

San Diego Newspaper Profiles International Stem Cell Reverse Merger

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International Stem Cell Corp., a fledgling Oceanside company that is hoping to make money from embryonic stem cell research, went public Tuesday, January 9, through a reverse merger with an inactive company.

International aims to use human embryonic stem cells to create an unlimited source of cells for use in the treatment of several diseases, including diabetes, liver disease and retinal disease, through cell transplant therapy.

To facilitate the merger with BTHC III, the companies exchanged shares, making International a wholly owned subsidiary of BTHC. International then closed a private placement of its stock, which netted \$11.2 million in proceeds before fees were paid.

The combined companies will operate as International Stem Cell, with shares trading over the counter as BTHC.OB, although the company is hoping to change the ticker symbol.

International has been a virtual company with lawyers in Los Angeles and some researchers in Russia and Maryland, where scientists made and sold stem cell lines to bring in revenue, said chief executive Jeff Krstich. That changed recently when the company opened its manufacturing center and headquarters in Oceanside.

Elena Revazova, a scientist who has worked at the University of California Los Angeles, the University of Southern California and has also worked in Moscow, will be the company's chief scientist.

The company, one of about a dozen human embryonic stem cell companies worldwide, will be looking to tap into California's \$3 billion stem cell initiative, Krstich said.

"We knew we wanted to do a reverse merger because it is quicker and less costly to the company and potential investors," Krstich said.

It is just serendipitous, he said, that the company's coming out party coincides with an upswing in trading and share price of stem cell companies since Democrats won Congress in November.

The Democratic majority leaders on Capitol Hill have said that within their first 100 days they will push for changes in federal funding restrictions on human embryonic stem cell research.

In 2001, President Bush limited crucial federal funding to only cover research on human embryonic stem cell lines that had already been created. Bush opposes human embryonic stem cell research because it requires the destruction of embryos, which some believe is a life that should be protected.

International shares closed at \$2.50 yesterday.

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