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2595 Jason Court
Oceanside, California 92

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held April 22, 2008**

TO OUR STOCKHOLDERS:

Notice is hereby given that the annual meeting of the stockholders of International Stem Cell Corporation, a Delaware corporation, will be held on April 22, 2008, at 9:00 a.m. local time, at the Hilton Garden Inn, located at 6450 Carlsbad Boulevard, Carlsbad CA 92011, for the following purposes:

1. To elect six directors to hold office for a one-year term and until their respective successors are elected and qualified.
2. To ratify the selection of Vasquez and Company, LLP as our independent auditors for the fiscal year ending December 31, 2008.
3. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 11, 2008 are entitled to notice of, and to vote at, this meeting and any adjournment or postponement.

William B. Adams

Chief Financial Officer and Secretary
Oceanside, California

March 21, 2008

IMPORTANT: Please fill in, date, sign and promptly mail the enclosed proxy card in the accompanying postage-paid envelope to assure that your shares are represented at the meeting. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent auditor and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval.

Vote Required and Board of Directors Recommendation

The affirmative vote of a majority of the votes cast at the meeting, at which a quorum is present, either in person or by proxy, shall ratify the appointment of Vasquez and Company, LLP as our independent auditor for the fiscal year ending December 31, 2008. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

The Board of Directors unanimously recommends a vote "FOR" the ratification of the appointment of Vasquez and Company, LLP as our independent auditors for the fiscal year ending December 31, 2008.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees International Stem Cell Corporation's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. Our independent registered public accounting firm, Vasquez and Company, LLP, is responsible for expressing an opinion as to the conformity of our audited financial statements with generally accepted accounting principles. The Audit Committee consists of three directors, each of whom, in the judgment of the Board, is an "independent director" as defined in the listing standards for the Nasdaq Marketplace Rules. The Audit Committee acts pursuant to a written charter that has been adopted by the Board of Directors.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and Vasquez and Company, LLP. The Committee has also discussed and reviewed with the auditors all matters required to be disclosed in Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Committee has met with Vasquez and Company, LLP, with and without management present, to discuss the overall scope of the Vasquez and Company, LLP audit, the results of its examinations, its evaluations of International Stem Cell Corporation's internal controls and the overall quality of the company's financial reporting.

The Audit Committee has received from the auditors a formal written statement describing all relationships between the auditors and International Stem Cell Corporation that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the committee recommended to the Board of Directors that International Stem Cell Corporation's audited financial statements be included in International Stem Cell Corporation's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

AUDIT COMMITTEE:

Paul V. Maier (Chairman)

Edward O. Hunter

Donald A. Wright

Compensation Discussion and Analysis

Goals of Compensation Program

The primary goals of our Compensation Committee with respect to the compensation of our executive officers are: (i) to attract and retain talented and dedicated executives; (ii) to tie annual and long-term cash and stock incentives to the achievement of specified company and individual performance criteria; and (iii) to align executives' compensation incentives to achievements that we believe will lead to stockholder value creation. To achieve these goals, the Compensation Committee maintains compensation plans that tie a substantial portion of executives' overall compensation to the achievement of key operational, clinical and financial goals. The Compensation Committee also evaluates the performance of each individual executive officer against specific individual performance criteria. The Compensation Committee believes that the compensation for our executive officers is comparable with executives in other companies of similar size and stage of development operating in our industry, while taking into account our relative performance and our own strategic goals.

Elements of Compensation

We currently have a relatively simple compensation structure that is comprised of: (i) base salary; (ii) annual cash and equity incentive awards; and (iii) stock options.

Base Salary

Base salaries for our executive officers are established based on the scope of their responsibilities, taking into account competitive market compensation paid by other companies for similar positions. Generally, we target salaries for our executive officers near the median of the range of salaries for executives in similar positions with similar responsibilities at comparable companies. Base salaries are reviewed annually, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience as well as the company's financial position. For 2007, this review occurred in the first quarter and the annual base salaries for the executive officers named in the 2007 Summary Compensation Table below were set at the following levels:

<u>Name</u>	<u>2007 Annual Base Salary</u>
Jeff Krstich	\$ 220,000(1)
Kenneth C. Aldrich	\$ 180,000
Jeffrey D. Janus	\$ 220,000
William B. Adams	\$ 180,000

(1) In January 2008, Mr. Krstich passed away. The Chairman of the Board, Kenneth C. Aldrich has assumed the position of Chief Executive Officer.

Cash and Equity Incentives

The Compensation Committee has not established a cash and equity bonus structure for our executive officers. However, Messrs. Krstich, Janus and Adams officers earned a cash bonus in the amount \$50,000 each in 2007 based on their services expanding the infrastructure of the company during the prior year. The bonus to Messrs. Krstich, Janus and Adams was paid in recognition of their services in the prior year in restructuring the company to facilitate public financing and building and staffing the Company's Oceanside, California office. There were no equity awards issued to executives during 2007.

As of the date of this Proxy Statement, the Compensation Committee has not established the 2008 cash and equity bonus structure for our executive officers.

Stock Options

Our 2006 Stock Plan authorizes us to grant options to purchase shares of common stock to our employees, directors and consultants. Our Compensation Committee is the administrator of this stock plan. Stock option grants are made at the commencement of employment and may also be made following a significant change in job responsibilities or to meet other special retention or performance objectives. The Compensation Committee reviews and recommends initial stock option awards for executive officers based upon a review of competitive compensation data. In appropriate circumstances, the Compensation Committee considers the recommendations of our Chief Executive Officer when determining the amount of an initial option grant or the amount of an annual incentive option grant for executive officers. Stock options granted by us have an exercise price equal to the fair market value of our common stock on the day of grant, typically vest 2% per month based upon continued employment over approximately a four-year period, and generally expire ten years after the date of grant. Incentive stock options also include certain other terms necessary to assure compliance with the Internal Revenue Code of 1986, as amended.

Potential Components of Compensation

In addition to granting incentive and nonstatutory stock options, our 2006 Stock Plan provides for the granting of restricted stock, restricted stock units, stock appreciation rights, performance units and shares, deferred compensation awards and other stock-based awards. The Compensation Committee may utilize some or all of these types of awards for executive officers if it believes that such awards are necessary to further the goals of the compensation program.

Compensation Committee Report

We, the Compensation Committee of the Board of Directors of International Stem Cell Corporation, have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in International Stem Cell Corporation's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

THE COMPENSATION COMMITTEE
Donald A. Wright (Chair)
Edward O. Hunter
Paul V. Maier

Compensation Committee Interlocks and Insider Participation

During the fiscal year 2007, the compensation committee members were Mr. Wright, Mr. Hunter and Mr. Maier. None of the members of the Compensation Committee are or have been an officer or employee of International Stem Cell Corporation. During fiscal 2007 and 2006, no member of the Compensation Committee had any relationship with International Stem Cell Corporation requiring disclosure under Item 404 of Regulation S K. During fiscal 2007 and 2006, none of International Stem Cell Corporation's executive officers served on the compensation committee (or its equivalent) or board of directors of another entity any of whose executive officers served on International Stem Cell Corporation's Compensation Committee or Board of Directors.

Summary Compensation Table

The following table sets forth information concerning the compensation earned by our most highly compensated executive officers during the fiscal year ended December 31, 2007 and 2006.

