

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): March 12, 2013

INTERNATIONAL STEM CELL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction
of incorporation)**

000-51891
**(Commission
File Number)**

20-4494098
**(IRS Employer
Identification Number)**

5950 Priestly Drive, Carlsbad, California 92008
(Address of principal executive offices, including zip code)

(760) 940-6383
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On March 12, 2013, to obtain funding for working capital purposes, International Stem Cell Corporation (the “Company”) entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain investors, including Dr. Andrey Semechkin, to sell a total of 5,000,000 shares of common stock at a price of \$0.20 per share, for a total purchase price of \$1,000,000. Dr. Andrey Semechkin is the Company’s Co-Chairman and Chief Executive Officer and purchased \$100,000 worth of common stock. Each of the other investors has had a long-standing relationship with the Company and has closely followed the Company. The sale of the shares of common stock was completed on March 12, 2013. In connection with the sale of these shares the Company issued to each investor a warrant, exercisable for a period of 5 years, to purchase (at an exercise price of \$0.20 per share) a number of shares of common stock equal to 50% of the shares purchased by that investor, for a total of 2,500,000 shares subject to the warrants.

The shares and warrants were offered and sold to the investors in a private placement transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and Rule 506 promulgated thereunder. Each investor is an accredited investor as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

See Item 1.01 regarding the sale of 5,000,000 shares of common stock and warrants to purchase up to 2,500,000 shares of common stock.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

International Stem Cell Corporation

By: /s/ Linh Nguyen
Linh Nguyen
Chief Financial Officer

Dated: March 14, 2013

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) EXHIBITS

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	Securities Purchase Agreement dated March 12, 2013
10.2	Form of Warrant Agreement

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this “**Agreement**”) is made and entered into as of March 12, 2013, by and between International Stem Cell Corporation, a Delaware corporation (the “**Company**”), and the investors listed on the signature pages hereof (individually a “**Purchaser**” and collectively, the “**Purchasers**”).

RECITALS

WHEREAS, the Company desires to sell to the Purchasers, and the Purchasers desire to purchase from the Company, on the terms and conditions set forth in this Agreement, the number of shares (the “**Shares**”) of common stock, par value \$0.001 per share, of the Company (the “**Common Stock**”) set forth on such Purchaser’s signature page hereof;

WHEREAS, in connection with such purchase, the Company has agreed to issue to each Purchaser a warrant in the form of **Exhibit A** attached hereto (the “**Warrant**”) representing the right to acquire the number of shares (the “**Warrant Shares**”) set forth on such Purchaser’s signature page hereof; and

WHEREAS, each of the Purchasers is an existing stockholder of the Company that has, since acquiring the Company’s stock, closely followed and become knowledgeable about the Company’s business, financial condition, results of operations, prospects and risks (for example, through attending quarterly conference calls, discussions with management and review of the filings made by the Company with the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the information contained therein).

NOW, THEREFORE, in consideration of the foregoing, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. AGREEMENT TO PURCHASE AND SELL SECURITIES.

(a) Subject to the terms and conditions of this Agreement, each Purchaser hereby agrees to purchase from the Company the number of Shares as set forth on such Purchaser’s signature page hereof, and the Company hereby agrees to sell such Shares to each Purchaser, at the Closing (as defined below). The purchase price of each Share shall be \$0.20. In connection with the purchase of the Shares, the Company shall issue at the Closing a Warrant to each Purchaser representing the right to acquire the number of Warrant Shares set forth on such Purchaser’s signature page hereof. As used herein, the term “**Securities**” shall mean the Shares, the Warrants and Warrant Shares.

2. CLOSING.

(a) The purchase and sale of the Shares and the Warrants shall take place at the Company’s principal executive offices, 5950 Priestly Drive, Carlsbad, 92008, in one or more closings during the fourteen (14) calendar day period from and after the date this Agreement, and at such time before the expiration of such period as Company and the applicable Purchaser may agree either in writing or orally (each, a “**Closing**”).

(b) At each Closing, against delivery of full payment for the Shares sold hereunder by check payable to the Company or by wire transfer of immediately available funds in accordance with the Company’s instructions, the Company shall issue and deliver or cause to be delivered to the applicable Purchaser one or more stock certificates registered in the name of such Purchaser, all of which

such Shares shall bear the legend set forth in Section 4(e) below; *provided, however*, that in lieu of delivery of such Shares at such Closing, the Company may furnish to such Purchaser a copy of the irrevocable instructions to the Company's transfer agent instructing the transfer agent to deliver a certificate or certificates evidencing such Shares, registered in the name of such Purchaser. The Company shall issue the Warrants to the Purchaser at each Closing.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to each Purchaser that:

(a) Due Authorization. All corporate actions on the part of the Company necessary for the authorization, execution, delivery of, and the performance of all obligations of the Company under this Agreement, including the authorization, issuance, reservation for issuance and delivery of the Securities, have been taken and no further consent or authorization of the Company, the Board of Directors of the Company or the Company's stockholders is required. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) the effect of rules of law governing the availability of equitable remedies.

(b) Valid Issuance of the Shares. When issued at the Closing, the Shares and Warrant will be (and, upon payment pursuant to the terms of the Warrant, the Warrant Shares will be), duly authorized, validly issued, fully paid and non-assessable, free and clear from all taxes and liens, claims and encumbrances imposed by the Company, other than restrictions under applicable securities laws, and will not be subject to any preemptive rights or similar rights that have not been waived by the holders thereof.

(c) Exchange Act Documents. Since January 1, 2012, the Company has filed all reports, schedules, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act and the rules and regulations promulgated thereunder (the "***Exchange Act Documents***"). Each of the Exchange Act Documents, as of the respective dates thereof (or, if amended or superseded by a filing or submission, as the case may be, prior to the Closing Date, then on the date of such filing or submission, as the case may be), (1) did not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (2) complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such Exchange Act Document.

4. REPRESENTATIONS AND WARRANTIES OF EACH PURCHASER. Each Purchaser, separately and not jointly hereby represents and warrants to the Company that:

(a) Due Authorization. All action on the part of the Purchaser necessary for the authorization, execution, delivery of and the performance of the transactions contemplated by this Agreement have been taken and no further consent or authorization of the Purchaser is necessary. This Agreement, when delivered by the Purchaser in accordance with the terms hereof, will constitute Purchaser's legal, valid and binding obligation, enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.

(b) Purchase for Own Account. The Securities are being acquired for investment for the Purchaser's own account, not as a nominee or agent, in the ordinary course of business, and not with a view to the public resale or distribution thereof within the meaning of the Securities Act of 1933, as

amended (the “**Securities Act**”). The Purchaser does not have any agreement or understanding, direct or indirect, with any other person to sell or otherwise distribute the Securities. Notwithstanding the foregoing, the parties hereto acknowledge the Purchaser’s right at all times to sell or otherwise dispose of all or any part of the Securities in compliance with applicable federal and state securities laws and as otherwise contemplated by this Agreement.

(c) Investment Experience and Knowledge of the Company. Purchaser represents that it is an accredited investor within the meaning of Regulation D under the Securities Act. The Purchaser understands that the purchase of the Securities involves substantial risk. The Purchaser has substantial experience as an investor in private placement transactions of securities of public companies similar to the Company and acknowledges that he can bear the economic risk of his investment in the Shares and has such knowledge and experience in financial or business matters that he is capable of evaluating the merits and risks of this investment in the Shares and protecting his own interests in connection with this investment. The Purchaser has reviewed the filings made by the Company with the SEC under the Exchange Act and the information contained therein, and is fully informed of the Company’s business, financial condition, results of operation, prospects and risks. The Purchaser has also had the opportunity to ask questions of and receive answers from the Company and its management regarding the Company and the terms and conditions of this investment.

(d) Restricted Securities and Restrictions on Transfer.

(i) The Purchaser understands that the Securities have not been registered under the Securities Act and the Purchaser agrees that he will not sell, offer to sell, assign, pledge, hypothecate or otherwise transfer any of the Securities (except as permitted in Section 4(e) below) unless (1) pursuant to an effective registration statement under the Securities Act, (2) the Purchaser provides a reasonably acceptable legal opinion to the Company, to the effect that a sale, assignment, pledge, hypothecation or other transfer of the Securities may be made without registration under the Securities Act, (3) the Purchaser provides the Company a “no action” letter from the SEC to the effect that the transfer of the Securities without registration will not result in a recommendation by the Staff of the SEC that enforcement action be taken with respect thereto, (4) the Purchaser provides the Company with reasonable assurances (in the form of seller and broker representation letters) that the Securities can be sold pursuant to Rule 144 promulgated under the Securities Act (“**Rule 144**”), or (5) pursuant to any other exception contained in the Securities Act provided that the Purchaser provides a reasonably acceptable legal opinion to the Company.

(ii) Prior to any proposed transfer pursuant to clause (2), (3), (4) or (5) in Section 4(d)(i) above, the Purchaser shall give written notice to the Company of such Purchaser’s intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall be accompanied by the applicable legal opinion, “no action” letter or seller and broker representation letters.

(iii) Notwithstanding the foregoing provisions of this Section 4(d), no registration statement, legal opinion or “no action” letter shall be necessary for a transfer of the Shares by gift, will or intestate succession to the Purchaser’s spouse or other immediate family members.

(e) Legends. Purchaser agrees that, to the extent necessary, the certificates representing the Shares, the Warrant and the Warrant Shares shall bear substantially the following legends:

(i) “THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES

LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, UNLESS SOLD PURSUANT TO: (1) RULE 144 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (2) AN OPINION OF HOLDER'S COUNSEL, IN A CUSTOMARY FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS."

(ii) Any other legend required to be placed thereon by applicable state or federal laws.

5. MISCELLANEOUS.

(a) Successors and Assigns. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchasers. Each Purchaser may assign its rights under this Agreement to any person to whom such Purchaser assigns or transfers any of the Shares, provided that such transferee agrees in writing to be bound by the terms and provisions of this Agreement, and such transfer is in compliance with the terms and provisions of this Agreement and permitted by federal and state securities laws.

(b) Governing Law. This Agreement will be governed by and construed and enforced under the internal laws of the State of Delaware, without reference to principles of conflict of laws or choice of laws.

(c) Survival. The representations and warranties of the Company contained in Section 3 of this Agreement and of the Purchaser contained in Section 4 of this Agreement shall survive the Closing.

(d) Counterparts; Electronic Delivery. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument, and such counterparts may be delivered electronically via PDF or facsimile.

(e) Headings. The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) Notices. Any notices and other communications required or permitted under this Agreement shall be in writing and shall be delivered (i) personally by hand or by courier, (ii) mailed by United States first-class mail, postage prepaid or (iii) sent by facsimile or other electronic transmission directed to the address or facsimile number or other address for electronic transmission set forth below. All such notices and other communications shall be deemed given upon (i) receipt or refusal of receipt, if delivered personally, (ii) three (3) days after being placed in the mail, if mailed, or (iii) confirmation of facsimile transfer or other electronic transmission, if faxed.

If to the Company:

International Stem Cell Corporation.
5950 Priestly Drive, Carlsbad, California 92008
Tel: (760) 940-6383
Fax: (760) 476-0600
Attention: Chief Financial Officer

with a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, California 92121
Tel: (858) 677-1400
Fax: (858) 677-1401
Attention: Douglas Rein

If to a Purchaser:

At the address set forth on such Purchaser's signature page hereof.

(g) Amendments and Waivers. This Agreement may be amended and the observance of any term of this Agreement may be waived only with the written consent of the Company and the Purchasers. Any amendment effected in accordance with this Section 5(g) will be binding upon all Purchasers, the Company and their respective successors and assigns.

(h) Severability. If any provision of this Agreement is held to be unenforceable under applicable law, such provision will be excluded from this Agreement and the balance of the Agreement will be interpreted as if such provision were so excluded and will be enforceable in accordance with its terms.

(i) Entire Agreement. This Agreement, together with all exhibits and schedules thereto, constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof and supersede any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties with respect to the subject matter hereof and thereof.

(j) Fees, Costs and Expenses. All fees, costs and expenses (including attorneys' fees and expenses) incurred by any party hereto in connection with the preparation, negotiation and execution of this Agreement and the exhibits and schedules thereto and the consummation of the transactions contemplated hereby and thereby (including the costs associated with any filings with, or compliance with any of the requirements of any governmental authorities), shall be the sole and exclusive responsibility of such party.

(k) Waivers. No waiver by any party to this Agreement of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

(l) Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to specific performance under this Agreement. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

INTERNATIONAL STEM CELL CORPORATION

By: /s/ Linh Nguyen
Name: Linh Nguyen
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

GEMINI MASTER FUND, LTD.

By: GEMINI STRATEGIES, LLC.

By: /s/ Steven Winters

Name: Steven Winters

Title:

Address: c/o Gemini Strategies, LLC
619 South Vulcan, Ste. 203
Encinitas, CA 92024

Tel: 858-480-2828

Fax:

Number of Shares: 2,000,000

Total Purchase Price: \$400,000

Number of Warrant Shares: 1,000,000

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

By: /s/ Richard J. Fleck

Name: Richard J. Fleck

Title:

Address: 361 N. Hale Ave.
Escondido, CA 92029

Tel: 760-801-9502

Fax: 760-747-1008

Number of Shares: 500,000

Total Purchase Price: \$100,000

Number of Warrant Shares: 250,000

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

By: /s/ Gregory L. Brandon

Name: Gregory L. Brandon

Title:

Address: 799 Sherwood Oaks Lane
Jonesboro, AR 72404

Tel: 870-623-2901

Fax: 870-762-1258

Number of Shares: 500,000

Total Purchase Price: \$100,000

Number of Warrant Shares: 250,000

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

By: /s/ Sir Nigel Burney

Name: Sir Nigel Burney

Title:

Address: c/o Haywood Securities
Suite 700-200 Burrard St.
Vancouver, B.C., Canada
V6C 3L6

Tel: 001-604-697-7125

Fax: 001-604-697-7496

Number of Shares: 1,000,000

Total Purchase Price: \$200,000

Number of Warrant Shares: 500,000

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

CRONE FAMILY TRUST

By: /s/ James A. Crone III

Name: James A. Crone III

Title:

Co-Trustee

Address: 101 N. Broadway
Escondido, CA 92025

Tel: 760-480-8888

Fax: 760-745-1212

Number of Shares: 500,000

Total Purchase Price: \$100,000

Number of Warrant Shares: 250,000

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

PURCHASER

By: /s/ Andrey Semechkin

Name: Andrey Semechkin

Title:

Address: c/o International Stem Cell Corporation
5950 Priestly Drive
Carlsbad, California 92008

Tel: 760-940-6383

Fax: 760-476-0600

Number of Shares: 500,000
Total Purchase Price: \$100,000
Number of Warrant Shares: 250,000

EXHIBIT A

Form of Warrant

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR APPLICABLE STATE SECURITIES LAWS, UNLESS SOLD PURSUANT TO: (1) RULE 144 UNDER THE SECURITIES ACT OF 1933 OR (2) AN OPINION OF HOLDER'S COUNSEL IN A CUSTOMARY FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933 OR APPLICABLE STATE SECURITIES LAWS.

Warrant No. _____

Number of Shares: _____

Date of Issuance: March 12, 2013

(subject to adjustment)

INTERNATIONAL STEM CELL CORPORATION

Common Stock Purchase Warrant

International Stem Cell Corporation, a Delaware corporation (the "Company"), for value received, hereby certifies that _____, or such person's registered assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company, at any time after the date hereof and on or before the Expiration Date (as defined in Section 5 below), up to _____ () shares of Common Stock of the Company, at a purchase price of \$0.20 per share. The shares purchasable upon exercise of this Warrant and the purchase price per share, as adjusted from time to time pursuant to the provisions of this Warrant, are sometimes hereinafter referred to as the "Warrant Shares" and the "Purchase Price," respectively.

This Warrant is issued pursuant to a Securities Purchase Agreement dated March 12, 2013 between the Company and the Holder (the "Purchase Agreement") and is subject to the terms and conditions of the Purchase Agreement.

1. Exercise.

(a) **Manner of Exercise.** This Warrant may be exercised by the Holder, in whole or in part, by surrendering this Warrant, with the purchase/exercise form attached hereto as Exhibit A duly executed by such Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, accompanied by payment in full of the Purchase Price payable in respect of the number of shares of Warrant Shares purchased upon such exercise. The Purchase Price may be paid by cash, check or wire transfer or, if permitted, by cashless exercise pursuant to Section 1(b).

(b) **Cashless Exercise.** Notwithstanding anything contained herein to the contrary, if at any time there is not a current, valid and effective registration statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Purchase Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "Cashless Exercise"):

$$\text{Net Number} = \frac{(B-C) \times A}{B}$$

For purposes of the foregoing formula:

A = the total number of shares with respect to which this Warrant is then being exercised.

B = the average of the Closing Bid Prices of the shares of Common Stock (as reported by Bloomberg) for the five consecutive Trading Days ending on the date immediately preceding the date of the Exercise Notice.

C = the Purchase Price then in effect for the applicable Warrant Shares at the time of such exercise.

(c) **Effective Time of Exercise.** Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant and the Purchase Price shall have been surrendered to the Company as provided in Section 1(a) above. At such time, the person or persons in whose name or names any certificates for Warrant Shares shall be issuable upon such exercise as provided in Section 1(d) below shall be deemed to have become the holder or holders of record of the Warrant Shares represented by such certificates.

(d) **Delivery to Holder.** As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within five days thereafter, the Company at its expense will cause to be issued in the name of, and delivered to, the Holder, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct:

(i) a certificate or certificates for the number of shares of Warrant Shares to which such Holder shall be entitled, and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Warrant Shares equal (without giving effect to any adjustment therein) to the number of such shares called for on the face of this Warrant minus the number of such shares purchased by the Registered Holder upon such exercise as provided in Section 1(a) above.

2. **Adjustments.**

(a) **Stock Splits and Dividends.** If outstanding shares of the Company's Common Stock shall be subdivided into a greater number of shares or a dividend in Common Stock shall be paid in respect of Common Stock, the Purchase Price in effect immediately prior to such subdivision or at the record date of such dividend shall simultaneously with the effectiveness of such subdivision or immediately after the record date of such dividend be proportionately reduced. If outstanding shares of Common Stock shall be combined into a smaller number of shares, the Purchase Price in effect immediately prior to such combination shall, simultaneously with the effectiveness of such combination, be proportionately increased. When any adjustment is required to be made in the Purchase Price, the number of shares of Warrant Shares purchasable upon the exercise of this Warrant shall be changed to the number determined by dividing (i) an amount equal to the number of shares issuable upon the exercise of this Warrant immediately prior to such adjustment, multiplied by the Purchase Price in effect immediately prior to such adjustment, by (ii) the Purchase Price in effect immediately after such adjustment.

(b) **Reclassification, Etc.** In case of any reclassification or change of the outstanding securities of the Company or of any reorganization of the Company (or any other corporation the stock or securities of which are at the time receivable upon the exercise of this Warrant) or any similar corporate reorganization on or after the date hereof, then and in each such case the holder of this Warrant, upon the exercise hereof at any time after the consummation of such reclassification, change, reorganization, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities

and property receivable upon the exercise hereof prior to such consummation, the stock or other securities or property to which such holder would have been entitled upon such consummation if such holder had exercised this Warrant immediately prior thereto, all subject to further adjustment as provided in Section 2(a); and in each such case, the terms of this Section 2 shall be applicable to the shares of stock or other securities properly receivable upon the exercise of this Warrant after such consummation.

(c) **Adjustment Certificate.** When any adjustment is required to be made in the Warrant Shares or the Purchase Price pursuant to this Section 2, the Company shall promptly mail to the registered Holder a certificate setting forth (i) a brief statement of the facts requiring such adjustment, (ii) the Purchase Price after such adjustment and (iii) the kind and amount of stock or other securities or property into which this Warrant shall be exercisable after such adjustment.

3. **Transfers.**

(a) **Unregistered Security.** Each holder of this Warrant acknowledges that this Warrant and the Warrant Shares have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and agrees not to sell, pledge, distribute, offer for sale, transfer or otherwise dispose of this Warrant or any Warrant Shares issued upon its exercise in the absence of (i) an effective registration statement under the Act as to this Warrant or such Warrant Shares and registration or qualification of this Warrant or such Warrant Shares under any applicable U.S. federal or state securities law then in effect or (ii) an opinion of counsel, satisfactory to the Company, that such registration and qualification are not required. Each certificate or other instrument for Warrant Shares issued upon the exercise of this Warrant shall bear a legend substantially to the foregoing effect.

(b) **Transferability.** Subject to the provisions of Section 3(a) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of the Warrant with a properly executed assignment (in the form of Exhibit B hereto) at the principal office of the Company.

(c) **Warrant Register.** The Company will maintain a register containing the names and addresses of the registered Holders of this Warrant. Until any transfer of this Warrant is made in the warrant register, the Company may treat the registered Holder of this Warrant as the absolute owner hereof for all purposes; provided, however, that if this Warrant is properly assigned in blank, the Company may (but shall not be required to) treat the bearer hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary. Any registered Holder may change such registered Holder’s address as shown on the warrant register by written notice to the Company requesting such change.

4. **No Impairment.** The Company will not, by amendment of its charter or through reorganization, consolidation, merger, dissolution, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

5. **Termination.** This Warrant (and the right to purchase securities upon exercise hereof) shall terminate upon the earliest to occur of the following (the “Expiration Date”): (a) at 5:00 p.m. (Pacific Time) on March 12, 2018, or (b) the sale, conveyance or disposal of all or substantially all of the Company’s property or business or the Company’s merger with or into or consolidation with any other corporation (other than a wholly-owned subsidiary of the Company) or any other transaction or series of related transactions, in each case in which more than fifty percent (50%) of the voting power of the Company is disposed of, provided that this Section 5(b) shall not apply either to a merger effected

exclusively for the purpose of changing the domicile of the Company or to an equity financing in which the Company is the surviving corporation.

6. **Notices of Certain Transactions.** In case:

(a) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time deliverable upon the exercise of this Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right, to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right, or

(b) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation or merger of the Company, any consolidation or merger of the Company with or into another corporation (other than a consolidation or merger in which the Company is the surviving entity), or any transfer of all or substantially all of the assets of the Company, or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will mail or cause to be mailed to the Registered Holder of this Warrant a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up) are to be determined. Such notice shall be mailed at least ten (10) days prior to the record date or effective date for the event specified in such notice.

7. **Reservation of Stock.** The Company will at all times reserve and keep available, solely for the issuance and delivery upon the exercise of this Warrant, such shares of Warrant Shares and other stock, securities and property, as from time to time shall be issuable upon the exercise of this Warrant.

8. **Exchange of Warrants.** Upon the surrender by the Holder of any Warrant or Warrants, properly endorsed, to the Company at the principal office of the Company, the Company will, subject to the provisions of Section 3 hereof, issue and deliver to or upon the order of such Holder, at the Company's expense, a new Warrant or Warrants of like tenor, in the name of such Holder or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant or Warrants so surrendered.

9. **Replacement of Warrants.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement (with surety if reasonably required) in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

10. **Notices.** Any notice required or permitted by this Warrant shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, addressed (a) if to the Holder, to the address of the Holder most recently furnished in writing to the Company and (b) if to the Company, to the address set forth below or subsequently modified by written notice to the Holder.

11. **No Rights as Stockholder.** Until the exercise of this Warrant, the Registered Holder of this Warrant shall not have or exercise any rights by virtue hereof as a stockholder of the Company.

12. **No Fractional Shares.** No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of any fractional shares which would otherwise be issuable, the Company shall pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock on the date of exercise, as determined in good faith by the Company's Board of Directors.

13. **Amendment or Waiver.** Any term of this Warrant may be amended or waived only by an instrument in writing signed by the party against which enforcement of the amendment or waiver is sought.

14. **Headings.** The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

15. **Governing Law.** This Warrant shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

INTERNATIONAL STEM CELL CORPORATION

By _____
Address: 5950 Priestly Drive
Carlsbad, CA 92008
Fax Number: (760) 476-0600

EXHIBIT A

PURCHASE/EXERCISE FORM

To: **International Stem Cell Corporation**

Dated:

The undersigned, pursuant to the provisions set forth in the attached Warrant No. _____, hereby irrevocably elects to purchase shares of the Common Stock covered by such Warrant. The undersigned herewith makes payment for the full purchase price for such shares at the price per share provided for in such Warrant by: (Please check and complete one of the following)

- ☐ Cash Exercise (total purchase price of \$ _____) for _____ Warrant Shares
- ☐ Cashless Exercise (if permitted) with respect to _____ Warrant Shares

The undersigned acknowledges that it has reviewed the representations and warranties contained in Section 4 of the Purchase Agreement (as defined in the Warrant) and by its signature below hereby makes such representations and warranties to the Company. Defined terms contained in such representations and warranties shall have the meanings assigned to them in the Purchase Agreement, provided that the term “Purchaser” shall refer to the undersigned and the term “Securities” shall refer to the Warrant Shares.

Signature: _____

Name (print): _____

EXHIBIT B

ASSIGNMENT FORM

FOR VALUE RECEIVED, hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant with respect to the number of shares of Common Stock covered thereby set forth below, to:

Name of Assignee

Address/Fax Number

No. of Shares

Dated:

Signature: _____

Witness: _____