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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): **May 23, 2017**

**Asterias Biotherapeutics, Inc.**

(Exact name of registrant as specified in its charter)

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

**001-36646**  
(Commission File Number)

**46-1047971**  
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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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**

On May 23, 2017, Asterias Biotherapeutics, Inc. (the "Company") issued a press release announcing that its Board of Directors has appointed Michael Mulroy as the Company's President and Chief Executive Officer, effective June 26, 2017. The Company also announced that Stephen L. Cartt will resign from the position of President and Chief Executive Officer effective as of the close of business on June 25, 2017. Mr. Cartt will continue to serve on the Company's Board of Directors, and is a nominee at the Company's 2017 annual meeting of stockholders. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference herein.

Mr. Mulroy most recently served as a Senior Advisor to CamberView Partners, LLC, which assists companies in connection with investor engagement and complex corporate governance issues. Mr. Mulroy served until September 2014 as Executive Vice President – Strategic Affairs and General Counsel of the Autoimmune and Rare Diseases Business Unit of Mallinckrodt plc following its acquisition of Questcor Pharmaceuticals, Inc. in August 2014. Mr. Mulroy was appointed Executive Vice President, Strategic Affairs and General Counsel and Corporate Secretary of Questcor during February 2014, having previously served as Chief Financial Officer, General Counsel and Corporate Secretary since January 2011. From 2003 to 2011, Mr. Mulroy was employed by the law firm of Stradling Yocca Carlson & Rauth, where he served as a partner from 2004, and represented Questcor and other publicly-traded companies. From 1997 to 2003, Mr. Mulroy was an investment banker at Citigroup and Merrill Lynch. Mr. Mulroy is currently on the Board of Directors of BioTime, Inc. From July 2011 to August 2014, Mr. Mulroy served as a member of the Board of Directors of Comarco, Inc., which developed and designed innovative technologies and intellectual property used in power adapters. Mr. Mulroy earned his J.D. degree from the University of California, Los Angeles and his B.A. (Economics) from the University of Chicago.

Prior to his appointment as President and Chief Executive Officer of the Company, Mr. Mulroy was not a related person to the Company and there was no transaction or other arrangement involving the Company in which Mr. Mulroy or any related person to Mr. Mulroy has or will have a direct or indirect material interest. He has no family relationship with any director or executive officer of the Company.

The Company and Mr. Mulroy entered into an employment agreement (the "Employment Agreement"), which provides for an annual base salary of \$465,972 and a grant of stock options to purchase 800,000 shares of the Company's common stock at an exercise price of equal to the closing share price of Asterias common stock on his first day of employment. Subject to Mr. Mulroy's continued employment with the Company, the stock options vest in equal monthly installments over 48 months commencing on July 31, 2017. In addition, Mr. Mulroy is eligible for an annual Bonus Opportunity up to 50% of his base salary (the "Bonus Opportunity"). The Company's Board, or its Compensation Committee, has absolute discretion in determining whether, to what extent any payment and/or equity award 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.

Mr. Mulroy's employment agreement contains provisions entitling him to severance benefits under certain circumstances. If the Company terminates Mr. Mulroy's employment without "Cause" or if he resigns for "Good Reason" otherwise than within one (1) month prior to or twelve (12) months following a "Change of Control" (as those terms are defined in the Employment Agreement), he will be entitled to the following severance: (A) if Mr. Mulroy's employment is terminated within the first 12 months of employment: (i) salary continuation at his then-current base salary for six (6) months, (ii) 50% of his target bonus as in effect at the date of termination, (iii) accelerated vesting of 50% of the then unvested stock options and restricted granted to him and (iv) payment, for a period of six (6) months, of any health insurance benefits that he was receiving at the time of termination of his employment, under a Company employee health insurance plan subject to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), or (B) if Mr. Mulroy's employment is terminated after 12 months of employment: (i) salary continuation at his then-current base salary for twelve (12) months, (ii) 100% of his target bonus as in effect at the date of termination, (iii) accelerated vesting of 100% of the then unvested stock options and restricted stock granted to him, and (iv) payment, for a period of twelve (12) months, of any health insurance benefits that he was receiving at the time of termination of his employment, under a Company employee health insurance plan subject to the COBRA.

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If Mr. Mulroy's employment is terminated without "Cause" or if he resigns for "Good Reason" within one (1) month prior to or twelve (12) months following a Change in Control, Mr. Mulroy 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 his employment, and as severance compensation (A) an amount equal to the sum of 200% of his base salary and 200% of his target bonus as in effect at the date of termination, which shall be paid in a lump sum no later than 60 days after the date of his termination of employment, subject to such payroll deductions and withholdings as are required by law, (B) accelerated vesting of 100% of Mr. Mulroy's then unvested stock options and any restricted stock and (C) payment, for a period of twelve (12) months, of any health insurance benefits that he was receiving at the time of termination of his employment, under a Company employee health insurance plan subject to COBRA. The employment agreement is attached to this Current Report on Form 8-K as Exhibit 10.1. The foregoing summary of the employment agreement is qualified in its entirety by the full text of the agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K, and is incorporated herein by reference. On May 23, 2017, Mr. Mulroy and the Company also entered into its standard indemnification agreement for directors and officers.

On May 23, 2017, the Company entered into a Separation Agreement (the "Separation Agreement") with Mr. Cartt. Under the terms of the Separation Agreement, the Company agreed to allow unvested options to purchase 62,500 shares of common stock to continue to vest, subject to Mr. Cartt's continued service on the Company's Board of Directors. The foregoing summary of the Separation Agreement is qualified in its entirety by the full text thereof, which is filed as Exhibit 10.2 to this Current Report on Form 8-K, and is incorporated herein by reference.

On May 23, 2017, the Company announced that Katharine E. Spink, currently the Company's Chief Operating Officer, is being promoted to the expanded position of Executive Vice President and Chief Operating Officer, also effective June 26, 2017. Dr. Spink's annual base salary will be adjusted from \$340,000 to \$367,200. Effective as of June 26, 2017, Jane Lebkowski, currently the Company's President of R&D and Chief Scientific Officer, will become the Company's Chief Scientific Officer. Ms. Lebkowski has informed the Company that she expects to transition to a part-time role later this year.

#### **Item 9.01 Financial Tables and Exhibits.**

##### **(d) Exhibits.**

Exhibit No.	Description
<a href="#"><u>10.1</u></a>	Employment Agreement, by and between the Company and Michael Mulroy
<a href="#"><u>10.2</u></a>	Separation Agreement, by and between the Company and Steve Cartt
<a href="#"><u>99.1</u></a>	Press Release, dated May 23, 2017.

**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: May 23, 2017

By: /s/ Ryan D. Chavez  
Chief Financial Officer and General Counsel

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**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT ("Agreement") is made as of May 23, 2017 by and between Asterias Biotherapeutics, Inc. ("Asterias"), a Delaware corporation, and Michael H. Mulroy ("Executive").

**1. Engagement; Position and Duties.**

(a) Asterias agrees to employ Executive in the position described on Exhibit A effective as of the date of this Agreement and to secure his services as a member of the Board of Directors of Asterias (the "Board"). Executive shall perform the duties and functions described on Exhibit A and such other duties as the Board may from time to time determine. Executive shall report to the Board and all employees of Asterias will report directly or indirectly to Executive. Executive shall be employed by Asterias on a full-time basis. Executive shall devote Executive's best efforts, skills, and abilities to the business of Asterias pursuant to, and in accordance with, business policies and procedures, as fixed from time to time by the Board (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 shall be provided with a copy of Asterias' 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 the Manual.

(b) **No Conflicting Obligations.** Executive represents and warrants to Asterias 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 the Board that he is a member of a board of directors of certain other companies and from time to time may hold similar positions but that such positions are advisory in nature and not employment positions that would interfere with Executive's obligations under this Agreement. Executive shall obtain written approval from Asterias' Nominating and Corporate Governance Committee, which shall not be unreasonably withheld, prior to accepting any positions that have not already been disclosed to the Board.

(c) **No Unauthorized Use of Third Party Intellectual Property.** Executive represents and warrants to Asterias that Executive will not use or disclose, in connection with Executive's employment by Asterias, 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 holds a valid license or other written permission for such use from the owner(s) thereof. Executive represents and warrants to Asterias 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 Executive the salary shown on Exhibit A. Executive's salary shall be paid in equal semi-monthly installments, consistent with Asterias' regular salary payment practices. Executive's salary may be increased from time-to-time by Asterias; Executive's salary shall be reviewed on an annual basis, or more often if appropriate.

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(b) **Bonus.** Executive shall receive an annual bonus opportunity equal to up to 50% of Executive's salary as in effect from time to time based on corporate and individual performance targets established by the Board or the Committee, after consultation with Executive. The Committee or the Board shall have the absolute discretion to determine whether and to what extent Executive has satisfied the performance targets and may allocate in its complete discretion amounts that may be less than or greater than the bonus opportunity set forth above.

(c) **Expense Reimbursements.** Asterias shall reimburse Executive for reasonable travel and other business expenses (including those expenses listed on Exhibit A related to commuting to work for the benefit of Asterias) 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, receipts, or other documentation.

(d) **Equity and Benefit Plans.** Executive is receiving certain incentive stock options as set forth in Exhibit A. Every year, the Board will consider whether to grant Executive additional stock options and/or restricted stock. In addition, Executive may be eligible (to the extent Executive qualifies) to participate in certain retirement, pension, life, health, accident and disability insurance, stock option, or other similar employee benefit plans which may be adopted by Asterias for its employees. Asterias has 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 stock under any stock option, restricted stock, or stock purchase plan of Asterias, 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, restricted stock, or stock purchase plan, as the same may be amended from time to time, and (ii) the terms and conditions of any stock option, restricted stock, 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; provided, however, that no such amendments or agreements shall adversely affect Executive's rights with respect to any then outstanding awards of stock options or restricted stock without Executive's written agreement.

(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. Executive's vacation shall be taken at such time as is consistent with the needs and Policies of Asterias. All vacation days and sick leave days shall accrue in accordance with the Policies of Asterias. 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' 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 employ, solicit for employment, or recommend for employment any person employed by Asterias. 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, except to the extent such activities by Executive are approved by the Board. 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' 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. Executive has accepted the limitations of this Section as a reasonably practicable 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 relating to or in any way pertaining to or connected with the systems, products, apparatus, or methods employed, manufactured, constructed, or researched by Asterias that Executive may conceive or make while performing services for Asterias, which shall be the sole and exclusive property of Asterias. Executive hereby irrevocably assigns and transfers to Asterias all rights, title and interest in and to all Intellectual Property that Executive may 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 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 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 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.

(c) **Execution of Documents; Power of Attorney.** Executive agrees to execute and sign any and all applications, assignments, or other instruments which Asterias may deem necessary in order to enable Asterias, 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 the sole and exclusive right, title, and interest in and to the Intellectual Property. If Asterias 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 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 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 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.

(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 was used and which was developed entirely on 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 to the actual or demonstrable anticipated research or development activities or plans of Asterias, or (ii) which does not result from any work performed by Executive for Asterias. All Intellectual Property that (1) results from the use of equipment, supplies, facilities, or trade secret information of Asterias; (2) relates, at the time of conception or reduction to practice of the invention, to the business of Asterias, or actual or demonstrably anticipated research or development of Asterias; or (3) results from any work performed by Executive for Asterias shall be assigned and is hereby assigned to Asterias. 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 B. If Executive wishes to clarify that something created by Executive prior to Executive's employment by Asterias that relates to the actual or proposed business of Asterias 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. 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 or any third party that Asterias 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 was not disclosed to Executive in Executive's capacity as a director or other fiduciary of Asterias; 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, and who is not subject to an obligation to keep such information confidential for the benefit of Asterias or any third party with whom Asterias 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. Executive further agrees that Executive will not, without the prior written approval by Asterias, 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 in the course of Executive's employment or, after providing reasonable notice to Asterias (unless prohibited by law), as may be required by law or legal process.



**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 with or without cause at any time by notice given in writing. Except as otherwise agreed in writing or as otherwise provided in this Agreement, upon termination of Executive's employment, Asterias 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 Asterias.

**(a) Payments Due Upon Termination of Employment.** Upon termination of Executive's employment with Asterias 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 without "Good Reason" as defined in this Agreement, 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 vesting of any stock options or other equity or cash awards.

**(ii) Termination Without Cause and Resignation for Good Reason.** In the event that the employment of Executive is terminated by Asterias without "Cause" as defined in this Agreement or Executive resigns for "Good Reason," as defined in this Agreement otherwise than within one (1) month prior to or 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) if Executive's employment is terminated within the first 12 months of employment: (i) salary continuation at Executive's then-current base salary for six (6) months, (ii) 50% of Executive's target bonus as in effect at the date of termination, (iii) accelerated vesting of 50% of the then unvested stock options and restricted granted to Executive and (iv) payment, for a period of six (6) months, of any health insurance benefits that Executive was receiving at the time of termination of Executive's employment, under an Asterias employee health insurance plan subject to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), or (B) if Executive's employment is terminated after 12 months of employment: (i) salary continuation at Executive's then-current base salary for twelve (12) months, (ii) 100% of Executive's target bonus as in effect at the date of termination, (iii) accelerated vesting of 100% of the then unvested stock options and restricted stock granted to Executive, and (iv) payment, for a period of twelve (12) months, of any health insurance benefits that Executive was receiving at the time of termination of Executive's employment, under an Asterias employee health insurance plan subject to the COBRA. The salary continuation described in clauses (A) and (B) of this paragraph shall begin as soon as practicable after the effective date of Executive's separation agreement, no later than 60 days after the date of Executive's termination of employment, subject to such payroll deductions and withholdings as are required by law.

(iii) *Change of Control.* In the event Asterias (or any successor in interest to Asterias that has assumed Asterias' obligation under this Agreement) terminates Executive's employment without "Cause" or Executive resigns for "Good Reason" within one (1) month prior to or 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) an amount equal to the sum of 200% of Executive's base salary and 200% of Executive's target bonus as in effect at the date of termination, which shall be paid in a lump sum no later than 60 days after the date of Executive's termination of employment, subject to such payroll deductions and withholdings as are required by law, (B) accelerated vesting of 100% of Executive's then unvested stock options and any restricted stock and (C) payment, for a period of twelve (12) months, of any health insurance benefits that Executive was receiving at the time of termination of Executive's employment, under an Asterias employee health insurance plan subject to COBRA.

(b) *Release.* Any other provision of this Agreement notwithstanding, paragraphs (a)(ii) and (a)(iii) of this Section shall not apply unless Executive (i) has executed a separation agreement including a general release of all claims against Asterias or its successor in interest (in a form prescribed by Asterias or its successor in interest), (ii) has returned all property in Executive's possession belonging Asterias or its successor in interest, and (iii) if serving as a director has tendered his written resignation as a director as provided in Section 7.

(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) commission of any act of fraud as determined by the Board; (B) commission of any act of gross misconduct or dishonesty with respect to Asterias which causes material harm to Asterias; (C) indictment for, conviction of, or plea of guilty or "no contest" to, any felony; (D) material breach of any provision of this Agreement or of any proprietary information and inventions agreement with Asterias; (E) failure to follow the lawful directions of the Board after receiving written notice of the specific failure and fifteen (15) days in which to cure such failure; (F) chronic alcohol or drug abuse; (G) obtaining, in connection with any transaction in which Asterias is a party, a material undisclosed (to the Board or an audit committee of the Board) 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 based upon gender, race, religion, ethnicity, or nationality as determined by the Board; provided, however, that with respect to each of foregoing clauses (A) through (H), no "Cause" shall exist unless the Board shall have acted in good faith in determining that such Cause exists, after providing Executive with reasonable written notice of the specific act(s) at issue and a fair opportunity to present his position (with the involvement of counsel) to the Board prior to any decision being reached.

(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 beneficially owned (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder) more than 30% of the Voting Securities shall not constitute a Change of Control unless such Person or Affiliated Group acquires 80% or more of the Voting Securities; 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; (C) a merger or consolidation of Asterias with or into another corporation or entity (irrespective of whether Asterias is the surviving corporation in such merger or consolidation) in which the stockholders of Asterias immediately before such merger or consolidation do not own, in substantially the same percentages, 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); or (D) a change in the composition of the Board occurring within a twelve (12) month period, as a result of which the incumbent directors cease to constitute at least a majority of the Board.

(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) “Good Reason” means (A) a diminution in Executive’s base salary; (B) a material change in geographic location at which Executive must perform services (a change in location of the Asterias office at which Executive will primarily work will be considered material only if it increases Executive’s current average one-way commute time by more than twenty five percent (25%)); (C) any material failure of the successors to Asterias after a Change of Control to perform, or causing Asterias not to perform, Asterias’ obligations under this Agreement; (D) any action or inaction of Asterias that constitutes a material breach of the terms of this Agreement; or (E) any other material adverse change in Executive’s duties, authorities, responsibilities, or reporting structure (for example, if Executive is required to report to anyone other than the Board or its successor, or if Executive is removed from the Board as a result of an action by the Board or by an action of BioTime, Inc., provided, however, that Good Reason shall not be deemed to have occurred unless (A) Executive shall first have provided written notice of said Good Reason to Asterias within thirty (30) days of the occurrence of the event(s) giving rise to Good Reason, reasonably explaining such events in said written notice, and (B) Asterias shall have failed to cure said Good Reason within thirty (30) days of its receipt of Executive’s written notice, and (C) Executive shall have provided written notice of termination within thirty (30) days of the expiration of Asterias’ 30-day cure period.

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

(vii) “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.

(d) **Limitation on Payments.** In the event that any payments to Executive shall be subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") the limitations set forth in Exhibit C shall apply.

6. **Turnover of Property and Documents on Termination.** Executive agrees that on or before termination of Executive's employment, Executive will return to Asterias all equipment and other property belonging to Asterias, 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; (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. **Resignation as a Director on Termination of Employment.** If Executive's employment by Asterias is terminated for any reason or for no reason, whether by way of resignation, Disability, or termination by Asterias with or without Cause, and if Executive is then a member of the Board or any subsidiary of Asterias, Executive shall within two business days after such termination of employment resign from the Board and from the board of directors of each and every subsidiary of Asterias, by delivering to Asterias (or subsidiary as applicable) a letter or other written communication addressed to the Board (or subsidiary as applicable) stating that Executive is resigning from the Board (or subsidiary of Asterias as applicable) effective immediately. A business day shall be any day other than a Saturday, Sunday, or federal holiday on which federal offices are closed.

8. **Arbitration.** Except for injunctive proceedings against unauthorized disclosure of Confidential Information or a violation of Section 3 above, any and all claims or controversies between Asterias 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 Asterias and Executive. The location of the arbitration shall be San Francisco, California. Unless Asterias and Executive mutually agree otherwise, the arbitrator shall be a single arbitrator selected from a panel provided by the American Arbitration Association, or the Judicial Arbitration and Mediation Service (JAMS). Asterias shall pay the arbitrator's fees and costs. Executive shall pay for Executive's own costs and attorneys' fees, if any. Asterias 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 shall award reasonable attorneys' fees and costs to the prevailing party consistent with the relevant statute(s).

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.

**9. 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.

**10. 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.

**11. Complete Agreement, Modification.** This Agreement, including all Exhibits hereto, 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 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.

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

**13. 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' obligations under this Agreement.

**14. Survival.** This Section 14 and the covenants and agreements contained in Sections 3, 4, 6, 7, and 8 of this Agreement shall survive termination of this Agreement and Executive's employment.

**15. 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 15).

**16. Indemnification and Insurance.** Subject to any limitation imposed by the bylaws, for so long as Executive is employed by Asterias and at all times thereafter, Asterias shall indemnify Executive (and Executive's legal representatives or other successors) to the fullest extent permitted by applicable law or by the terms of any indemnification agreement between Executive and Asterias, whichever affords or afforded greater protection to Executive, against all costs, charges and expenses whatsoever incurred or sustained by Executive or his legal representatives at the time such costs, charges and expenses are incurred or sustained, in connection with any legal action, suit or proceeding to which Executive (or Executive's legal representatives or other successors) may be made a party by reason of Executive's being or having been a director, officer, employee, or consultant of or to Asterias, or any subsidiary or Executive's serving or having served any other enterprise as a director, officer, employee or fiduciary at the request of Asterias. In addition, during Executive's employment with Asterias and at all times thereafter, Asterias agrees to continue and maintain a directors and officers liability insurance policy covering Executive with coverage no less than that available to active directors and officers of Asterias. Asterias' obligations hereunder shall inure to the benefit of Executive's heirs, executors and administrators and shall survive the termination of this Agreement.

**17. Section 409A of the Code.** It is intended that the payments and benefits provided under this Agreement shall comply with the provisions of Section 409A of the Code and the regulations relating thereto ("Section 409A"), or an exemption to Section 409A, and this Agreement shall be interpreted accordingly. Any payments or benefits that qualify for the "short-term deferral" exception or another exception under Section 409A shall be paid under the applicable exception. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. All payments that constitute "nonqualified deferred compensation" under Section 409A that are to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A. In addition, to the extent that any payments of "nonqualified deferred compensation" due under this Agreement are subject to the effectiveness of a release, and the period for executing, delivery, and not revoking such release begins and ends in different tax years for Executive, all such "nonqualified deferred compensation" shall be paid or settled in the later taxable year. If Executive becomes entitled to a payment of "nonqualified deferred compensation" as a result of Executive's termination of employment and at such time Executive is a "specified employee," such payment shall be postponed to the extent necessary to satisfy Section 409A, and any amounts so postponed shall be paid in a lump sum on the first business day that is six months and one day after Executive's separation from service (or any earlier date of Executive's death). If the compensation and benefits provided under this Agreement would subject Executive to taxes or penalties under Section 409A, Asterias and Executive shall cooperate diligently to amend the terms of this Agreement to avoid such taxes and penalties, to the extent possible under applicable law.

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

EXECUTIVE:

/s/ Michael H. Mulroy

Michael H. Mulroy

Address:

ASTERIAS:

Asterias Biotherapeutics, Inc.

By: /s/ Don Bailey

Title: Chairman of the Board

Address: 6500 Dumbarton Circle  
Fremont, CA 94555

## EXHIBIT A

**Job Title:** President and Chief Executive Officer

**Description of Job and Duties:** Executive shall perform the duties and functions as are normally carried out by a Chief Executive Officer of a developer of pharmaceutical or medical products of a size comparable to Asterias, and as the Board shall from time to time reasonably determine. Without limiting the generality of the immediately preceding sentence, Executive shall (i) manage stem cell research and development of technologies and products for human therapeutic purposes based on human stem cells, including but not limited to embryonic stem cells, induced pluripotent stem cells, and human embryonic progenitor cells; (ii) lead capital raising efforts on behalf of Asterias; and (iii) participate in the acquisition of companies in the business of developing products and technologies or, the acquisition of assets of such companies, to the extent that Asterias has or obtains sufficient capital for such purpose.

**Start Date:** June 26, 2017

**Annual Salary:** \$ 465,972 commencing as of June 26, 2017.

**Vacation and Sick Days Annually:** 21 days. Executive shall be permitted to take up to seven days of PTO in 2017 before accruing such PTO so he can attend previously planned vacation or activities.

**Equity Incentive Plan Awards:** Pursuant to award agreements that reflect the relevant terms of this Agreement, incentive stock options (within the meaning of Section 422 of the Code) to purchase 800,000 shares of common stock under the Asterias Equity Incentive Plan (the "Plan") at an exercise price equal to the closing share price of Asterias common stock on your first day of employment, subject to vesting in 48 equal monthly installments commencing on July 31, 2017 conditioned upon Executive's employment at the end of the applicable month, subject to accelerated vesting as set forth in this Agreement or the relevant grant agreement.

**Other:** For the duration of your employment, reasonable travel expenses for commuting to/from Orange County to/from the Bay Area on behalf of and for the benefit of Asterias 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

### Limitation on Payments.

(a) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive (including any payment or benefit received in connection with a Change in Control or the termination of Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 5 of this Agreement, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the Total Payments shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to Executive that are exempt from Section 409A, (B) reduction of any other cash payments or benefits otherwise payable to Executive that are exempt from Section 409A, but excluding any payment attributable to the acceleration of vesting or payment with respect to any stock option or other equity award with respect to the Company's Common Stock that are exempt from Section 409A, (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A, but excluding any payment attributable to the acceleration of vesting and payment with respect to any stock option or other equity award with respect to the Company's common stock that are exempt from Section 409A, and (D) reduction of any payments attributable to the acceleration of vesting or payment with respect to any stock option or other equity award with respect to the Company's common stock that are exempt from Section 409A. The foregoing reductions shall be made in a manner that results in the maximum economic benefit to Executive and, to the extent economically equivalent, in a pro rata manner.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an accounting firm or compensation consulting firm with nationally recognized standing and substantial expertise and experience on Section 280G matters (the “280G Firm”) selected by Executive, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the 280G Firm, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the 280G Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) The 280G Firm will be directed to submit its determination and detailed supporting calculations to both Executive and the Company within fifteen (15) days after notification from either the Company or Executive that Executive may receive payments which may be “parachute payments.” Executive and the Company will each provide the 280G Firm access to and copies of any books, records, and documents in their possession as may be reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this section. The fees and expenses of the 280G Firm for its services in connection with the determinations and calculations contemplated by this section will be borne by the Company



May 23, 2017

Mr. Steve Cartt  
c/o Asterias Biotherapeutics, Inc.  
6300 Dumbarton Circle, Fremont, CA 94555

Re: **Separation Agreement and Release of All Claims**

Dear Steve:

1. This letter will confirm our agreement ("Agreement") concerning your separation from employment with Asterias Biotherapeutics, Inc. ("Asterias" or "Company").
2. You have notified Asterias that you will resign from the position of President and Chief Executive Officer of Asterias as of 11:59 pm Pacific Time on June 25, 2017 ("Separation Time"). Your Employment Agreement, dated February 28, 2016 (the "Employment Agreement") will terminate as of the Separation Time, and you agree and acknowledge your resignation was not for "Good Reason" or as a result of a "Change of Control" as defined in the Employment Agreement.
3. At your Separation Time you will be paid all accrued but unpaid wages and accrued but unused vacation, all less withholding, irrespective of whether you sign the Agreement.
4. The Company is waiving the obligation that you resign as a director of the Asterias' Board of Directors following your resignation as President and Chief Executive Officer of Asterias. After the Separation Time, you will be entitled to compensation as a non-executive member of Asterias' Board of Directors in accordance to Asterias' Director Compensation Policy, including an initial director grant of 20,000 options with an exercise price equal to the closing share price of Asterias common stock on your first day as a non-executive director.
5. On or before the Separation Time, you will deliver to Asterias' Chief Financial Officer an expense report for reasonable and necessary business expenses you have incurred since you submitted your last expense report. The expense report shall have attached supporting documentation. Such reasonable and necessary business expenses shall be paid to you within ten (10) business days of your delivery of the expense report to the Chief Financial Officer.
6. Common stock purchase options to purchase 62,500 shares of common stock, initially granted to you on February 28, 2016, having an exercise price of \$3.64 per share, that have not vested as of the date hereof, shall be eligible for continued monthly vesting, and be exercisable, subject to your continued service of the Company's Board of Directors. All other unvested equity as of the Separation Time previously granted to you shall be forfeited.

**6300 Dumbarton Circle, Fremont, CA 94555**  
**Tel: (510) 456-3800**

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7. You will be entitled to exercise vested stock options (including the stock options that vest on your Separation Date pursuant to paragraph 6 above) as long as you continue to meet the definition of "Continued Service" under Asterias' equity plan, unless otherwise restricted in accordance to the terms of the stock options and federal securities law.
  8. On or before the Separation Time, you will return all equipment and other property belonging to Asterias and its 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 your possession or control; provided, however, you may continue to keep and use information in your possession or control if intended to be used solely in your role as a non-executive director of Asterias' Board of Directors..
  9. In consideration for the payment in paragraph 4 and 6 above, you fully release Asterias and its related and/or affiliated companies, their past and present agents, employees, officers, directors and representatives ("Releasees") from all rights, claims and actions of any kind which you have or may have against Releasees arising out of your employment with or separation from Asterias, through action of law, statute, constitution or contract, including, but not limited to, claims for wrongful discharge and claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the Fair Employment and Housing Act, and the California Labor Code. The foregoing statutory and common-law theories are recited only as examples. This release extends to all claims, which may be lawfully released by you, whether included in the list or not.
  10. You agree not to file any suit or complaint against Releasees relating to your employment with Asterias, the severance of that relationship, or any cause of action or event that arose prior to the date of this Agreement or that is contemplated by this Agreement. Nothing in this Agreement is intended to prevent you from filing charges with administrative agencies such as the Equal Employment Opportunity Commission ("EEOC"), or the Securities & Exchange Commission ("SEC") or from participating in any investigation by such an agency. You agree, however, that this Agreement precludes any subsequent individual non-governmental legal action by you or on your behalf against Releasees and that the payments received pursuant to this Agreement constitute a full accord and satisfaction of any individual claims against Releasees. Nothing in this Agreement shall prevent you from bringing claims that may not be individually released by you.
  11. The parties agree that they will not unlawfully interfere with existing or prospective business relationships of the other. Nothing in the Agreement shall be construed to limit the parties' ability to engage in competitive business.
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12. You expressly waive all rights under section 1542 of the California Civil Code, which reads as follows:

A general release does not extend to claims which a creditor does not know or suspect to exist in his or her favour at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

13. Notwithstanding your separation from the Company, the Company shall indemnify you and hold you harmless for any expenses, liability or losses incurred by you in the course and scope of or arising out of the course and scope of your employment with Asterias. By entering into this Agreement you do not waive any coverage provided by the Company's Directors and Officers insurance, and you are not waiving any indemnification Obligations due to you resulting from your past, present and continuing service on the Company's Board of Directors.
14. You affirm that you have no pending legal actions against Asterias or Releasees and that you have not sustained any workplace injuries or illnesses that are not the subject of a previously filed workers' compensation claim.
15. You acknowledge and agree that during your employment, and with the payments provided in paragraphs 4 and 6 above, you have received all of the pay and benefits to which you were entitled under Asterias policy and by law, that you have been reimbursed for all business expenses you incurred during your employment with Asterias, and that you are not entitled to any other compensation, benefits or payments (other than consideration you will be entitled to receive as a non-executive member of Asterias' Board of Directors pursuant to paragraph 4).
16. Nothing in this Agreement shall be considered as an admission of fault by any party or construed as an admission of liability on the part of any of the parties to this Agreement.
17. You agree to waive any and all rights to reinstatement of employment with Asterias and its related or affiliated companies and agree that Asterias and its related or affiliated companies may reject without cause any application for employment made by you.
18. You fully understand that if any facts with respect to this Agreement, or your prior treatment by, relationship with or employment with Asterias, be found in the future to be other than or different from the facts now assumed by you to be true, you expressly accept and assume the risk of such possible difference of facts and agree that this Agreement shall remain effective notwithstanding such difference in facts or belief.
19. You acknowledge access to and receipt of confidential business and proprietary information regarding Asterias and its clients while working for the Company. This information may be in a variety of paper and electronic forms. You agree not to make any such information known to any member of the public and to comply with all applicable ethical responsibilities.
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20. You agree to cooperate with Releasees regarding any pending or subsequently filed litigation claims or other disputes involving Releasees that relate to matters within your knowledge or responsibility and in which you are not a party. Without limiting the foregoing, you agree (i) to meet with Releasees' representatives, their counsel or other designees at mutually convenient times and places with respect to any items within the scope of this provision; (ii) to provide truthful testimony regarding same to any court, agency, or other adjudicatory body; and (iii) to provide Asterias with notice of contact by any adverse party or such adverse party's representative, except as may be required by law. Asterias will reimburse you for reasonable expenses in connection with the cooperation described in this paragraph.
21. By signing this Agreement you acknowledge that:
- (a) You understand that you have twenty-one (21) days from the date you received this Agreement to consider whether to enter into this Agreement. You may enter into this Agreement before the 21-day consideration period expires, but by doing so you acknowledge that Asterias has in no way pressured or encouraged you to do so.
  - (b) Any changes, whether material or immaterial, to this Agreement do not restart the twenty-one (21) day period.
  - (c) You have been advised in writing to have counsel of your choice review this Agreement, and you have had counsel review the Agreement.
  - (d) You intend to release all potential claims of discrimination, including age discrimination.
  - (e) You intend that this Agreement is a binding waiver of claims against Releasees.
22. You have seven (7) calendar days following the execution of this Agreement to revoke this Agreement. This Agreement will not become effective or enforceable until the revocation period has expired. The eighth (8<sup>th</sup>) calendar day following your execution of this Agreement and your delivery of the Agreement to the Company's Chief Financial Officer will be the Effective Date of this Agreement. If you seek to revoke within seven (7) calendar days following your execution of this Agreement, such revocation must be in writing and delivered to the Company's Chief Financial Officer, by the seventh (7<sup>th</sup>) calendar day following your execution of this Agreement.
23. This Agreement constitutes the complete and total agreement between you and Asterias regarding your employment or separation from employment and supersedes any other agreements between the Parties. If any provision or term of this Agreement is found to be invalid or unenforceable, the validity of the remaining provisions or terms shall not be affected.
24. You understand that the release of claims described in this Agreement extends to matters which have occurred up until you sign this Agreement and to matters which are contemplated by this Agreement, including your separation from employment.
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25. Provided you fully understand and agree to the terms of this Agreement, please sign this letter in the space provided below and return it to the Company's Chief Financial Officer at 6300 Dumbarton Circle, Fremont, CA 94555.

/s/ Don Bailey

Don Bailey  
Chairman of the Board of Directors  
Asterias Biotherapeutics, Inc.

I have read and understand the foregoing, and agree to its terms.

Dated: May 23, 2017

/s/ Steve Cartt

Steve Cartt

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**Asterias Biotherapeutics Announces Top Leadership Transition**

***-Steve Cartt to transition out as President & CEO, remain on the Board of Directors-***

***-Michael Mulroy appointed President & CEO effective June 26, 2017-***

***-Katy Spink, Ph.D., promoted to Executive Vice President & COO-***

***-Conference Call Today at 4:45pm ET-***

**FREMONT, Calif. May 23, 2017** – Asterias Biotherapeutics, Inc. (NYSE MKT: AST), a biotechnology company pioneering the field of regenerative medicine, today announced that Michael Mulroy has been appointed President & CEO effective June 26, 2017. Steve Cartt, current President & CEO of Asterias, has decided to step down as of June 25, 2017 in order to allocate more of his time to additional business and personal activities. Mr. Cartt will remain a member of the Board of Directors and act as advisor to Mr. Mulroy to ensure a smooth transition.

Mr. Cartt and Mr. Mulroy worked closely together for many years at Questcor Pharmaceuticals, a company they built together along with Asterias Chairman Don Bailey and CFO Ryan Chavez, before its eventual sale in 2014 to Mallinckrodt plc for \$5.6 billion.

“My decision to step down to focus more of my time on other business and personal activities, while also remaining actively involved with the development of Asterias, is made possible because Mike is not only the right person to lead the company through the next phase of its development but also is enthusiastic about taking on this leadership role,” said Mr. Cartt. “Mike is an experienced, high-caliber executive who is already familiar with Asterias and its programs. He will provide excellent leadership and direction for Asterias as it enters a particularly exciting time in its evolution. With Mike at the helm, Asterias is in very good hands, and I look forward to staying actively involved with the company through my continuing service on the Board.”

“I am excited by the very encouraging clinical efficacy and safety data being generated now on AST-OPC1 in the SCiStar clinical trial, and am also optimistic about the prospects for our novel cancer immunotherapy programs, AST-VAC1 and AST-VAC2,” stated Mr. Mulroy. “Asterias has made good progress in its development programs and in other areas under Steve’s leadership and I look forward to working closely with Steve and Don, as well the rest of the Asterias executive team, in the coming weeks and months to ensure a seamless leadership transition for the company.”

Asterias also announced that Katy Spink, Ph.D. is being promoted to the expanded position of Executive Vice President & COO, also effective June 26, 2017. In her new role, Dr. Spink will assume responsibility for Product Development and Research, in addition to continuing to be responsible for Manufacturing, Quality and certain other functional areas at Asterias. Jane Lebkowski, Ph.D., remains with Asterias as its Chief Scientific Officer, Ed Wirth, M.D., Ph.D., will continue as the company’s Chief Medical Officer and Ryan Chavez will continue as Chief Financial Officer and General Counsel.

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## **About Michael Mulroy**

Mike recently served as a Senior Advisor to CamberView Partners, LLC, which assists companies in connection with investor engagement and complex corporate governance issues. Prior to this Mr. Mulroy served until September 2014 as Executive Vice President – Strategic Affairs and General Counsel of the Autoimmune and Rare Diseases Business Unit of Mallinckrodt plc following its acquisition of Questcor Pharmaceuticals, Inc. in August 2014. Mr. Mulroy was appointed Executive Vice President, Strategic Affairs and General Counsel of Questcor in February 2014, having previously served as Chief Financial Officer and General Counsel since January 2011. From 2003 to 2011, Mr. Mulroy was employed by the law firm of Stradling Yocca Carlson & Rauth, where he served as a partner from 2004, and represented Questcor and other publicly-traded companies. From 1997 to 2003, Mr. Mulroy was an investment banker at Citigroup and Merrill Lynch. Mr. Mulroy earned his J.D. degree from the University of California, Los Angeles and his B.A. (Economics) from the University of Chicago.

## **Conference Call Information**

Asterias will host a conference call and webcast today, May 23, 2017, at 4:45 p.m. Eastern/1:45 p.m. Pacific, to discuss the announced management changes. Participating on the call will be current President & CEO Steve Cartt and incoming President & CEO Michael Mulroy. For both "listen-only" participants and those participants who wish to take part in the question-and-answer portion of the call, the dial-in number in the U.S./Canada is 800-533-9703. For international participants outside the U.S./Canada, the dial-in number is 785-830-1926. For all callers, refer to Conference ID 2881066. To access the live webcast, go to [http://asteriasbiotherapeutics.com/inv\\_events\\_presentations.php](http://asteriasbiotherapeutics.com/inv_events_presentations.php).

A replay of the conference call will be available for one month beginning about two hours after the conclusion of the live call, by calling toll-free (from U.S./Canada) 888-203-1112; international callers dial 719-457-0820. Use the Conference ID 2881066. Additionally, the archived webcast will be available at [http://asteriasbiotherapeutics.com/inv\\_events\\_presentations.php](http://asteriasbiotherapeutics.com/inv_events_presentations.php).

## **About Asterias Biotherapeutics**

Asterias Biotherapeutics, Inc. is a biotechnology company pioneering the field of regenerative medicine. The company's proprietary cell therapy programs are based on its pluripotent stem cell and immunotherapy platform technologies. Asterias is presently focused on advancing three clinical-stage programs which have the potential to address areas of very high unmet medical need in the fields of neurology and oncology. AST-OPC1 (oligodendrocyte progenitor cells) is currently in a Phase 1/2a dose escalation clinical trial in spinal cord injury. AST-VAC1 (antigen-presenting autologous dendritic cells) is undergoing continuing development by Asterias based on promising efficacy and safety data from a Phase 2 study in Acute Myeloid Leukemia (AML), with current efforts focused on streamlining and modernizing the manufacturing process. AST-VAC2 (antigen-presenting allogeneic dendritic cells) represents a second generation, allogeneic cancer immunotherapy. The company's research partner, Cancer Research UK, plans to begin a Phase 1/2a clinical trial of AST-VAC2 in non-small cell lung cancer in 2017. Additional information about Asterias can be found at [www.asteriasbiotherapeutics.com](http://www.asteriasbiotherapeutics.com).

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## FORWARD-LOOKING STATEMENTS

Statements pertaining to future financial and/or operating and/or clinical research results, future growth in research, technology, clinical development, and potential opportunities for Asterias, along with other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements. Any statements that are not historical fact (including, but not limited to statements that contain words such as "will," "believes," "plans," "anticipates," "expects," "estimates") should also be considered to be forward-looking statements. Forward-looking statements involve risks and uncertainties, including, without limitation, risks inherent in the development and/or commercialization of potential products, uncertainty in the results of clinical trials or regulatory approvals, need and ability to obtain future capital, and maintenance of intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements and as such should be evaluated together with the many uncertainties that affect the businesses of Asterias, particularly those mentioned in the cautionary statements found in Asterias' filings with the Securities and Exchange Commission. Asterias disclaims any intent or obligation to update these forward-looking statements.

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