achieves maximum cooling when the window coverings are closed. Landlord shall not be responsible for room temperatures if Tenant does not keep all window coverings in the Premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord, and to abide by all regulations and requirements which Landlord may prescribe for the proper function and protection of said air conditioning system. Tenant agrees not to connect any apparatus, device, conduit or pipe to the Building chilled and hot water air conditioning supply lines. Tenant further agrees that neither Tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities. The cost of maintenance and service calls to adjust and regulate the air conditioning system shall be charged to Tenant if the need for maintenance work results from either Tenant's adjustment of room thermostats or Tenant's failure to comply with its obligations under this section, including keeping window coverings closed as needed. Such work shall be charged at hourly rates equal to then current journeymen's wages for air conditioning mechanics.

(b) Landlord reserves the right to charge Tenant for the cost to Landlord of providing such after-hours heating and air-conditioning.

(c) Landlord shall furnish to the Premises, during the usual business hours on business days, electric current sufficient for normal office use. Tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption at the average cost per kilowatt hour charged to the Building during the period. If a separate meter is not installed at Tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and Tenant, and if the parties fail to agree, as established by an independent licensed engineer. Said estimates to be reviewed and adjusted quarterly. Tenant agrees not to use any apparatus or device in, or upon, or about the Premises which may in any way increase the amount of such services usually furnished or supplied to said Premises, and Tenant further agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should Tenant use the same to excess, the refusal on the part of Tenant to pay upon demand of Landlord the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay Rent under this Lease and shall entitle Landlord to the rights therein granted for such breach. At all times Tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation and Tenants shall not install or use or permit the installation or use of any computer, larger than personal computer, or electronic data processing equipment in the Premises, without the prior written consent of Landlord.

(d) Water will be available in public areas for drinking and lavatory purposes only, but if Tenant requires, uses or consumes water for any purposes in addition to ordinary drinking and lavatory purposes of which fact Tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of Tenant's occupancy Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from Tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

(e) Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and electric systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from so doing by strike or accident or by any cause beyond Landlord's reasonable control, or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supply or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control

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Exhibit 10.45

MEMORANDUM
OF
TENANCY

Biopolis
(Office *I* Retail)

EASEMENTS. RIGHTS AND PRIVILEGES

A The full right and liberty for the Tenant and the persons authorised by him (in common with all other persons entitled to the like right), at all times, by day or night to go, pass and repass over and along the main entrance of the Building and the common passageways, landings and stairways and to use the lifts PROVIDED THAT the Tenant shall not cause or permit any obstruction to the common passageways, landings, stairways and other common parts of and accesses to the Building.

B The free and uninterrupted passage and running of water, electricity and gaseous products from and to the Premises through the sewers, drains, water-courses, channels, pipes, shafts, flues, cables and wires which now are or may at any time during the Term be in, under or passing through the Building.

C The right of support and protection for the benefit of the Premises as is now enjoyed from the other premises and all other parts of the Building.

EXCEPTIONS AND RESERVATIONS

BUT RESERVING unto the Landlord and all others to whom the Landlord has granted or may grant :

D The easements, rights and privileges over, along and through the Premises equivalent to those above.

E All other easements, ancillary rights and obligations as are or may be implied by the Land Titles Act.

F The free and uninterrupted passage and running of telecommunication facilities from, through and to the Premises.

G The right of support and protection for the benefit of the other premises and all other parts of the Building as is now enjoyed from the Premises.

H The right to develop, redevelop, erect, alter or in any way deal with or use or let the Building or any other part of Biopolis in such manner as shall be approved by the Landlord, the superior lessor or the Authorities notwithstanding that the access of light or air or any easement granted or appertaining to or enjoyed with the Premises may be obstructed or interfered with or that the Tenant might otherwise be entitled to object.

COVENANTS AND CONDITIONS

1.1 The following expressions shall have the following meanings : **Definitions**

(a)	"Air-Conditioning Charge"	As defined in the Tenancy.
(b)	"Authorities"	All relevant governmental and statutory authorities.
(c)	"Biopolis"	The estate in which the Building is situated and of which it forms a part, including but not limited to the Carpark, compounds, grounds, gardens, bin centres, structures, other buildings and drains, cables and pipes above or below ground in the estate.
(d)	"Building"	The building in which the Premises is situated and of which it forms a part, including but not limited to the common parts and other premises in the building.
(e)	"Carpark"	All parking lots, driveways, roads, ramps and loading bays, whether within or outside any building, in Biopolis.
(f)	"Commencement Date"	As defined in the Tenancy.
(g)	"Law"	All laws, statutes, legislation, by-laws, rules, orders or regulations now or hereafter in force.
(h)	"Landlord"	The Jurong Town Corporation (also known as "JTC Corporation") incorporated under the Jurong Town Corporation Act, its successors-in-title, and assigns.
(i)	"Premises"	As defined in the Tenancy.
(j)	"Rent"	As defined in the Tenancy.
(k)	"Service Charge"	As defined in the Tenancy.
(l)	"Tenant"	The Tenant as defined in the Tenancy and includes his personal representatives, successors-in-title, and permitted assigns (if any).

(m)	"Tenancy"	The tenancy offer made by the Landlord to the Tenant in respect of the Premises and duly accepted by the Tenant.	
(n)	"Tenant's Obligations"	Covenants, conditions, terms, stipulations and obligations to be observed or performed by the Tenant.	
(o)	"Term"	As defined in the Tenancy.	

1.2 Unless the context otherwise requires : **Interpretation**

(a) words importing the singular include the plural and vice versa;

(b) words importing the masculine gender include the feminine gender and vice versa;

(c) the expression "person" includes a body corporate;

(d) reference to a specific Act of Singapore shall include any amendment, revision or replacement made to it from time to time;

(e) where the Tenant consists of two or more persons all Tenant's Obligations shall be deemed to be binding on such persons jointly and severally;

(f) all marginal notes are for ease of reference only and shall not be taken into account in the construction or interpretation of the clause or paragraph to which they refer.

2 **The Tenant covenants with the Landlord as follows** : **Tenant's Covenants**

2.1 To pay without demand and without deduction the Rent, Service Charge, Air-Conditioning Charge and all other sums charged or imposed upon the Premises or the Tenant by the Landlord in accordance with the Tenancy PROVIDED THAT: **Rent** & **Service Charge**

(a) the Landlord shall be at liberty from time to time to revise the amount of Service Charge and/or Air-Conditioning Charge upon giving a written notice to the Tenant; and

(b) the revised Service Charge and/or Air-Conditioning Charge shall be payable from the date specified in the said notice.

2.2 To pay interest ("Interest") at the rate of 8.5% per annum on any outstanding amount due and payable under the Tenancy from the due dates until payment in full is accepted by the Landlord PROVIDED THAT: Interest

(a) the Landlord may revise the Interest to a higher rate from time to time at its absolute discretion; and

(b) if the Landlord shall refuse to accept the tender of the outstanding amount because of any breach of the Tenant's Obligations, the Interest shall nevertheless remain due and payable.

2.3 To pay the Landlord any increase in property tax, which may be imposed whether by way of an increase in the annual value or an increase in the rate per centum, in the proportion attributable to the Premises as determined by the Landlord in its absolute discretion. **Taxes**

2.4 To pay all costs, disbursements, fees and charges, legal or otherwise, including stamp and registration fees in connection with the preparation, stamping and issue of the Tenancy and any prior, accompanying or future documents or deeds, supplementary, collateral or in any way relating to the Tenancy. **Cost of Documents**

2.5 To perform and observe all the Tenant's Obligations at his own cost and expense. **Cost of Pertormance**

2.6 To pay all costs and fees, legal or otherwise, including costs as between solicitor and client in connection with the enforcement of the Tenant's Obligations. **Cost of Enforcement**

2.7 To pay, in addition to and together with all taxable sums, the Goods And Services Tax ("GST"} at the prevailing rate to the Landlord as collecting agent for the Authorities. GST

2.8 (a} Not to do or suffer to be done anything whereby any insurance for the time being effected on the Premises or the Building may be rendered void or voidable or be in any way affected. Insurance

(b) To pay to the Landlord on demand all sums paid by the Landlord by way of increased premium and all costs and expenses incurred by the Landlord in connection with insurance rendered necessary by a breach or non-observance of sub-clause (a} above without prejudice to any other rights and remedies available to the Landlord.

2.9 Not to alter in any way the external appearance of the Premises including but not limited to the colour and type of all external parts such as doors, windows, grilles and walls. **Uniform External Appearance**

2.10 Not to affix, paint or otherwise exhibit any name plate, banner, advertisement, flag-staff or any other thing except only the name of the Tenant in such places and manner as approved in writing by the Landlord. **Signages**

2.11 Not to do, permit or suffer to be done any of the following without the Landlord's prior written consent : Modifications

(a} installation of air-conditioning system, ventilation system, air exhaust system, fume hoods, electrical system, telecommunication equipment, plant, machinery, fixtures, fittings or other installations ("Tenant's Installations") in the Premises; and **Tenant's Installations**

(b) alter, remove, add or in any way interfere or tamper with fixtures, fittings and installations including the Tenant's Installations in the Premises, including but not limited to any existing fire alarm and extinguishing system, ventilation system, air-conditioning system, walls or floor finishes (including any tilings), pipes, wirings, equipment, power and light points and outlets. All **installations Fixtures** & **Fittings**

2.12 (a) Not to install or use any electrical, mechanical or telecommunication equipment, plant, machinery, fixtures, fittings, appliance or installations ("Equipment") that causes heavy power surge, high frequency voltage and current, noise, vibration or any electrical or mechanical interference or disturbance whatsoever ("Interference") which: **Power Surge** & **Vibration**

(a1) may prevent or prevents in any way the service or use of any communication system of the Landlord, other lessees, tenants or occupiers; or

(a2) affects the operation of equipment, plant, machinery, fixtures, fittings, appliances or installations of the Landlord, other lessees, tenants or occupiers.

(b) To allow the Landlord or any authorised person to inspect at all reasonable times, the Equipment in the Premises to determine the source of the Interference.

(c) To take suitable measures to eliminate or reduce the Interference to the Landlord's satisfaction, if it is found by the Landlord or such authorised person that the Equipment is causing or contributing to the Interference.

2.13 (a) Not to do, permit or suffer to be done anything which affects the structure or safety of the Building. **Safety of Building**

(b) Not to do, permit or suffer to be done nor omit to do anything which may delay or prevent the issuance of the Certificate of Statutory Completion in respect of the Building. **Certificate of Statutory Completion**

2.14 Subject to clauses 2.11, 2.12 and 2.13 and the Landlord's prior written consent, to provide thermal insulation to the floor, ceiling and the walls of the Premises and heat extract systems if the Tenant's activities results or may result in : **Thermal Insulation**

(a) moisture condensation on the floors, ceilings or walls of adjoining premises or common parts of the Building; or

(b) the generation of excessive heat or heat which causes or may cause undue discomfort to the Landlord, its lessees or tenants or the occupiers of any adjoining or neighbouring premises.

2.15 Subject to clauses 2.11, 2.12 and 2.13, to maintain in good and tenantable repair and condition : **Maintenance and Repair**

(a) the ceilings, doors, windows, glass and all the interior of the Premises including but not limited to walls, soffit, false ceiling, floor and all fixtures and fittings;

(b) all fire alarm and extinguishing systems, air conditioning systems, including the grill air diffusers and ductings, and ventilations systems in the Premises;

(c) all exit lighting, exit signs, emergency lighting and other electrical wiring, equipment and installations in the Premises;

(d) the pipes, sumps, grease interceptors and sanitary installations whether in the floor, ceiling, walls or any part of the Premises; and

(e) all party walls, floors and ceilings separating the Premises from other premises in the Building jointly with the adjoining lessees, tenants or occupiers.

2.16 If the cause of any damage to Biopolis can be traced directly or indirectly back to the Tenant's activities : **Responsibility for Damage**

(a) to reinstate Biopolis to the satisfaction of the Landlord as required by the Landlord in its absolute discretion and within such time as the Landlord may stipulate; and

(b) in any event, to pay for all proceedings, costs, expenses, claims, losses, damages, penalties and liabilities arising out of the above including but not limited to administrative charges imposed by the Landlord and the full cost of repairs.

2.17 To permit the Landlord, its employees, agents and all persons authorised by it or them, with or without any necessary materials and appliances, at reasonable times during the day or night, to enter upon the Premises to : **Landlord's** Right **of Inspection and Repair**

(a) view or examine the state and condition of the Premises or the Building including but not limited to all windows, doors, pipes, ducts, drains, shafts, cables and wires;

(b) execute any repairs or works to or in connection with the Building or the Premises which it or they may think fit, including but not limited to installation or replacement of windows, doors, pipes, ducts, drains, shafts, cables, wires and other apparatus, installation or equipment;

(c) verify, by photographs or other means, that the Tenant's Obligations are observed and performed;

(d) carry out Refurbishment Works referred to in clause 4.5; and

(e) take inventories of equipment, plant, machinery, fixtures, fittings, appliances, installations, goods, materials and articles,

AND if so required by the Landlord, to remove any equipment, plant, machinery, installation, fixtures, fittings, appliances, partitions, goods, materials and articles to facilitate the above. **Removal** of **Installations**

PROVIDED THAT in a situation which in the Landlord's opinion is an emergency or exigency, the Landlord shall have the full right and liberty to enter the Premises immediately, with or without the Tenant's consent, to take such action as the Landlord in its absolute discretion deems fit. **Emergency**

2.18 To cease activities to such extent and during such hours as the Landlord may specify by written notice to the Tenant for any maintenance or repair work to be executed by the Landlord. **Cease Activities** for **Repairs**

2.19 (a) Not to demise, assign, charge, create a trust or agency, mortgage, let, sublet, grant a licence or part with or share the possession or occupation of the Premises in whole or in part. No **Assignment,** Subletting

(b) Subject to sub-clause (a) above, if the Tenant is a sole-proprietor or comprises of partners carrying on business under a business name registered under the Business Registration Act, not to effect any change in the constitution or membership of the sole-proprietorship or partnership without the Landlord's prior written consent. **Sole-proprietor/ Partners**

2.20 Not to place, permit or suffer to be placed any object, article or thing in or obstruct the accesses, stairways, passageways, pipes, drains, and other common parts of Biopolis. **Obstructions**

2.21 To make good and sufficient provision for and to ensure the safe and efficient disposal of all waste, including but not limited to pollutants and refuse, to the requirements and satisfaction of the Landlord. **Disposal of Waste**

2.22 (a) At the termination of the Term, by expiry or otherwise : Yield Up at **Termination**

(a1) to yield up the Premises to the Landlord in good and tenantable repair and condition;

(a2) (a2.1) to remove all tenant's fixtures and fittings;

(a2.2) to reinstate the Premises; and

(a2.3) if so required by the Landlord, to redecorate including painting the interior of the Premises,

to the satisfaction of the Landlord,

and in accordance with the Tenant's Obligations.

(b) To permit intending tenants and others, authorised by the Landlord or its agents, at reasonable times and by prior appointment with the Tenant, to enter and view the Premises during the three calendar months immediately preceding the determination of the Term. **Permit Viewing**

2.23 To observe and comply with and ensure observance and compliance with all rules, notices, regulations and stipulations which may, from time to time, be made by the Landlord in respect of Biopolis. **Compliance with Landlord's Rules** & **Regulations**

2.24 (a) To comply with the Law and all directions and requirements of the Authorities : **Compliance with Laws**

(a1) relating to Biopolis (where applicable);

(a2) relating to the use, occupation or otherwise of the Premises; or

(a3) in respect of the observance or performance of the Tenant's Obligations,

whether to be complied with by the Landlord or the Tenant and notwithstanding any consent which the Landlord may grant under any clause in the Tenancy or otherwise.

(b) To immediately inform the Landlord in writing of any notice received in relation to sub-clause (a) above.

2.25 To perform and observe the express and implied covenants on the Landlord's part in the head lease made between the President of the Republic of Singapore and the Landlord so far as they are not varied herein. **Head Lease**

2.26 Not to place, permit or suffer to be placed any object, article or thing by any window or balcony or any part of the Premises in a manner which in the Landlord's opinion may cause or is likely to cause any damage or injury to any property or person. **Hazardous Placement of Objects**

2.27 Not to do, permit or suffer to be done upon the Premises anything which in the opinion of the Landlord may be or become: **Nuisance**

(a) a nuisance, annoyance or cause damage or inconvenience to; or

(b) an interference with the business or quiet or comfort of the Landlord, its tenants or lessees or the occupiers of any adjoining or neighbouring premises.

2.28 To comply with all restrictive covenants relating to the Premises as if they are also restrictive covenants relating to the Building or Biopolis, where the context so admits. **Application** of **Restrictive Covenants**

2.29 To be responsible : **Indemnity**

(a) for all loss, injury or damage whatsoever to any person or to the Building or Biopolis, and any moveable or immovable property, arising directly or indirectly out of or in connection with :

(a1) the occupation or use of the Premises; or

(a2) any act or omission (whether with or without the Landlord's consent), neglect or default of the Tenant, the Tenant's employees, agents, authorised persons or visitors; and

(b) in respect of any act, matter or thing done, omitted to be done, permitted or suffered to be done, in contravention of the Tenant's Obligations, AND to fully indemnify and keep indemnified the Landlord against all proceedings, costs, expenses, claims, losses, damage, penalties and liabilities arising out of the above.

2.30 The Landlord shall not be liable to the Tenant for any loss or damage, howsoever caused, to the Tenant's plant and machinery, fixtures and fittings, structures, installations, chattels, things and goods ("chattels"). The Tenant shall therefore insure the chattels against loss or damage. **Tenant's Insurance**

2.31 (a) The Tenant shall allow the District Cooling System ("DCS") service provider, its agents, contractors and sub-contractors and their workmen a right to enter and work upon the Premises free of charge for the purpose of connecting, installing, inspecting, maintaining and refurbishing any chilled water pipes, pumps, valves, valve chambers, heat exchanger, pumps, meeting station, control system and other fittings in relation to DCS, where applicable. **District Cooling System**

(b) The Tenant shall not move, disconnect, tamper with or in any way cause damage to any of the DCS equipment or fittings.

3 **The Landlord covenants with the Tenant as follows** : **Landlord's Covenants**

3.1 Subject to the Tenant performing and observing all the Tenant's Obligations, the Tenant may peaceably and quietly hold and enjoy the Premises without any unlawful interruption or disturbance from or by the Landlord. **Quiet Enjoyment**

3.2 (a) To keep the exterior and roof of the Building and the lifts, entrances, passageways, staircases, common toilets and other conveniences intended for the use of the Tenant in repair and in sanitary and clean condition. **General Services**

(b) To keep the stairs and passageways leading to the Premises and the lifts and toilets sufficiently lit.

3.3 To pay property tax payable in respect of the Premises PROVIDED THAT if the rate of such property tax shall be increased whether by way of an increase in the annual value or an increase in the rate percent, then the Tenant shall pay such increase as provided under Clause 2.3. **Property** Tax

3.4 To keep the Building insured against loss or damage by fire and in the event of such loss or damage (unless resulting from some act or default of the Tenant, the Tenant's employees, agents, authorised persons or visitors) to rebuild and reinstate the damaged part of the Building PROVIDED THAT such insurance shall not include the contents in the Building nor loss due to the Premises being rendered out of commission. **Insurance of Building**

4 The Landlord and Tenant agree to the following :

4.1 The Landlord is entitled to forfeit the Tenancy by entering the Premises or any part thereof, if : **Forleiture of Tenancy**

(a) the Rent, Service Charge, Air-Conditioning Charge or any other sums due under or by virtue of the Tenancy, or any part thereof is unpaid for fourteen (14) days after becoming payable (whether the same is formally demanded or not);

(b) the Tenant is in breach of any of the Tenant's Obligations;

(c) any writ of seizure and sale or its equivalent made in respect of the Premises is enforced by sale or by entry into possession;

(d) the Tenant enters into liquidation, whether compulsory or voluntary (save for the purpose of reconstruction or amalgamation);

(e) a bankruptcy petition is filed or a bankruptcy order is made against the Tenant;

(f) the Tenant makes an assignment for the benefit of the Tenant's creditors;

(g) the Tenant enters into any arrangement with its creditors by composition or otherwise; or

(h) the Tenant suffers any distress, attachment or execution on or against the Tenant's goods,

PROVIDED THAT the above is without prejudice to the Landlord's other rights and remedies in respect of any breach of the Tenant's Obligations.

4.2 Any written notice shall be sufficiently served if effected : **Service of Notices**

(a) on the Landlord by registered post to its business address;

(b) on the Tenant by registered or ordinary post to or by leaving or affixing it at the business address or the Premises NOTWITHSTANDING THAT it is returned by the post office undelivered;

(c) by facsimile to the party to be served and the service shall be deemed to be made on the day of transmission if transmitted before 4 p.m. on a working day or 12 noon on a Saturday, but otherwise on the following working day; or

(d) on the Solicitor for the party in the manner provided in this clause.

4.3 Any process, by writ, summons or otherwise, shall be sufficiently served if effected on : **Service of Process**

(a) the Landlord by registered post to its business address;

(b) the Tenant by registered post to or by leaving or affixing it at the business address or the Premises NOTWITHSTANDING THAT it is returned by the post office undelivered; or

(c) the Solicitor for the party in the manner provided in this clause.

4.4 The business address for the purposes of clauses 4.2 and 4.3 shall be: **Business Address**

(a) the business address of the Solicitor (if any) who is acting for the party in the matter or proceedings in connection with which the service of the notice or process in question is to be effected;

(b) if the Tenant is a sole-proprietor or comprises of partners carrying or formerly carrying on business under a business name registered under the Business Registration Act, the principal or last known place of business; or

(c) in the case of a body corporate, the registered or principal office of the body.

4.5 (a) The Tenant accepts the Premises with full knowledge that refurbishment and upgrading works are being or may be carried out in Biopolis (“Refurbishment Works”). **Refurbishment Works**

(b) The Tenant shall remove, relocate or modify, temporarily or permanently, every installation, fixture, fitting, device, equipment and article existing outside the Premises as the Landlord may specify for the purpose of :

(b1) permitting the Landlord, its employees, agents or authorised persons to properly carry out the Refurbishment Works; or

(b2) improving the appearance or aesthetics of the Building.

4.6 Wherever it is provided in the Tenancy that the Tenant shall not do an act or thing without the Landlord’s prior written consent, the Landlord may in its absolute discretion : Consents

(a) refuse to grant consent without giving any reason, and without refunding any administrative fee paid; or

(b) if it grants consent, in addition to the terms and conditions expressly provided (if any) in the relevant clause, impose terms and conditions including but not limited to any payment of monies, fees or deposit to the Landlord, and the restrictions in Section 17 of the Conveyancing and Law of Property Act shall not apply.

4.7 (a) In the event of any breach of any of the Tenant's Obligations, the Landlord, in addition to its rights of forfeiture and any other rights and remedies, shall have absolute discretion to : **Landlord's Self-Help**

(a1) repair, rectify or make good anything done or omitted to be done by the Tenant or perform any act which the Tenant is to perform under the Tenancy;

(a2) demolish, remove, relocate or modify and confiscate any equipment, plant, machinery, fixtures, fittings, appliances, installations, obstructions, partitions, goods materials, articles or structures including but not limited to grilles, doors, gates, or tilings erected, constructed or substituted by the Tenant in the Premises or at the stairways, passageways or other common parts of the Building;

(a3) reinstate the Landlord's fixtures or fittings with such materials as the Landlord may elect; or

(a4) carry out such other remedial measures as the Landlord thinks necessary.

Nothing in this clause shall be deemed to place on the Landlord an obligation to exercise the above rights.

(b) For the purpose of enabling the Landlord to exercise the above rights, the Tenant shall grant to the Landlord, its employees, agents and all persons authorised by it or them the right of entry with or without materials and appliances at any time.

(c) The Tenant shall pay to the Landlord :

(c1) the costs of all such works and materials used by the Landlord together with an administrative charge (which shall be no less than the equivalent of 10% of the said costs) and any other charge prescribed by the Landlord; and

(c2) if the Tenant yields up the Premises at the termination of the Term, by expiry or otherwise without reinstating it to the standard required under the Tenancy, the sum equivalent to the Rent, Service Charge, Air-Conditioning Charge, tax or other sums which the Landlord would have been entitled to receive from the Tenant had the period within which such reinstatement works are effected by the Landlord been added to the Term, and the same shall be recoverable from the Tenant as a debt.

4.8 The following shall not prejudice nor waive the Landlord's rights or remedies in respect of any breach of the Tenant's Obligations : Non-Waiver

(a) any failure or omission of the Landlord to exercise any of its rights as Landlord under the Tenancy or Law;

(b) any receipt or acceptance of any Rent, Service Charge, Air-Conditioning Charge or other sums by the Landlord; or

(c) any waiver, expressed or implied by the Landlord of any other breach of the same or any other Tenant's Obligations,

PROVIDED THAT the Landlord shall be under no obligation to enforce or impose any covenants, conditions or terms against any lessees or tenants of any premises comprised in Biopolis.

4.9 If the Landlord undertakes any work under the Tenancy or otherwise affecting the Premises, the Landlord may reinstate the Premises : **Landlord's Works**

(a) to the original state the Premises was in at the Commencement Date so far as possible; or

(b) if it deems fit, with such materials and finishing as the Landlord may elect.

The Tenant shall bear all the costs and expenses for the reinstatement work. If the Landlord deems in its absolute discretion that such costs and expenses are to be borne by more than one person, the Landlord's apportionment shall be binding and conclusive and the Tenant agrees to pay his share as determined by the Landlord.

4.10 The Landlord shall not be liable to the Tenant or his employees, agents, authorised persons or visitors, or his or their property in respect of any : **Exemption of liability**

(a) interruption in the services provided by the Landlord by reason of any :

(a1) repair, maintenance, damage or Refurbishment Works; or

(a2) mechanical or other defect or breakdown including but not limited to breakdown in electricity, gas, water and de-ionised water supply, pumps, air-conditioning, DCS supply and lifts;

(b) act, omission, default, misconduct or negligence of the Landlord, its employees, agents and all persons authorised by it or them in connection with :

(b1) the performance or purported performance of any service which the Landlord provides;

(b2) the carrying out or purported carrying out of the Refurbishment Works;

(b3) the exercise or purported exercise of the Landlord's rights under clause 2.17 or 4.9 or self-help under clause 4.7; or

(b4) any accident, injury, loss or damage to the Tenant or his employees, agents, authorised persons or visitors, or his or their property;

(c) loss, damage, injury, liability, claim, penalty, proceedings, cost, expense, or inconvenience that may be suffered by the Tenant or his employees, agents, authorised persons or visitors, or his or their property resulting from or in connection with:

(c1) any breakage of or defect in any pipes, wires or other apparatus of the Landlord used in or about the Building;

(c2) any subsidence or cracking of the ground floor slabs, production floor slabs or apron slabs of the Premises or the Building; or

(c3) any defect, inherent or otherwise in the Premises or the Building.

4.10A (a) The Landlord shall not be liable to the Tenant or his employees, agents, authorised persons or visitors, or any other party for any loss, damage, cost or expense of any kind whatsoever and howsoever caused, whether arising under contract, tort (including without limitation negligence) or otherwise, with respect to: **Service Provider**

(a1) any products, services or information supplied or provided by any service provider or its employees, agents, servants or independent contractors (collectively "Service Provider");

(a2) any act or omission, negligence, wilful default, misconduct or fraud of the Service Provider; and

(a3) any interruption, error, failure or delay in the services provided by the Service Provider.

(b) Without prejudice to sub-clause (a) above, the Landlord makes no representation or warranty, whether express or implied, as to the accuracy, timeliness, completeness, efficiency, suitability, merchantability, fitness for any particular purpose, satisfactory quality or compliance with description of any products, services or information provided by any Service Provider. Under no circumstance shall it be construed that the Landlord endorses, sponsors, certifies or is involved in the provision of such services, products or information and the Landlord shall not be liable in any way for any products obtained and/or purchased from or services rendered by any such Service Provider. The Tenant shall at all times rely on its own judgement and conduct its own investigations on and assessment of the Service Provider before making any decision to appoint or engage the Service Provider. The Tenant hereby warrants that no reliance has been placed by the Tenant on any statements or representations of the Landlord, in making the decision to appoint or engage the Service Provider.

4.11 For the purpose of the Distress Act, the Service Charge and Air-Conditioning Charge shall be deemed to be rent recoverable in the manner provided in the said Act. **Distress** Act

4.12 If at any time any provision or any part of a provision of the Tenancy is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions or parts of the provision (to the extent that they are severable from such illegal, invalid or unenforceable provisions or part of the provision) shall in no way be affected or impaired thereby. **Severability**

4.13 A person who is not a party to the Tenancy shall have no right under the Contracts (Rights of Third Parties) Act to enforce any of the covenants, terms or conditions of the Tenancy. **Third Party Rights**

4.14 The Tenancy shall be interpreted in accordance with the laws of Singapore and any legal proceedings, actions or claims arising from or in connection with the Tenancy shall be commenced in and heard before the courts of Singapore and the Tenant agrees to submit itself to the jurisdiction of the courts of Singapore. **Governing Jurisdiction and law**

13 January 2011

Biomedical Department
Biomedical & Chemicals Cluster
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434

Attn: ZHI RONG BENJAMIN TAN

Dear Sirs,

RENEWAL OF TENANCY FOR PTE LOT A1857102 AT 60 BIOPOLIS STREET #01-03 SINGAPORE 138672

1 We refer to your letter of Offer and the e-Statement letter, both dated 6 January 2011 for the tenancy and hereby confirm acceptance of the covenants, terms and conditions of the Offer and e-Statement letter.

2 We are currently on GIRO and hereby authorize JTC Corporation to deduct the initial rent and service charge of S$3,713.02 for the period 12 January to 28 February 2011 and thereafter monthly rent and service charge deduction of S$2,446.53 (inclusive of GST).

3 We also enclose herewith a cheque for S110.00 for the purpose of stamp duty.

4 We understand and agree that we will only be able to view our Statement of Accounts (SA) in Krypton and confirm that the following email address(es) are the authorized recipients to receive the email notification to view our SA or eStatement in Krypton.

Email address 1:

for and on behalf of:
ES CELL INTERNATIONAL PTE LTD

/s/ Bruce Paul Davidson
Bruce Paul Davidson
General Manager & CSO

in the presence of:

/s/ Suzan Lourdasamy
Name of witness: Suzan Lourdasamy
NRIC No: S6942897E

Exhibit 10.46

25 January 2010

Biomedical Department
Biomedical & Chemicals Cluster
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434

Attention: Mr Tan Zhi Rong Benjamin

Dear Mr Benjamin,

RENEWAL OFFER OF TENANCY FOR OFFICE SPACE ON PTE LOT A1857102 AT 60 BIOPOLIS STREET #01-03 GENOME, SINGAPORE 138672

We refer to your letter of Offer and the e-Statement letter, both dated 11 January 2010 for the tenancy and subsequent amendment letter dated 20 January 2010. We hereby confirm acceptance of the covenants, terms and conditions of the Offer and e-Statement letter, including your email confirmation dated 22 January 2010 regarding the payment table.

We are currently on GIRO and are agreeable to use our existing cash deposit of S$2,598.41 (1 month's deposit) as confirmation of our acceptance.

We understand and agree that we will only be able to view our Statement of Accounts (SA) in Krypton and confirm that the following email addresses are the authorized recipients to receive the email notification to view our SA or e-Statement in Krypton.

Email address 1
Email address 2

Thank you.

For and on behalf of:

ES Cell International Pte Ltd
Bruce Davidson
General Manager & CSO

in the presence of:

Suzan Lourdes
NRIC No: S6942897E

ES Cell **International Pte Ltd**
60 Biopolis Street, #01-03 Genome, Singapore 138672
Telephone: +65 6774 9533 Facsimile:+65 6774 5077
Web: www.escellinternational.com

Please quote our reference when replying
Our Ref: JTC(L)BV3600/8

Corporation

20 January 2010

JTC Corporation
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434

JTC hotline 1800 568 7000
main line (65) 6560 0056
facsimile (65) 6565 5301
website www.jtc.gov.sg

ES CELL INTERNATIONAL PTE LTD
60 Biopolis Street
Genome #01-03
Singapore 138672
Attn: Ms Susan Lourdes

Dear Ms Susan

AMENDMENT TO THE RENEWAL OF TENANCY FOR OFFICE SPACE KNOWN AS PRIVATE LOT A1857102 AT 60 BIOPOLIS STREET GENOME UNIT #01-03 SINGAPORE 138672 ("Premises")

1. We refer to our letter of renewal offer of tenancy dated **11 January 2010** ("our Offer Letter").

2. Clause 2.1 of our Offer Letter shall be amended as follows:

   2.1 The Premises

   Private Lot **A1857102** also known as Unit **#01-03** ("the Premises") in 60 Biopolis Street, Genome ("The Building") Singapore 138672

3. Please note that except as expressly provided in paragraph 2 above, our Offer Letter remains unchanged.

4. Please reference to our Offer Letter and this Amendment Letter in your acceptance letter.

Yours sincerely

Tan Zhi Rong Benjamin
Senior Officer
Biomedical Dept
Biomedical & Chemicals Cluster
JTC CORPORATION

DID: 6885 5443
FAX: 6565 5301
E-mail: tanzrb@jtc.gov.sg

Please quote our reference when replying
Our Ref: JTC(L) JTC(L) BV3600/8

Corporation

11 January 2010

JTC Corporation
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434

JTC hotline 1800 568 7000
main line (65) 6560 0056
facsimile (65) 6565 5301
website www.jtc.gov.sg

ES CELL INTERNATIONAL PTE LTD
60 Biopolis Street
Genome #01-03
Singapore 138672
Attention: Ms Susan Lourdes

Dear Ms Lourdes

RENEWAL OFFER OF TENANCY FOR OFFICE SPACE KNOWN AS PRIVATE LOT Al857102 AT 60 BIOPOLIS STREET GENOME UNIT #01-03 SINGAPORE 138672

1 We are pleased to offer a tenancy of the Premises subject to the covenants, terms and conditions in the annexed Memorandum of Tenancy Biopolis (Office/Retail) ("the MT") and in this letter (collectively called "the Offer").

2 2.1 The Premises

Ptivate Lot A1857102 also known as Unit #01-03 ("the Premises") in 11 Biopolis Way, Genome ("The Building") Singapore 138667.

2.2 Term of Tenancy

1 year ("the Term") with effect from 12 January 2010 ("the Commencement Date").

23 Tenancy

(a) Your due acceptance of the Offer in accordance with paragraph 3 of this letter shall, together with the Offer, constitute a binding tenancy agreement ("the Tenancy").

(b) In the event of any inconsistency or conflict between any covenant, term or condition of this letter and the MT, the relevant covenant, term or condition in this letter shall prevail.

2.4 Area

Approximately 55.70 square metres ("the Area").

2.5 Building Rent [1]

$35.05 per square metre per month ("Building Rent [1]") on the Area, to be paid without demand and in advance without deduction on the lst day of each month of the year (i.e. lst of January, February, March, etc.). After your first payment is made in accordance with paragraph 3 of this letter and the attached Payment Table, the next payment shall be made on 1 February 2010.

2.6 Service Charge

$11.60 per square metre per month ("Service Charge") on the Area, as charges for services rendered by us, payable by way of additional and further rent without demand on the same date and in the same manner as the Building Rent [1] , subject to our revision from time to time.

2.7 Security Deposit/Banker's Guarantee

Ordinarily we would require a tenant to lodge with us a security deposit equivalent to three (3) months' Building Rent [1] and Service Charge. However, as payment by GIRO has been made a condition with which you must comply under paragraph 3 of this letter, you shall, at the time of your acceptance of the Offer, be required to place with us a deposit equivalent to one (1) month's Building Rent [1] and Service Charge ("Security Deposit") as security against any breach of the covenants, terms and conditions in the Tenancy, as follows :

(a) The Security Deposit may be in the form of cash or acceptable Banker's Guarantee in the form attached (effective from 12 January 2010 to 11 April 2011), or such other form of security as we may in our absolute discretion permit or accept.

(b) The Security Deposit shall be maintained at the same sum throughout the Term and shall be repayable to you without interest, or returned to you for cancellation, after the termination of the Term (by expiry or otherwise) or expiry of the Banker's Guarantee, as the case may be, subject to appropriate deductions or payment to us for damages or other sums due under the Tenancy.

(c) If the Service Charge is increased or any deductions are made from the Security Deposit, you shall immediately pay the amount of such increase or make good the deductions so that the Security Deposit shall at all times be equal to one (1) month's Building Rent [1] and Service Charge.

(d) If at any time during the Term, your GIRO payment is discontinued, then you shall place with us, within two (2) weeks of the elate of discontinuance of your GIRO payment, the additional sum equivalent to two (2) months' Building Rent [1] and Service Charge, so that the Security Deposit shall at all times be equal to three (3) months' Building Rent [1] and Service Charge for the remaining period of the Term.

[1] Building Rent in this context refers to rent in the Memorandum of Tenancy.

2.8 Mode of Payment

(a) Your first payment to be made with your letter of acceptance in accordance with paragraph 3 of this letter and the attached Payment Table shall be by non-cash mode (eg. Cashier's Order, cheque).

(b) Thereafter during the Term, you shall pay Building Rent', Service Charge and GST at prevailing rate by Interbank GIRO or any other mode to be determined by us.

(c) You have an existing account with us from which we shall deduct the aforesaid payments. You are therefore not required to submit a duly completed GlRO form as part of the Mode of Due Acceptance. But if you wish to have separate GIRO account to meet the aforesaid payments, please complete the GIRO deduction form enclosed.

(d) However, pending finalisation for the GIRO arrangement, you shall pay Building Rent', Service Charge and GST at prevailing rate as they fall due by cheque or Cashier's Order.

2.9 Authorised Use

You shall use the Premises for the purpose of Office only and for no other purpose whatsoever ("the Authorised Use").

2.10 Loading Capacity

(a) Normal (Ground & Non-ground) Floor Premises:

You shall comply and ensure compliance with the following restrictions:

(al) maximum loading capacity of the goods lifts in the Building; and

(a2) maximum floor loading capacity of 10 kiloNewtons per square metre of the Premises on the 1st storey of the Building PROVIDED THAT any such permitted load shall be evenly distributed.

(b) You shall therefore, subject to our prior written consent, provide at your own cost suitable and proper foundation for all machinery, equipment and installation at the Premises.

2.11 Reinstatement of Premises

You shall reinstate the Premises in accordance with clauses 2.15 and 2.22 of the MT. The required reinstatement works shall be conveyed to you after an inspection of the Premises.

2.12 Premature Termination

(a) The Landlord may by at least three (3) months' notice in writing, terminate the Tenancy and immediately upon the expiration of such notice as aforesaid and the Tenant's full compliance with such reasonable terms and conditions as may be stipulated in writing in the aforesaid notice (if any), the Tenancy shall cease and determine.

(b) The Tenant may by at least three (3) months' notice in writing, terminate the Tenancy subject to the Landlord's consent. The Landlord's aforesaid consent may be granted upon such reasonable terms and conditions to be stipulated in writing to the Tenant (if any). Immediately upon the expiration of such notice and the Tenant's full compliance with such terms and conditions as aforesaid (if any), the Tenancy shall cease and determine.

(c) The Tenant may instead terminate the Tenancy by giving the Landlord less than 3 months' notice by payment to the Landlord of three (3) months' rental in lieu thereof subject to the Landlord's consent. The Landlord's aforesaid consent may be granted upon such reasonable terms and conditions to be stipulated in writing to the Tenant (if any). Immediately upon the Landlord's receipt of the said notice and said monies and, the Tenant's full compliance with such terms and conditions as aforesaid (if any), the Tenancy shall cease and determline.

(d) In whichever event of sub-clause 2.13 (a), 2.13(b) or 2.13(c) above,

(i) The cessation and determination of the Tenancy is without prejudice to the rights and remedies of either party against the other in respect of any antecedent claim(s) in cotmection with or, breach of covenant(s)/term(s)/condition(s) of the Tenancy (including this clause).

(ii) At the cessation and determination of the Tenancy, the Security Deposit shall be repayable by the Landlord to the Tenant without interest or, in the case of a Security Deposit placed by way of a Banker's Guarantee, returned by the Landlord to the Tenant for cancellation – in both cases, subject to appropriate deductions by and/or payments to the Landlord for damages or any other sums due under the Tenancy (including this clause).

(iii) At the cessation and determination of the Tenancy, the Premises shall be yielded upto the Landlord forthwith, reinstated and as stipulated under the Tenancy, unless otherwise mutually agreed in writing. Failing which, the Landlord may recover a II costs and expenses it incurs incarrying out or causing such decontamination and reinstatement works to be carried out including any tests thereto the Landlord deems necessary.

2.13 Not to:

(a) make any application for conversion under Part of the Limited Liability Partnerships Act 2005 (as may be amended or revised from time to time); or

(b) pass any resolution or do any act which may result in the issuance by the Registrar of Companies of a notice of amalgamation under Part VII of the Companies Act (as may be amended or revised from time to time) which may cause the Premises or the tenancy to be transferred to or vested in any amalgamated entity, without our prior written consent. If we in our absolute discretion grant any such consent, we shall have the absolute discretion to impose terms and conditions. The restrictions in section 17 of the Conveyancing and Law of Property Act (Chapter 61) shall not apply.

2.14 Without prejudice and in addition to clause 4.10 of the MT :

(a) you shall take the Premises on an "as is where is" basis, including any defects (latent, inherent or otherwise) and are deemed to have full notice and knowledge of its state and condition and shall execute such works as may be required to be done or as you may deem necessary (subject to our prior written consent) 111 respect of the state and condition;

(b) we shall also not be liable to you or your employees, agents, authorized persons or visitors, or you or their property in respect of any occurrence (including acts of terrorism), or any representations, promises or warranties with respect to the Premises.

(c) you shall also not hold us in any way liable for any loss of peaceful or quiet possession or enjoyment of the Premises in relation to the events or circumstances stipulated in clause 4.10 of the MT or paragraphs (a) or (b) above.

For avoidance of doubt, the word "otherwise" in clause 4.10(c)(c3) of the MT includes latent defects.

3 Mode of Due Acceptance

(a) The Offer shall lapse if we do not receive the following by 25 January 2010:

(a1) Duly signed letter of acceptance (in duplicate) of the Offer, in the form set out in the Letter of Acceptance attached.
(Please date as required in your letter of accepttmce)

(a2) Payment of the sum set out in the Payment Table attached.

4 You may submit your acceptance and payment by post or if you wish to make a submission personally, you may do so at our Contact Centre at The JTC Summit at 8 Jurong Town Hall Road. Please bring a copy of this letter when making your submission .

5 Please note that payments made prior to your giving us the other items listed above may be cleared by and credited by us upon receipt. However, if those other items are not forthcoming from you within the time stipulated herein, the Offer shall lapse and there shall be no contract between you and us arising hereunder. Any payments received shall then be refunded to you without interest and you shall have no claim of whatsoever nature against us.

6 Variation to the Tenancy

Any variation, modification, amendment, deletion, addition or otherwise of the Offer shall not be enforceable unless agreed by both parties and reduced in writing by us. No terms or representation or otherwise, whether expressed or implied, shall form part of the Offer other than what is contained herein .

7 Season Parking

The carpark for **Biopolis** is currently managed by **Metro Parking (S) Pte Ltd,** and you will have to observe and be bound by all the mles and regulations governing the use and operation of the carpark. You are requested to contact Metro Parking (S) Pte Ltd at I Lorong 2 Toa Payoh, #02-01, Singapore 319637 (Tel: 6334 7773 Ext. 820 - 823; Fax: 6334 7787) for information and application of season car-parking.

8 Please also note that our granting of your request/application herein does not at any time prejudice or waive any of our rights or remedies for breaches of your obligations to us. Any waiver by us, to be effective, must be clearly and specifically stated in writing.

9 To guide and assist you, we enclose a **Schedule of Statutory Controls** for Flatted Factoty Occupants.

10 Should you have any queries in the mean time, please contact me.

Yours sincerely

Benjamin Tan
Senior Officer
Biomedical Department
Biomedical and Chemicals Cluster
DID: 6885 5443 Fax: 6885 5891
E-mail: tanzrb@jtc.gov.sg

ENCS: [Payment Table Specimen BG Specimen Acceptance Form
MT (Biopolis - Office/Retail) Schedule of Statutoty Controls (SC2)]

Please quote our reference when replying

Our Ref: JTC(L)BV3600/8

Corporation

20 January 2010

JTC Corporation
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434

JTC hotline 1800 568 7000

main line (65) 6560 0056

facsimile (65) 6565 5301

website www.jtc.gov.sg

ES CELL INTERNATIONAL PTE LTD
60 Biopolis Street
Genome #01-03
Singapore 138672
Attn: Ms Susan Lourdes

Dear Ms Susan

AMENDMENT TO THE RENEWAL OFFER OF TENANCY FOR OFFICE SPACE KNOWN AS PRIVATE LOT A1857102 AT 60 BIOPOLIS STREET GENOME UNIT #01-03 SINGAPORE 138672 ("Premises")

1. We refer to our letter of renewal offer of tenancy dated **11 January 2010** ("our Offer Letter").

2. Clause 2.1 of our Offer Letter shall be amended as follows:

2.1 The Premises

4. Please reference to our Offer Letter and this Amendment Letter in your acceptance letter.

Yours sincerely

Tan Zhi Rong Benjamin
Senior Officer
Biomedical Dept
Biomedical & Chemicals Cluster
JTC CORPORATION

DID: 6885 5443
FAX: 6565 5301
E-mail: tanzrb@jtc.gov.sg

Exhibit 21.1

BIOTIME, INC. SUBSIDIARIES

Subsidiary	Jurisdiction of Incorporation or Organization
ReCyte Therapeutics, Inc.	California
OncoCyte Corporation	California
OrthoCyte Corporation	California
ES Cell International Pte Ltd	Singapore
BioTime Asia, Ltd.	Hong Kong
Cell Cure Neurosciences, Ltd.	Israel

Exhibit 31

CERTIFICATIONS

I, Michael D. West, certify that:

1. I have reviewed this annual report on Form 10-K of BioTime, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this periodic report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2011

/s/ Michael D. West

Michael D. West
Chief Executive Officer

Exhibit 31

CERTIFICATIONS

I, Robert W. Peabody, certify that:

1. I have reviewed this annual report on Form 10-K of BioTime, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this periodic report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2011

/s/ Robert W. Peabody
Robert W. Peabody
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of BioTime, Inc. (the "Company") for the year ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael D. West, Chief Executive Officer, and Robert W. Peabody, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2011

/s/ Michael D. West
Michael D. West
Chief Executive Officer

/s/ Robert W. Peabody
Robert W. Peabody
Chief Financial Officer