
UNITED STATES
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): **November 17, 2016**

Asterias Biotherapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-36646

46-1047971

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**6300 Dumbarton Circle
Fremont, CA 94555**

(Address of principal executive offices)

(510) 456-3800

(Registrant's telephone number, including area code)

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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of New Chief Financial Officer

Effective November 17, 2016, Asterias Biotherapeutics, Inc. ("Asterias" or the "Company") appointed Ryan D. Chavez as the Company's Chief Financial Officer. Mr. Chavez will also retain his role as General Counsel. Mr. Chavez was previously the Company's Executive Vice President of Finance and General Counsel.

The Company and Mr. Chavez have previously entered into an employment agreement (the "Employment Agreement") in connection with his employment as the Company's Executive Vice President of Finance and General Counsel, which provides for an annual base salary of \$330,000 and a grant of stock options to purchase 380,000 shares of the Company's common stock at an exercise price of \$2.91 per share (which was the closing price of the Company's common stock on the trading day immediately preceding Mr. Chavez's commencement of employment). Subject to Mr. Chavez's continued service with the Company, one quarter of the stock options vest upon the completion of 12 full months of Mr. Chavez's continuous service with the Company and the balance of the options vest in 36 equal monthly installments commencing on the first anniversary of the date of the grant. In addition, Mr. Chavez is eligible for an annual Bonus Opportunity up to 40% of his base salary (the "Bonus Opportunity"). The Company's Board of Directors (the "Board"), or its Compensation Committee, has absolute discretion in determining whether and to what extent any payment under the Bonus Opportunity are to be made based on performance criteria that the Board, or its Compensation Committee, may determine from time to time.

The Employment Agreement contains provisions entitling him to severance benefits under certain circumstances. If the Company terminates Mr. Chavez's employment without "Cause" as those terms are defined in the Employment Agreement, he will be entitled to severance benefits. If Mr. Chavez has been employed by the Company for one year or less, his severance benefits will include payment of six months base salary. If Mr. Chavez is employed with the Company for more than one year, his severance benefits will include payment of 12 months base salary and accelerated vesting of 50% of unvested stock options previously granted.

If Mr. Chavez's employment is terminated without "Cause" within 12 months within a Change of Control, his severance benefits will include payment of 100% of his base salary and accelerated vesting of all unvested stock options previously granted.

The foregoing is a summary only and does not purport to be a complete description of all of the terms and provisions relating to the Employment Agreement and is subject to and qualified in its entirety by reference to the full text of the Employment Agreement, which is filed herewith as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated into this Item 5.02 by reference.

Prior to joining the Company, Mr. Chavez, 40, was Vice President and General Counsel of Mallinckrodt plc's Autoimmune and Rare Disease Division. Before joining Mallinckrodt in August 2014, Mr. Chavez served as Associate General Counsel at Questcor Pharmaceuticals, Inc. Prior to joining Questcor in October 2012, he worked at the law firms of Stradling, Yocca, Carlson & Rauth and Rutan & Tucker. Previously, Mr. Chavez served in various financial roles at General Electric Co. He earned his J.D., magna cum laude, from Chapman University School of Law and his B.A. with honors and distinction from Stanford University.

Mr. Chavez is replacing Russell Skibsted, the previous Chief Financial Officer of Asterias, who as of November 17, 2016, no longer holds any positions with the Company.

Item 9.01 Financial Tables and Exhibits.

(d) Exhibits.

Exhibit

No. Description

[10.1](#) Employment Agreement of Ryan D. Chavez, dated July 18, 2016.

SIGNATURES

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.

ASTERIAS BIOTHERAPEUTICS, INC.

Date: November 17, 2016

By: /s/ Stephen L. Cartt
President and Chief Executive Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made as of July 18, 2016 by and between Asterias Biotherapeutics, Inc. ("Asterias"), a Delaware corporation, and Ryan Chavez ("Executive").

1. Engagement; Position and Duties.

(a) Asterias agrees to employ Executive in the position described on Exhibit A (which Exhibit A is a part of this Agreement) effective as of the date of this Agreement. Executive shall perform the duties and functions described on Exhibit A and such other duties as the executive(s) to whom Executive reports or the Board of Directors of Asterias may from time to time determine. Executive shall devote Executive's best efforts, skills, and abilities, on a full-time basis, exclusively to the business of Asterias and its Related Companies pursuant to, and in accordance with, business policies and procedures, as fixed from time to time by the Board of Directors (the "Policies"). Executive covenants and agrees that Executive will faithfully adhere to and fulfill the Policies, including any changes to the Policies that may be made in the future. Executive may be provided with a copy of Asterias's employee manual (the "Manual") which contains the Policies. Asterias may change its Policies from time to time, in which case Executive will be notified of the changes in writing by a memorandum, a letter, or an update or revision of Asterias's employee manual.

(b) **No Conflicting Obligations.** Executive represents and warrants to Asterias and each Related Company that Executive is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with Executive's obligations under this Agreement or that would prohibit Executive, contractually or otherwise, from performing Executive's duties as under this Agreement and the Policies. Executive has previously disclosed to CEO of Asterias that he is a member of a board of directors of a privately held early stage development company and from time to time may hold similar positions but that such positions are advisory in nature and not employment positions that would interview with Executive's obligations under this Agreement.

(c) **No Unauthorized Use of Third Party Intellectual Property.** Executive represents and warrants to Asterias and each Related Company that Executive will not use or disclose, in connection with Executive's employment by Asterias or any Related Company, any patents, trade secrets, confidential information, or other proprietary information or intellectual property as to which any other person has any right, title or interest, except to the extent that Asterias or a Related Company holds a valid license or other written permission for such use from the owner(s) thereof. Executive represents and warrants to Asterias and each Related Company that Executive has returned all property and confidential information belonging to any prior employer.

2. Compensation

(a) **Salary.** During the term of this Agreement, Asterias shall pay to the Executive the salary shown on Exhibit A. Executive's salary shall be paid in equal semi-monthly installments, consistent with Asterias's regular salary payment practices. Executive's salary may be increased from time-to-time by Asterias, in Asterias's sole and absolute discretion, without affecting this Agreement.

(b) **Bonus.** Executive shall be eligible to earn an annual cash incentive bonus award determined by the Board in respect of each fiscal year during Executive's employment (the "Annual Bonus"), with a target bonus equal to no less than forty percent (40%) of Base Salary (the "Target Bonus") for achievement of the specified performance goals at target levels for the applicable calendar year. The actual Annual Bonus payable shall be based upon the level of achievement of objectively determinable Company and individual performance goals for the applicable calendar year, as determined by the Board in consultation with Executive. Such performance goals shall be determined and memorialized in writing no later than January 31 of each calendar year.

(c) **Expense Reimbursements.** Asterias or a Related Company shall reimburse Executive for reasonable travel and other business expenses (including those expenses listed on Exhibit A related to commuting to work) incurred by Executive in the performance of Executive's duties under this Agreement, subject to the Policies and procedures in effect from time to time, and provided that Executive submits supporting vouchers.

(d) **Benefit Plans.** Executive may be eligible (to the extent Executive qualifies) to participate in certain retirement, pension, life, health, accident and disability insurance, stock option plan or other similar employee benefit plans which may be adopted by Asterias (or a Related Company) for its employees. Asterias and the Related Companies have the right, at any time and without any amendment of this Agreement, and without prior notice to or consent from Executive, to adopt, amend, change, or terminate any such benefit plans that may now be in effect or that may be adopted in the future, in each case without any further financial obligation to Executive. Any benefits to which Executive may be entitled under any benefit plan shall be governed by the terms and conditions of the applicable benefit plan, and any related plan documents, as in effect from time to time. If Executive receives any grant of stock options or restricted under any stock option plan or stock purchase plan of Asterias or any Related Company, the terms and conditions of the stock options or restricted stock, and Executive's rights with respect to the stock options or restricted stock, shall be governed by (i) the terms of the applicable stock option or stock purchase plan, as the same may be amended from time to time, and (ii) the terms and conditions of any stock option agreement or stock purchase agreement and related agreements that Executive may sign or be required to sign with respect to the stock options or restricted stock.

(e) **Vacation; Sick Leave.** Executive shall be entitled to the number of days of vacation and sick leave (without reduction in compensation) during each calendar year shown on Exhibit A or as may be provided by the Policies. Executive's vacation shall be taken at such time as is consistent with the Policies of Asterias and its Related Companies. All vacation days and sick leave days shall accrue annually based upon days of service. Executive's right to leave from work due to illness is subject to the Policies and the provisions of this Agreement governing termination due to disability, sickness or illness. The Policies governing the disposition of unused vacation days and sick leave days remaining at the end of Asterias's fiscal year shall govern whether unused vacation days or sick leave days will be paid, lost, or carried over into subsequent fiscal years.

3. **Competitive Activities.** During the term of Executive's employment, and for one year thereafter, Executive shall not, for Executive or any third party, directly or indirectly solicit for employment or proactively recommend for employment any person employed by Asterias or any Related Company. During the term of Executive's employment, Executive shall not, directly or indirectly as an employee, contractor, officer, director, member, partner, agent, or equity owner, engage in any activity or business that competes or could reasonably be expected to compete with the business of Asterias or any Related Company, except to the extent such activities by Executive are approved by the Board of Directors of Asterias. Executive acknowledges that there is a substantial likelihood that the activities described in this Section would (a) involve the unauthorized use or disclosure of Asterias's or a Related Company's Confidential Information and that use or disclosure would be extremely difficult to detect, and (b) result in substantial competitive harm to the business of Asterias or a Related Company. Executive has accepted the limitations of this Section as a reasonably practicable and unrestrictive means of preventing such use or disclosure of Confidential Information and preventing such competitive harm.

4. Inventions/Intellectual Property/Confidential Information

(a) As used in this Agreement, “Intellectual Property” means any and all inventions, discoveries, formulas, improvements, writings, designs, or other intellectual property. Any and all Intellectual Property relating to or in any way pertaining to or connected with the systems, products, apparatus, or methods employed, manufactured, constructed, or researched by Asterias, or any Related Company, which Executive may conceive or make while performing services for Asterias or a Related Company shall be the sole and exclusive property of Asterias or the applicable Related Company. Executive hereby irrevocably assigns and transfers to Asterias, or a Related Company, all rights, title and interest in and to all Intellectual Property that Executive may now or in the future have under patent, copyright, trade secret, trademark or other law, in perpetuity or for the longest period otherwise permitted by law, without the necessity of further consideration. Asterias and the Related Companies will be entitled to obtain and hold in their own name all copyrights, patents, trade secrets, trademarks and other similar registrations with respect to such Intellectual Property.

(b) **Moral Rights.** To the extent allowed by law, the rights to Intellectual Property assigned by Executive to Asterias or any Related Company includes all rights of paternity, integrity, disclosure and withdrawal, and any other rights that may be known as or referred to as “moral rights,” “artist’s rights,” “droit moral,” or the like (collectively “Moral Rights”). To the extent Executive retains any such Moral Rights under applicable law, Executive hereby ratifies and consents to any action that may be taken with respect to such Moral Rights by or authorized by Asterias or a Related Company and agrees not to assert any Moral Rights with respect thereto. Executive shall confirm in writing any such ratifications, consents, and agreements from time to time as requested by Asterias or Related Company.

(c) **Execution of Documents; Power of Attorney.** Executive agrees to execute and sign any and all applications, assignments, or other instruments which Asterias or a Related Company may deem necessary in order to enable Asterias or a Related Company, at its expense, to apply for, prosecute, and obtain patents of the United States or foreign countries for the Intellectual Property, or in order to assign or convey to, perfect, maintain or vest in Asterias or a Related Company the sole and exclusive right, title, and interest in and to the Intellectual Property. If Asterias or a Related Company is unable after reasonable efforts to secure Executive’s signature, cooperation or assistance in accordance with the preceding sentence, whether because of Executive’s incapacity or any other reason whatsoever, Executive hereby designates and appoints Asterias or any Related Company or its designee as Executive’s agent and attorney-in-fact, to act on Executive’s behalf, to execute and file documents and to do all other lawfully permitted acts necessary or desirable to perfect, maintain or otherwise protect Asterias’s or a Related Company’s rights in the Intellectual Property. Executive acknowledges and agrees that such appointment is coupled with an interest and is irrevocable.

(d) **Disclosure of Intellectual Property.** Executive agrees to disclose promptly to Asterias or a Related Company all Intellectual Property which Executive may create or conceive solely, jointly, or commonly with others. This paragraph is applicable whether or not the Intellectual Property was made under the circumstances described in paragraph (a) of this Section. Executive agrees to make such disclosures understanding that they will be received in confidence and that, among other things, they are for the purpose of determining whether or not rights to the related Intellectual Property is the property of Asterias or a Related Company.

(e) **Limitations.** The obligations provided for by this Section 4, except for the requirements as to disclosure in paragraph 4(d), do not apply to any rights Executive may have acquired in connection with Intellectual Property for which no equipment, supplies, facility, or trade secret information of Asterias or a Related Company was used and which was developed entirely on the Executive's own time and (i) which at the time of conception or reduction to practice does not relate directly or indirectly to the business of Asterias or a Related Company, or to the actual or demonstrable anticipated research or development activities or plans of Asterias or a Related Company, or (ii) which does not result from any work performed by Executive for Asterias or a Related Company. All Intellectual Property that (1) results from the use of equipment, supplies, facilities, or trade secret information of Asterias or a Related Company; (2) relates, at the time of conception or reduction to practice of the invention, to the business of Asterias or a Related Company, or actual or demonstrably anticipated research or development of Asterias or a Related Company; or (3) results from any work performed by Executive for Asterias or a Related Company shall be assigned and is hereby assigned to Asterias or the applicable Related Company. The parties understand and agree that this limitation is intended to be consistent with California Labor Code, Section 2870, a copy of which is attached as Exhibit A. If Executive wishes to clarify that something created by Executive prior to Executive's employment by Asterias or a Related Company that relates to the actual or proposed business of Asterias or a Related Company is not within the scope of this Agreement, Executive has listed it on Exhibit B in a manner that does not violate any third party rights.

(f) **Confidential and Proprietary Information.** During Executive's employment, Executive will have access to trade secrets and confidential information of Asterias and one or more Related Companies. Confidential Information means all information and ideas, in any form, relating in any manner to matters such as: products; formulas; technology and know-how; inventions; clinical trial plans and data; business plans; marketing plans; the identity, expertise, and compensation of employees and contractors; systems, procedures, and manuals; customers; suppliers; joint venture partners; research collaborators; licensees; and financial information. Confidential Information also shall include any information of any kind, whether belonging to Asterias, a Related Company, or any third party, that Asterias or a Related Company has agreed to keep secret or confidential under the terms of any agreement with any third party. Confidential Information does not include: (i) information that is or becomes publicly known through lawful means other than unauthorized disclosure by Executive; (ii) information that was rightfully in Executive's possession prior to Executive's employment with Asterias and was not assigned to Asterias or a Related Company or was not disclosed to Executive in Executive's capacity as a director or other fiduciary of Asterias or a Related Company; or (iii) information disclosed to Executive, after the termination of Executive's employment by Asterias, without a confidential restriction by a third party who rightfully possesses the information and did not obtain it, either directly or indirectly, from Asterias or a Related Company, and who is not subject to an obligation to keep such information confidential for the benefit of Asterias, a Related Company, or any third party with whom Asterias or a Related Company has a contractual relationship. Executive understands and agrees that all Confidential Information shall be kept confidential by Executive both during and after Executive's employment by Asterias or any Related Company. Executive further agrees that Executive will not, without the prior written approval by Asterias or a Related Company, disclose any Confidential Information, or use any Confidential Information in any way, either during the term of Executive's employment or at any time thereafter, except as required by Asterias or a Related Company in the course of Executive's employment.

5. Termination of Employment. Executive understands and agrees that Executive's employment has no specific term. This Agreement, and the employment relationship, are "**at will**" and may be terminated by Executive or by Asterias (and the employment of Executive by any Related Company by be terminated by the Related Company) with or without cause at any time by notice given orally or in writing. Except as otherwise agreed in writing or as otherwise provided in this Agreement, upon termination of Executive's employment, Asterias and the Related Companies shall have no further obligation to Executive by way of compensation or otherwise as expressly provided in this Agreement or in any separate employment agreement that might then exist between Executive and a Related Company.

(a) Payments Due Upon Termination of Employment. Upon termination of Executive's employment with Asterias and all Related Companies at any time and for any reason, Executive will be entitled to receive only the severance benefits set forth below, but Executive will not be entitled to any other compensation, award, or damages with respect to Executive's employment or termination of employment.

(i) Termination for Cause, Death, Disability, or Resignation. In the event that the employment of Executive is terminated for Cause, or is terminated as a result of death, Disability, or resignation, Executive will be entitled to receive payment for all accrued but unpaid salary, accrued but unpaid bonus, if any, and vacation accrued as of the date of termination of Executive's employment. Executive will not be entitled to any cash severance benefits or additional vesting of any stock options or other equity or cash awards.

(ii) Termination Without Cause. In the event that the employment of the Executive is terminated by Asterias without "cause" as defined in this Agreement, otherwise than within twelve (12) months following a "change in control" as defined in this Agreement, Executive shall receive payment for all accrued but unpaid salary, accrued but unpaid bonus, if any, and vacation accrued as of the date of termination of Executive's employment, and as severance compensation (A) six months of base salary if Executive's employment is terminated within the first 12 months of employment, or (B) twelve months of base salary if Executive's employment is terminated after 12 months of employment, and (C) accelerated vesting of fifty percent (50%) of the then unvested stock options granted to Executive if Executive has been employed by Asterias for at least 12 months. The severance compensation described in clauses (A) and (B) of the immediately preceding sentence may be paid in a lump sum or, at the election of Asterias, in installments consistent with the payment of Executive's salary while employed by Asterias, subject to such payroll deductions and withholdings as are required by law. This paragraph shall not apply to (x) termination of Executive's employment by a Related Company if Executive remains employed by Asterias, or (y) termination of Executive's employment by Asterias if Executive remains employed by a Related Company.

(iii) Change of Control. In the event Asterias (or any successor in interest to Asterias that has assumed Asterias's obligation under this Agreement) terminates Executive's employment without Cause within twelve (12) months following a Change in Control, Executive will be entitled to receive payment for all accrued but unpaid salary, accrued but unpaid bonus, if any, and vacation accrued as of the date of termination of Executive's employment, and as severance compensation (A) payment of an amount equal to 12 months of base salary, which shall be paid in a lump sum, subject to such payroll deductions and withholdings as are required by law, and (B) accelerated vesting of one hundred percent (100%) of the then unvested stock options granted to Executive. This paragraph shall not apply to (x) termination of Executive's employment by a Related Company if Executive remains employed by Asterias or a successor in interest, or (y) termination of Executive's employment by Asterias or a successor in interest if Executive remains employed by a Related Company.

(b) Release. Any other provision of this Agreement notwithstanding, paragraphs (a)(ii) and (a)(iii) of this Section shall not apply unless the Executive (i) has executed a general release of all claims against Asterias or its successor in interest and the Related Companies (in a form prescribed by Asterias or its successor in interest) and (ii) has returned all property in the Executive's possession belonging Asterias or its successor in interest and any Related Companies.

(c) Definitions. For purposes of this Section, the following definitions shall apply:

(i) "Affiliated Group" means (A) a Person and one or more other Persons in control of, controlled by, or under common control with such Person; and (B) two or more Persons who, by written agreement among them, act in concert to acquire Voting Securities entitling them to elect a majority of the directors of Asterias.

(ii) "Cause" means: (A) the repeated failure to properly perform Executive's job responsibilities after written receipt being notified of such failure to perform, as determined reasonably and in good faith by the Board of Directors; (B) commission of any act of fraud, gross misconduct or dishonesty with respect to Asterias or any Related Company; (C) conviction of, or plea of guilty or "no contest" to, any felony, or a crime involving moral turpitude; (D) breach of any provision of this Agreement or any provision of any proprietary information and inventions agreement with Asterias or any Related Company; (E) failure to follow the lawful directions of the Board of Directors of Asterias or any Related Company; (F) chronic alcohol or drug abuse; (G) obtaining, in connection with any transaction in which Asterias, any Related Company, or any of Asterias's affiliates is a party, a material undisclosed financial benefit for Executive or for any member of Executive's immediate family or for any corporation, partnership, limited liability company, or trust in which Executive or any member of Executive's immediate family owns a material financial interest; or (H) harassing or discriminating against, or participating or assisting in the harassment of or discrimination against, any employee of Asterias (or a Related Company or an affiliate of Asterias) based upon gender, race, religion, ethnicity, or nationality.

(iii) "Change of Control" means (A) the acquisition of Voting Securities of Asterias by a Person or an Affiliated Group entitling the holder thereof to elect a majority of the directors of Asterias; provided, that an increase in the amount of Voting Securities held by a Person or Affiliated Group who on the date of this Agreement owned beneficially owned (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder) more than 10% of the Voting Securities shall not constitute a Change of Control; and provided, further, that an acquisition of Voting Securities by one or more Persons acting as an underwriter in connection with a sale or distribution of such Voting Securities shall not constitute a Change of Control under this clause (A); (B) the sale of all or substantially all of the assets of Asterias; or (C) a merger or consolidation of Asterias with or into another corporation or entity in which the stockholders of Asterias immediately before such merger or consolidation do not own, in the aggregate, Voting Securities of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity) entitling them, in the aggregate (and without regard to whether they constitute an Affiliated Group) to elect a majority of the directors or persons holding similar powers of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity); provided, however, that in no event shall any transaction described in clauses (A), (B) or (C) be a Change of Control if all of the Persons acquiring Voting Securities or assets of Asterias or merging or consolidating with Asterias are one or more Related Companies.

(iv) "Disability" shall mean Executive's inability to perform the essential functions of Executive's job responsibilities for a period of one hundred eighty (180) days in the aggregate in any twelve (12) month period.

(v) "Person" means any natural person or any corporation, partnership, limited liability company, trust, unincorporated business association, or other entity.

(vi) "Voting Securities" means shares of capital stock or other equity securities entitling the holder thereof to regularly vote for the election of directors (or for person performing a similar function if the issuer is not a corporation), but does not include the power to vote upon the happening of some condition or event which has not yet occurred.

6. Turnover of Property and Documents on Termination. Executive agrees that on or before termination of Executive's employment, Executive will return to Asterias and all Related Companies all equipment and other property belonging to Asterias and the Related Companies, and all originals and copies of Confidential Information (in any and all media and formats, and including any document or other item containing Confidential Information) in Executive's possession or control, and all of the following (in any and all media and formats, and whether or not constituting or containing Confidential Information) in Executive's possession or control: (a) lists and sources of customers; (b) proposals or drafts of proposals for any research grant, research or development project or program, marketing plan, licensing arrangement, or other arrangement with any third party; (c) reports, job or laboratory notes, specifications, and drawings pertaining to the research, development, products, patents, and technology of Asterias and any Related Companies; (d) any and all Intellectual Property developed by Executive during the course of employment; and (e) the Manual and memoranda related to the Policies.

7. Arbitration. Except for injunctive proceedings against unauthorized disclosure of Confidential Information, any and all claims or controversies between Asterias or any Related Company and Executive, including but not limited to (a) those involving the construction or application of any of the terms, provisions, or conditions of this Agreement or the Policies; (b) all contract or tort claims of any kind; and (c) any claim based on any federal, state, or local law, statute, regulation, or ordinance, including claims for unlawful discrimination or harassment, shall be settled by arbitration in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered by any court having jurisdiction over the Company and Executive. The location of the arbitration shall be San Francisco, California. Unless Asterias or a Related Company and Executive mutually agree otherwise, the arbitrator shall be individual mutually agreed upon by the parties. Asterias, or a Related Company if the Related Company is a party to the arbitration proceeding, shall pay the arbitrator's fees and costs. Executive shall pay for Executive's own costs and attorneys' fees, if any. Asterias and any Related Company that is a party to an arbitration proceeding shall pay for its own costs and attorneys' fees, if any. However, if any party prevails on a statutory claim which affords the prevailing party attorneys' fees, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party.

EXECUTIVE UNDERSTANDS AND AGREES THAT THIS AGREEMENT TO ARBITRATE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A TRIAL BY JURY OF ANY MATTERS COVERED BY THIS AGREEMENT TO ARBITRATE.

8. Severability. In the event that any of the provisions of this Agreement or the Policies shall be held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement or the Policies. In the event that any provision relating to a time period of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period such court deems reasonable and enforceable, then the time period of restriction deemed reasonable and enforceable by the court shall become and shall thereafter be the maximum time period.

9. Agreement Read and Understood. Executive acknowledges that Executive has carefully read the terms of this Agreement, that Executive has had an opportunity to consult with an attorney or other representative of Executive's own choosing regarding this Agreement, that Executive understands the terms of this Agreement, and that Executive is entering this agreement of Executive's own free will.

10. Complete Agreement, Modification. This Agreement is the complete agreement between Executive and Asterias on the subjects contained in this Agreement. This Agreement supersedes and replaces all previous correspondence, promises, representations, and agreements, if any, either written or oral with respect to Executive's employment by Asterias or any Related Company and any matter covered by this Agreement. No provision of this Agreement may be modified, amended, or waived except by a written document signed both by Asterias and Executive.

11. Governing Law. This Agreement shall be construed and enforced according to the laws of the State of California.

12. Assignability. This Agreement, and the rights and obligations of Executive and Asterias under this Agreement, may not be assigned by Executive. Asterias may assign any of its rights and obligations under this Agreement to any successor or surviving corporation, limited liability company, or other entity resulting from a merger, consolidation, sale of assets, sale of stock, sale of membership interests, or other reorganization, upon condition that the assignee shall assume, either expressly or by operation of law, all of Asterias's obligations under this Agreement.

13. Survival. This Section 13 and the covenants and agreements contained in Sections 4, 6, and 7 of this Agreement shall survive termination of this Agreement and Executive's employment.

14. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or sent by next business day air courier service, or personally delivered to the party to whom it is to be given at the address of such party set forth on the signature page of this Agreement (or to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 14).

IN WITNESS WHEREOF, Executive and Asterias have executed this Agreement on the day and year first above written.

EXECUTIVE:

Ryan Chavez

Address: _____

ASTERIAS:

Asterias Biotherapeutics, Inc.

By: _____

Title: _____

Address: 6300 Dumbarton Circle
Fremont, California 94555

EXHIBIT A

Job Title: Executive Vice President of Finance and General Counsel

Description of Job and Duties: Responsible for leading corporate strategic and tactical legal and financial/accounting initiatives.

Annual Salary: \$330,000.00

PTO: 20 days (160.00 hours)

Stock Option Awards: Options to purchase 380,000 shares of common stock under the Asterias Equity Incentive Plan (the "Plan") on such terms and conditions consistent with the Plan as the Board of Directors determines. The options will vest as follows: one quarter of the options shall vest upon the completion of 12 full months of the Executive's Continuous Service measured from the date of the grant, and the balance of the options shall vest in 36 equal monthly installments commencing on the first anniversary of the date of the grant, based upon the completion of each month of Continuous Service by the Executive.

Commute Expenses: We understand you will be moving to Orange County in August of this year. Once you have completed your move you will be required to be in the office in Fremont at least three (3) days per week, or as often as business needs dictate as determined by your supervisor. For the duration of your employment, reasonable travel expenses for commuting to/from Orange County to the Bay Area will be reimbursed by Asterias.

EXHIBIT B

California Labor Code Section 2870.

Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(i) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(ii) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT C

PRIOR MATTERS

None