

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**ADVANCED CELL TECHNOLOGY, INC.**

CIK: **1140098** | IRS No.: **870656515** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-50295** | Film No.: **13535561**  
SIC: **2834** Pharmaceutical preparations

Mailing Address

33 LOCKE DRIVE

MARLBOROUGH MA 01752

Business Address

33 LOCKE DRIVE

MARLBOROUGH MA 01752

508-756-1212

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

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CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **January 11, 2013**

**ADVANCED CELL TECHNOLOGY, INC.**  
(Exact Name of Registrant as Specified in Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-50295**  
(Commission File Number)

**87-0656515**  
(IRS Employer  
Identification No.)

**33 Locke Drive, Marlborough, Massachusetts**  
(Address of Principal Executive Offices)

**01752**  
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(508) 756-1212**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- 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 1.01. Entry into a Material Definitive Agreement.

### *Lawsuit Settlement*

On January 11, 2013, Advanced Cell Technology, Inc. (the “Company”) entered into a settlement agreement and mutual release (the “Settlement Agreement”) with CAMOFI Master LDC (“CAMOFI”) and CAMZHN Master LDC (“CAMZHN” and together with CAMOFI, the “Settling Parties”), each of which are affiliates of Centrecourt Asset Management LLC. The Settlement Agreement relates to the lawsuit between the Settling Parties, as plaintiffs, and the Company, as defendant, in the Supreme Court of New York, New York County (the “Court”), docket number 652816/2011, in which the Settling Parties claim that the conversion price of certain notes and the exercise price of certain warrants held by the Settling Parties should have been adjusted as a result of certain transactions between the Company and JMJ Financial, Inc. during 2010. We have previously disclosed information about similarly situated holders asserting similar claims in our current reports on Form 8-K that we filed with the Securities and Exchange Commission on August 17, 2011, September 22, 2011, October 19, 2011, December 12, 2011, December 20, 2011, March 8, 2012, April 16, 2012 and September 14, 2012.

Pursuant to the Settlement Agreement, and subject to Court approval, the Company agreed, in exchange for dismissal of the pending lawsuit with prejudice and a mutual release of all claims, to do the following on the business day following approval by the Court of the settlement or on another day agreed upon by the parties to the settlement (the “Closing”):

- issue to the Settling Parties an aggregate number of shares of the Company’s common stock (“Common Stock”) calculated by dividing \$4,500,000 by the least of (a) \$0.56 per share, (b) the closing price of the Common Stock on the day immediately prior to the execution of the Settlement Agreement or (c) the volume-weighted average price (“VWAP”) reported by Bloomberg LP for the 30-day period before such shares of Common Stock are received (the “Closing Shares”), of which 78.9% of such Closing Shares will be issued to CAMOFI and 21.1% to CAMHZN;
- issue (a) to CAMOFI an Amortizing Senior Secured Convertible Debenture in the principal amount of \$4,732,781 and (b) to CAMHZN an Amortizing Senior Secured Convertible Debenture in the original principal amount of \$1,267,219 (together, the “Debentures”);
- pay \$1,577,594 to CAMOFI and \$422,406 to CAMHZN; and
- reimburse the Settling Parties for certain of the Settling Parties’ costs incurred in connection with the pending lawsuit.

The Debentures accrue interest at the rate of 8% per annum and mature on June 30, 2015. The Company may pre-pay all or a portion of the amounts due under the Debentures prior to maturity without penalty. Both of the Debentures are convertible at the option of the holder at a price per share of Common Stock equal to 80% of the VWAP of the ten consecutive trading days prior to the conversion date (the “Conversion Price”). The Company must make quarterly payments under the Debentures on the last day of each calendar quarter commencing on March 31, 2013 in the amount of \$473,278. The quarterly payments may, at the option of the Company and subject to the satisfaction of certain conditions, be paid in shares of Common Stock. In such case, the conversion price for such payment will be based on the lesser of (i) the Conversion Price or (ii) 80% of the average of the 10 closing prices immediately prior to the date the quarterly payment is due. To secure its obligations under the Debentures, the Company will grant a security interest in substantially all of the Company’s assets, including its intellectual property, to the Settling Parties. The Debentures contain certain covenants customary for debt instruments of its kind.

If an event of default occurs under a Debenture, at the election of the Holder of such Debenture, such Debenture may be declared accelerated, in which case the greater of the amounts calculated in accordance with the following formulas shall become immediately due and payable: (a) 120% of the principal amount of the Debenture to be prepaid plus 100% of the accrued and unpaid interest; or (b) the principal amount of the Debenture to be prepaid divided by the Conversion Price (calculated either on the date acceleration is demanded or due or the date the accelerated amount is paid in full, whichever is less) multiplied by the closing price of the common stock (calculated either on the date the acceleration is demanded or due or the date the accelerated amount is paid in full, whichever is greater). Commencing 5 days after the occurrence of any event of default that results in the eventual acceleration of the Debenture, the interest rate on the Debenture will accrue at 18% per annum. For purposes of the Debentures, an event of default includes certain events that are customary for debt instruments of this type (including certain cure periods as set forth in the Debenture) including the failure to pay any amounts due under the Debenture when due, the failure to observe covenants and obligations under the Debenture, default under other debt instruments in an amount exceeding \$150,000, the cessation of the quoting of the Common Stock on a trading market, the occurrence of a change of control transaction or other certain substantial transactions, the institution of bankruptcy or similar proceedings or the failure to have a registration statement covering the common stock underlying the Debentures effective within 180 days after the Closing (in accordance with the registration rights agreement described below).

The Company and the Settling Parties have agreed to enter into a registration rights agreement (the "Registration Rights Agreement"), which will require the Company to register the shares of Common Stock into which the Debentures are convertible with the Securities and Exchange Commission. The Registration Rights Agreement provides that the registration statement will be filed within thirty days of the execution of the Registration Rights Agreement.

Pursuant to the Settlement Agreement, the Company and the Settling Parties will file a joint application for a hearing to determine the fairness of the transactions contemplated by the Settlement Agreement. If the Court grants this application, subject to the Company's delivery of the Closing Shares, the Debentures, cash payments and reimbursement of expenses, the Settling Parties will deliver a stipulation of dismissal executed by the Settling Parties' legal counsel to the Company. The Company intends to file this stipulation with the Court to obtain dismissal of the pending lawsuit.

The foregoing description of the Settlement Agreement, Debentures and Registration Rights Agreement are qualified in their entirety by reference to the full text of such agreements attached as exhibits hereto, which are incorporated by reference herein.

#### *Office Lease Agreement*

On January 11, 2013, we entered into an office lease agreement with the Janelon Trust pursuant to which we rent approximately 17,696 square feet of office and laboratory space located 33 Locke Drive, Marlborough, Massachusetts. The lease term commenced on January 11, 2013 and continues until March 31, 2018. The 17,696 square feet that we lease pursuant to the office lease with the Janelon Trust expands our rented space at 33 Locke Drive, Marlborough, Massachusetts, where we house our headquarters. Our rent for the premises is \$0 per month for the first three months, \$21,382.67 per month for months 4 through 27, \$22,120.00 per month for months 28 through 39, \$22,488.67 per month for months 40 through 51 and \$22,857.33 per month for months 52 through 63. We paid a refundable security deposit to the Janelon Trust in the amount of \$21,382.67 that will be refunded to us following the end of the lease term minus any deductions that are permitted pursuant to the lease and applicable law. We have an option to extend the lease term for an additional five year period on the same terms as the lease agreement except that the rental rate will be adjusted to the then prevailing rate for the office building. The foregoing description of the lease agreement is qualified in its entirety by reference to the full text of the lease agreement attached as an exhibit hereto, which is incorporated by reference hereto.

#### **Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information contained above in Item 1.01 is hereby incorporated by reference into this Item 2.03.

#### **Item 3.02. Unregistered Sales of Equity Securities.**

The information contained above in Item 1.01 is hereby incorporated by reference into this Item 3.02. The Closing Shares and the Debentures that the Company has agreed to issue to the Settling Parties will be issued in reliance upon the exemption from registration set forth in Section 3(a)(10) of the Securities Act of 1933, as amended.

#### **Item 8.01. Other Events.**

On January 17, 2013, the Company issued a press release announcing the settlement with CAMOFI and CAMZHN. A copy of the press release is attached as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
10.1	Settlement Agreement and Mutual Release, dated as of January 11, 2013, by and among the Company, CAMOFI Master LDC and CAMZHN Master LDC
10.2	Form of Amortizing Senior Secured Convertible Debenture Issued to CAMOFI Master LDC
10.3	Form of Amortizing Senior Secured Convertible Debenture Issued to CAMZHN Master LDC
10.4	Form of Registration Rights Agreement by and among Company, CAMOFI Master LDC and CAMZHN Master LDC
10.5	Office Lease Agreement, dated as of January 11, 2013, by and among the Company and The Janelon Trust
99.1	Press Release dated January 17, 2013

## SIGNATURES

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

**Advanced Cell Technology, Inc.**

By: /s/ Gary H. Rabin  
Gary H. Rabin  
Chief Executive Officer

Date: January 17, 2013

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release is made and entered into as of December 31, 2012 (the “**Agreement**”), by and among CAMOFI Master LDC (“**CAMOFI**”) and CAMHZN Master LDC (“**CAMZHN**”) (collectively, the “**Holder**s”) and Advanced Cell Technology, Inc. (“**Advanced Cell**” or the “**Company**”). The Holders and Advanced Cell are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, the Holders held and/or hold certain Common Stock Purchase Warrant(s) and certain Convertible Debentures, as amended, previously issued by Advanced Cell (the “**Securities**”); and

WHEREAS, Holders have asserted that the number of shares of common stock of Advanced Cell they were and/or are entitled to acquire under the Securities should have been and/or should be adjusted pursuant to the terms of the Securities; and

WHEREAS, the Parties have a good faith disagreement as to (a) whether the number of shares of common stock of Advanced Cell, par value \$0.001 per share, that Holders were and/or are entitled to acquire under the Securities should have been and/or should be adjusted pursuant to the terms of the Securities and (b) if the number of shares of common stock of Advanced Cell Holders were and/or are entitled to acquire under the Securities should have been and/or should be adjusted, the correct number of shares that should have been and/or should be adjusted; and

WHEREAS, the Holders brought an action in the Supreme Court of New York, New York County (the “**Court**”), docket number 652816/2011 regarding the number of shares of common stock subject to the Securities (the “**Litigation**”); and

WHEREAS, the Parties desire to resolve their differences in order to avoid the cost and distraction of litigation.

**AGREEMENTS**

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Holders and Advanced Cell hereby agree as follows:

1) **Court Order; Closing.**

a) **Court Order.** Upon the execution and delivery of this Agreement, the parties will cause their respective counsel to file a joint application with the Court seeking the Court’s approval of the fairness to the Holders of the issuance of the Shares, the issuance of the Debentures (as defined below), the terms of this Agreement and the transactions contemplated hereunder, and the issuance of the Shares and the Debentures pursuant to the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended (“**1933 Act**”) (such order is referred to herein as the “**Court Order**”). “**Shares**” means Four Million Five Hundred Thousand Dollars (\$4,500,000) in freely tradable shares of Advanced Cell common stock, payable within two Business Days (as defined below) of the Court Order being granted. Such number of shares of common stock shall be based on the least of (a) \$.056 per share; (b) the closing price of the common stock on the day immediately prior to the execution of the Agreement; and (c) the volume-weighted average price reported by Bloomberg LP (“**VWAP**”) for the thirty (30) day period before the Shares are received. When said Shares are issued, all will be freely tradable pursuant to the 1933 Act and shall be duly authorized, fully paid and non-assessable shares of Company common stock.

b) Closing. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at the offices of Richardson & Patel, LLP, 750 Third Avenue, 9<sup>th</sup> Floor, New York, New York 10017, at 9:30 a.m. local time on the first Business Day (as defined below) immediately following the date on which the Court Order is entered on the docket of the Court or such other date and time as the Holders and Advanced Cell may mutually determine (the “**Closing Date**”). The deliveries actually delivered under Section 1(c) and 1(d) at the Closing shall be deemed delivered simultaneously. “**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

c) Advanced Cell’s Deliveries on and after the Closing. Subject to Holders’ compliance with Section 1(d), Advance Cell shall:

i. cause Interwest Transfer (together with any subsequent transfer agent, the “**Transfer Agent**”) through the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer Program, to credit the Shares (78.9% of such shares to CAMOFI and 21.1% of such shares to CAMHZN, respectively) to Holders’ balance accounts with DTC through its Deposit/Withdrawal at Custodian system at the Closing:

**CAMOFI Master LDC**

DTC Clearing Number	443
Institutional ID Number	00443
Agent ID Number	00443
Account Number	NXG 070751
Account Name	CAMOFI MASTER LDC

**CAMHZN Master LDC**

DTC Clearing Number	443
Institutional ID Number	00443
Agent ID Number	00443
Account Number	NXG 070744
Account Name	CAMHZN MASTER LDC

ii. deliver, at the Closing, an aggregate of Six Million Dollars (\$6,000,000) in 8% Senior Secured Convertible Debentures (the “**Debentures**”) due June 30, 2015 (\$4,732,781 aggregate principal amount to CAMOFI and \$1,267,219 aggregate principal amount to CAMHZN, respectively), in the forms attached hereto as **Exhibit A**;

iii. deliver, at the Closing, a copy of that certain Registration Rights Agreement by and among the Holders and Advanced Cell (the “**RRA**”) executed by Advanced Cell, in the form attached hereto as **Exhibit B**, pursuant to which Advanced Cell agrees to register the shares underlying the Debentures with the Securities and Exchange Commission;



iv. pay to the Holders, by wire transfer of immediately available funds, an aggregate of Two Million Dollars (\$2,000,000) (the “**Cash Consideration**”) (\$1,577,594 to CAMOFI and \$422,406 to CAMHZN, respectively) on or before February 28, 2013, *provided that* the Holders shall be required to provide wiring instructions at least 2 Business Days prior to the date of such transfer;

v. reimburse the Costs (as defined in Section 16 below) at Closing;

vi. deliver, at the Closing, an Affidavit of Confession of Judgment (the “**Affidavit**”) and Judgment of Confession (“**Judgment**”) in the forms attached hereto as **Exhibits C and D**, respectively, which may be filed by Holders with the Court, under the circumstances set forth in Section 1(e) hereof;

vii. deliver, within 30 days of Closing (which period may be extended by the Agent in its sole discretion), copies of account control agreements for each of the Company’s bank accounts in form and substance satisfactory to the Holders; and

viii. deliver at or prior to the Closing, a Security Agreement dated as of the date hereof among the Company, the subsidiaries of the Company and the Holders (the “**Security Agreement**”) in form and substance satisfactory to the Holders pursuant to which Holders are granted a first priority security interest in the Collateral (as defined therein) as well as documents required thereunder, including without limitation the Intellectual Property Security Agreement (as defined therein) in form and substance satisfactory to the Holders.

d) **Holders’ Deliveries at the Closing.** Subject to Advanced Cell’s compliance with Section 1(c), the Holders shall cause to be delivered, at the Closing, (i) the RRA executed by the Holders and (ii) to the undersigned counsel for Advanced Cell a Stipulation of Dismissal, in the form attached hereto as **Exhibit E** (the “**Stipulation**”), executed by Richardson & Patel, pursuant to which the Holders voluntarily dismiss the Litigation with prejudice subject to satisfaction of terms hereof.

e) If (i) Advanced Cell breaches any of its obligations under Section 1(c)(i)-(v), 1(c)(vii) and 1(c)(viii) hereof and does not cure the breach within 10 Business Days of receiving notice of the breach from Holders or (ii) there is an Event of Default under the Debentures, Holders may file the Affidavit and Judgment with the Court. Upon Advanced Cell’s complete fulfillment of its obligations under Section 1(c)(i)-(v), 1(c)(vii) and 1(c)(viii) hereof and its obligations under the Debentures, Holders shall return the Affidavit and Judgment to Advanced Cell.

**2) No Legends; Stop Transfer Instructions.** None of the Shares nor any certificates evidencing any of the Shares (if a certificate therefor is requested in writing by Holders) nor the Debentures shall bear any restrictive or other legends or notations. Advanced Cell shall not, and the Company shall cause all other Persons (as defined below) to not, issue any stop-transfer order, instruction or other restriction with respect to any of the Shares or the Debentures. “**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

3) **Advanced Cell's Representations and Warranties**. Advanced Cell represents and warrants to Holders that:

a) it is a corporation validly existing and in good standing under the laws of the State of Delaware;

b) it has all necessary power and authority (i) to conduct its business in the manner in which its business is currently being conducted, (ii) to own and use its assets in the manner in which they are currently owned and used, and (iii) to perform its obligations under all material contracts to which it is a party;

c) each of this Agreement, Debentures, Security Agreement, the RRA and other documents entered into in connection herewith and therewith (collectively, the "**Transaction Documents**") is a legal, valid and binding obligation of the Company enforceable in accordance with all of its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and each of this Agreement and each of the Transaction Documents has been duly approved by its Board of Directors;

d) the execution and delivery of this Agreement and the Transaction Documents, and the consummation by Advanced Cell of the transactions contemplated hereby and thereby, will not, directly or indirectly, with or without the passage of time or the giving of notice (i) conflict with, result in the violation or breach any of the terms, conditions or provisions of any of the Company's charter documents, (ii) give any person or entity the right to declare an event of default or exercise any remedy under any material contract of the Company, (iii) accelerate the maturity of or performance of any material contract of the Company, (iv) cancel, terminate or modify any material contract of the Company, (v) result in the imposition or creation of any lien or other encumbrance upon any of the Company's assets, or (vi) give any holder of Company securities the right to receive additional shares of common stock or other consideration in respect of their Company securities;

e) all of the Shares when issued and the shares of common stock underlying the Debentures when issued, shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens or encumbrances of any nature whatsoever;

f) Except for the Court Order and the registration statement required to be filed pursuant to the RRA, the Company does not require the consent, waiver, authorization or approval of any person or entity, or need to make any filing or registration with any court, agency or authority in connection with the execution and delivery of this Agreement and the Transaction Documents or the consummation of the transactions contemplated hereby or thereby;

g) Except as set forth in the Company's public filings with the Securities and Exchange Commission, neither the Company nor any subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any subsidiary under), nor has the Company or any subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement, services, marketing or processing agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business, except in each case referred to in clauses (i), (ii) and (iii) hereof as could not have or reasonably be expected to have a material adverse effect. Each material contract is in full force and effect and is enforceable in accordance with its terms, and no material defaults enforceable against the Company or any subsidiary exist thereunder. Neither the Company nor any subsidiary has received notice from any party to any material contract stating that it intends to terminate or amend such contract;

h) the Company's common stock is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 (the "**Exchange Act**"), and the Company has not taken, and shall not take, any action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of its common stock under the Exchange Act nor has the Company received any notification that the SEC is contemplating terminating such registration. The Company has not, in the 12 months preceding the date hereof, received notice from any trading market on which the common stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such trading market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements, and shall take all actions necessary or desirable to remain in compliance therewith; and

i) as long as any Holder holds shares of common stock or Debentures, the Company shall timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. As long as any Holder owns Shares or Debentures, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to such Holder and make publicly available in accordance with Rule 144(c) such information as is required for such Holder to sell the Shares or any shares underlying the Debentures under Rule 144 so long as it is a public company. The Company further covenants that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell the Shares or any shares of Advanced Cell common stock underlying the Debentures without registration under the 1933 Act within the limitation of the exemptions provided by Rule 144.

4) **Advanced Cell Release.** Advanced Cell, on behalf of itself and its Affiliates (as such term is defined in Rule 405 promulgated under the 1933 Act) shall irrevocably, fully, and finally, without further word, deed, action, execution, or further documentation, release and discharge Holders, their respective past and present officers, directors, employees, managers, attorneys, accountants, heirs, Affiliates and representatives ("**Holder Releasees**"), from any and all actions, causes of action, suits, debts, accounts, covenants, contracts, agreements, promises, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown which it, its successors and assigns now have or hereinafter may have against Holder Releasees, from the beginning of time up to and including the date of this Agreement, *provided, however*, that nothing in this release shall limit or affect Advanced Cell's rights to enforce this Agreement.

5) **Holdings' Release.** Holders, on behalf of their and their Affiliates, shall irrevocably, fully, and finally, without further word, deed, action, execution, or further documentation, release and discharge Advanced Cell and its past and present officers, directors, employees, managers, attorneys, accountants, heirs and representatives (“**Advanced Cell Releasees**”), from any and all actions, causes of action, suits, debts, accounts, covenants, contracts, agreements, promises, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown which they, their successors and assigns now have or hereinafter may have against the Advanced Cell Releasees, from the beginning of time up to and including the date of this Agreement, including all claims in respect of derivative securities relating to issuances of Company securities prior to the date hereof irrespective of the price, if any, at which such securities were issued, *provided, however*, that nothing in this release shall limit or affect Holders’ rights to enforce this Agreement, the Transaction Documents, or their rights to the Shares, the Debentures, the shares of common stock underlying the Debentures, the Costs (as defined herein) or the Cash Consideration. Notwithstanding the foregoing, in the event that Advanced Cell fails to comply with the provisions hereof and of the Transaction Documents such release shall be null and void ab initio.

6) **Further Agreements.**

a) Holders acknowledge and agree that delivery of the items pursuant to Section 1 above shall be deemed full and complete (i) compensation for any and all injury or damage to Holders (including consequential and exemplary damages) by reason of any alleged act, omission or breach by Advanced Cell and/or any of its officers, directors and employees and (ii) satisfaction of all claims that were or could have been asserted with regard to the adjustment of the number of shares of Advanced Cell common stock Holders was and/or is entitled to acquire under the Securities so long as Advanced Cell complies with the provisions hereof and of the Transaction Documents.

b) The parties agree that until one year from the date of this Agreement, neither such party nor any of their respective Affiliates thereof shall, without the prior written consent of the other make any public announcement (other than, in the case of the Holders, to their respective fund’s limited partners, lawyers, accountants, and other agents) with respect to any matter described in this Agreement. Furthermore, the Company shall not publicly disclose the name of any Holder, or include the name of any Holder in any filing with the SEC or any regulatory agency or trading market, without the prior written consent of such Holder, except (i) as required by federal securities law and (ii) to the extent such disclosure is required by law or trading market regulations, in which case the Company shall provide such Holder with prior notice of such disclosure permitted under subclause (i) or (ii).

c) Holders agree that until one year from the date of this Agreement, neither Holder, nor any of then respective Affiliates, shall without the prior written consent of Advance Cell form, join or in any way participate in a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, except that the Holders, together, shall not be deemed a “group.”

d) The Company shall by 8:30 am New York Time on the fourth (4<sup>th</sup>) trading day following the date hereof, issue a Current Report on Form 8-K disclosing the material terms of the transactions contemplated hereby.

7) **Further Assurances.** Holders and Advanced Cell shall reasonably cooperate with each other with respect to the issuance, execution and delivery of the Shares and shares of common stock underlying the Debentures and any and all related actions that may be required of the Parties to fulfill the agreements contained in this Agreement, including cooperation in providing any documentation which may be requested by any broker in order to have the Shares or shares of common stock underlying the Debentures deposited as free trading in the Holders' account.

8) **Attorney Advice.** Each Party represents and warrants that in executing this Agreement, such Party has relied upon legal advice from the attorney of its choice, that the terms of this Agreement and its consequences have been completely read and explained to such Party by that attorney, and that such Party fully understands the terms of this Agreement. Accordingly, the Parties agree that this Agreement shall be deemed to have been drafted jointly and any rules of construction that would require interpretation of any ambiguities against the draft shall not be employed in interpretation of this Agreement, and are hereby expressly waived.

9) **All Other Agreements Terminated.** Except for this Agreement, the Transaction Documents and the documents entered into in connection herewith and therewith, all other agreements between the Parties hereto, including all agreements between Advanced Cell and any entity controlled by the Holders or its principals (including, without limitations, the Securities), are hereby deemed terminated, canceled, null and void, and of no force or effect.

10) **No Representations.** Each Party acknowledges and represents that, in executing this Agreement, such Party has not relied upon any inducements, promises or representations made by any Party or any person or entity representing or serving such Party, unless expressly set forth in this Agreement.

11) **Disputed Claim.** This Agreement pertains to a disputed claim and does not constitute an admission of liability or wrongdoing by any Party for any purpose.

12) **Assignment.** Each Party represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and other matter which it purports to release herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm, association, corporation or other entity, any right, title or interest in any such claim or other matter. In the event that such representation is false, and any such claim or matter is asserted against any Party hereto (and/or the successor of such Party) by any Party or entity who is the assignee or transferee of such claim or matter, the Party shall fully indemnify, defend and hold harmless the Party against which such claim or matter is asserted (and its successors) from and against such claim or matter and from all actual costs, demands, fees, expenses, liabilities, and damages which that Party (and/or its successors) incurs as a result of the assertion of such claim or matter. It is the intention of the Parties that this indemnity does not require payment as a condition precedent to recovery by a Party under this indemnity. Nothing in this Agreement shall prevent the Holders from selling, assigning or transferring their rights hereunder, including without limitation the Shares, the Debentures, or the shares of common stock of the Company underlying the Debentures, or any of the consideration received hereunder, to any third parties; *provided, that* such assignment is in accordance with all applicable state and federal securities laws.

13) **Authority to Bind Parties.** Each Party executing this Agreement represents and warrants to the other Party that the individual executing this Agreement on behalf of such Party has the power and authority to execute this Agreement and to bind the Party to the terms and conditions of this Agreement by executing this Agreement.

14) **Modifications.** This Agreement may not be amended, canceled, revoked or otherwise modified except by written agreement subscribed by all of the Parties to be charged with such modification.

15) **Agreement Binding on Successors.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective partners, employees, agents, servants, heirs, administrators, executors, successors, representatives, transferees and assigns. The Parties agree to execute all documents necessary to effectuate this transaction.

16) **Costs and Attorneys' Fees.** Advanced Cell hereby agrees to reimburse the Holders for any legal fees incurred in connection with the Litigation, including its settlement (the "**Costs**") provided that such reimbursement shall not exceed \$335,000. Other than as set forth in the preceding sentence, each Party agrees to be responsible for its own costs and attorneys' fees, *provided however*, that:

a) In the event of any action, suit or other proceeding instituted to remedy, prevent or obtain relief from a breach of this Agreement or the Transaction Documents, arising out of a breach of this Agreement or the Transaction Documents, or pertaining to a declaration of rights under this Agreement or the Transaction Documents, the prevailing Party in such action, suit or other proceeding shall recover all of its attorneys' fees and costs incurred therein, including any and all appeals or petitions therefrom; it being agreed and understood that no right is granted hereby to recover any fees or costs for any legal actions taken prior to the date of this Agreement.

b) As used herein, Costs shall be deemed to mean the full and actual costs of any legal services actually performed by Holders' internal and external counsel in connection with the matters involved, calculated on the basis of the usual fee charged by the attorneys performing such services.

17) **Notices.** All notices shall be sent by overnight courier and by e-mail to the addresses designated below and shall be deemed received on the date of transmission.

If to Advanced Cell: Mr. Gary Rabin  
Chief Executive Officer  
Advanced Cell Technology, Inc.  
1510 11th Street  
Santa Monica, CA 90401  
(310) 756-1212  
[grabin@advancedcell.com](mailto:grabin@advancedcell.com)

with a copy to: Daniel Brown, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, NY 10112-0015  
(310) 228-3717  
[dbrown@sheppardmullin.com](mailto:dbrown@sheppardmullin.com)

If to Holders: CAMOFI Master LDC CAMHZN Master LDC c/o Centrecourt Asset  
Management LLC 350 Madison Avenue, 8th Floor New York, New York 10017  
(646) 758-6752 [rsmithline@centrecourtam.com](mailto:rsmithline@centrecourtam.com)

with a copy to: David B. Gordon, Esq.  
Richardson & Patel LLP  
750 Third Avenue, 9<sup>th</sup> Floor  
New York, NY 10017  
(646) 755-7315  
[dgordon@richardsonpatel.com](mailto:dgordon@richardsonpatel.com)

18) **Governing Law; Forum.** All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall (i) be deemed to limit in any way any right to serve process in any manner permitted by law or (ii) be deemed to operate to preclude any party hereto from bringing suit or taking other legal action against any other party hereto in any other jurisdiction to collect on such other party's obligations hereunder to such party or to enforce a judgment or other court ruling in favor of such party against such other party. **EACH OF THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE COURT SHALL BE THE COURT TO RETAIN JURISDICTION TO ENFORCE THE TERMS OF THIS AGREEMENT. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

19) **Severability.** Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction or tribunal to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be effected thereby and said illegal or invalid part, term or provision shall be severed and deemed not to be a part of this Agreement.

20) **Counterparts and Facsimile Execution.** This Agreement may be executed in one or more counterparts, by PDF, or by facsimile, each of which when executed and delivered shall be an original, and all of which when executed shall constitute one and the same instrument.

*[Signature Pages Follow]*



IN WITNESS WHEREOF, the Parties hereto, agreeing to be bound hereby, execute this Agreement upon the date first set forth above.

CAMHZN MASTER LDC

By: /s/ Richard Smithline  
Name: Richard Smithline  
Title: Director

CAMOFI MASTER LLC.

By: /s/ Richard Smithline  
Name: Richard Smithline  
Title: Director

[Settlement Agreement and Mutual Release Signature Page]

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IN WITNESS WHEREOF, the Parties hereto, agreeing to be bound hereby, execute this Agreement upon the date first set forth above.

ADVANCED CELL TECHNOLOGY, INC.

By: /s/ Gary Rabin  
Name: Gary Rabin  
Title: Chief Executive Officer

[Settlement Agreement and Mutual Release Signature Page]

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**Exhibit A**

**Form of Debenture**

[See Exhibits 10.2 and 10.3 to the Form 8-K filed by Advanced Cell Technology, Inc. on January 17, 2013]

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**Exhibit B**

**Form of Registration Rights Agreement**

[See Exhibit 10.4 to the Form 8-K filed by Advanced Cell Technology, Inc. on January 17, 2013]



**Exhibit C**

**Form of Affidavit**

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X  
CAMOFI MASTER LDC and CAMZHN MASTER LDC,  
Plaintiffs,

v.

ADVANCED CELL TECHNOLOGY, INC.,  
Defendant.  
-----X

Index No.

AFFIDAVIT OF  
CONFESSION  
OF JUDGEMENT

**STATE OF CALIFORNIA ) SS.:**  
**COUNTY OF LOS ANGELES )**

GARY RABIN, being duly sworn, deposes and says that he is the Chief Executive Officer of Advanced Cell Technology, Inc. ("DEBTOR"), a Delaware corporation, and is duly authorized to make this affidavit on its behalf.

**DEBTOR**, with offices at PO Box 1700, Santa Monica, California 90406, hereby confesses judgment herein and consents to the entry thereof against it in the Supreme Court, New York County, New York.

This confession of judgment is for a debt justly due to the Plaintiffs arising from the following facts:

**DEBTOR**, as obligor, defaulted on obligations to Plaintiffs under (1) Section 1(c) of a Settlement Agreement and Mutual Release, a copy of which is annexed hereto as Exhibit A, and/or (2) 8% Senior Secured Convertible Debentures, copies of which are annexed hereto as Exhibit B. DEBTOR hereby confesses judgment in the amount of \$12,775,000.00, plus interest thereon at 9% from the 31st day of December, 2012.

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DEBTOR

By: \_\_\_\_\_  
Gary Rabin  
Chief Executive Officer

Sworn to before me this 31st  
day of December, 2012

\_\_\_\_\_  
Notary Public

**Exhibit D**

**Form of Confession of Judgment**

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X  
CAMOFI MASTER LDC and CAMZHN MASTER LDC,  
Plaintiffs,

v.

Index No.

ADVANCED CELL TECHNOLOGY, INC.,

**JUDGEMENT OF CONFESSION**

Defendant.  
-----X

Amount confessed.	\$ 12,775,000.00
Costs	
Costs by Statute	15.00
Index Application	210.00
Filing Fee	45.00
Execution Fee	45.00
Cost Total	315.00
Judgment Total	\$12,775,315.00, plus interest at 9% per annum

ATTORNEY'S AFFIRMATION

STATE OF NEW YORK, COUNTY OF NEW YORK

The undersigned, an attorney at law of the State of New York, affirms that he is one of the attorneys of Richardson & Patel, LLP, attorneys for the plaintiffs herein and states that the disbursements above specified are correct and true and have been or will necessarily be made or incurred herein and are reasonable in amount and affirms this statement to be true under the penalties of perjury.

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
David B. Gordon, Esq.

JUDGMENT entered the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

On filing the foregoing Affidavit of Confession of Judgment made by the defendant herein, sworn to the 31st day of December, 2012.

NOW, ON MOTION OF Richardson & Patel, LLP, attorneys for plaintiffs it is ADJUDGED that plaintiffs, CREDITORS, residing at 350 Madison Avenue, New York, New York 10017, do recover of the defendant, DEBTOR, residing at PO Box 1700, Santa Monica, California 90406, the sum of \$12,775,000.00 with interest of \$\_\_\_\_\_ making a total of \$\_\_\_\_\_; together with \$315.00 costs and disbursements, amounting in all to the sum of \$\_\_\_\_\_ ; and that the plaintiffs have execution therefor.

\_\_\_\_\_  
Clerk



**Exhibit E**

**Stipulation of Dismissal**

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

\_\_\_\_\_x

CAMOFI MASTER LDC and CAMZHN MASTER LDC,

Plaintiffs,

– against –

ADVANCED CELL TECHNOLOGY, INC.

Defendant.

:  
:  
:  
:  
:  
:  
:

Index No. 652816-2011

**STIPULATION OF DISMISSAL**

\_\_\_\_\_x

Plaintiffs CAMOFI Master LDC and CAMZHN Master LDC (“Plaintiffs”) and defendant Advanced Cell Technology, Inc. (“Defendant” and collectively with Plaintiff, the “Parties”), through their respective undersigned counsel, pursuant to New York Civil Practice Law and Rules 2104, hereby stipulate as follows:

WHEREAS, the Parties have reached an agreement to settle their dispute in this action as reflected in the Settlement Agreement and Mutual Release dated December 31, 2012 (“Settlement Agreement”);

IT IS HEREBY STIPULATED AND AGREED, by and among the Parties hereto, through their respective counsel, pursuant to New York Civil Practice Law and Rules 2104, that this action is hereby voluntarily dismissed with prejudice; and

IT IS FURTHER STIPULATED AND AGREED, by and among the Parties hereto, through their respective counsel, that this Court shall retain jurisdiction to enforce the terms of the Settlement Agreement, including but not limited to, the hearing and determination of any application seeking the issuance of a judgment as set forth therein.

\_\_\_\_\_

Dated: January \_\_, 2012  
New York, New York

**RICHARDSON & PATEL, LLP**

By: \_\_\_\_\_  
David Gordon  
750 Third Avenue, 9<sup>th</sup> Floor  
New York, New York 10017  
Tel: +1 646 755-7315

*Counsel for Plaintiffs*

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

By: \_\_\_\_\_  
Daniel L. Brown  
Kathryn J. Hines  
30 Rockefeller Plaza  
New York, New York 10112  
Tel: +1 212 653-8700

*Counsel for Defendant*

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: December 31, 2012

\$4,732,781

### AMORTIZING SENIOR SECURED CONVERTIBLE DEBENTURE

THIS AMORTIZING DEBENTURE is one of a series of duly authorized and issued Amortizing Senior Secured Convertible Debentures of **Advanced Cell Technology, Inc.**, a Delaware corporation, having a principal place of business at 1510 111<sup>th</sup> Street Ste # 202, Santa Monica, CA 90401 (the "Company"), designated as its Amortizing Senior Secured Convertible Debentures due June 30, 2015 (the "Debentures").

FOR VALUE RECEIVED, the Company promises to pay to CAMOFI Master LDC or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of \$4,732,781 by June 30, 2015, or such earlier date as this Debenture is required or permitted to be repaid as provided hereunder (the "Maturity Date"). This Debenture is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Debenture: (a) capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Settlement Agreement, and (b) the following terms shall have the following meanings:

"Alternate Consideration" shall have the meaning set forth in Section 5(d).

"Business Day" means any day except any Saturday, any Sunday and any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Buy-In" shall have the meaning set forth in Section 4(d)(v).

"Change of Control Transaction" means the occurrence after the date hereof of any of (i) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 33% of the voting securities of the Company, or (ii) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the Company or the successor entity of such transaction, or (iii) the Company sells or transfers its assets, as an entirety or substantially as an entirety, to another Person and the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, (iv) a replacement at one time or within a three year period of more than one-half of the members of the Company's board of directors which is not approved by a majority of those individuals who are members of the board of directors on the date hereof (or by those individuals who are serving as members of the board of directors on any date whose nomination to the board of directors was approved by a majority of the members of the board of directors who are members on the date hereof), or (v) the execution by

the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (i) or (iv).

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“Common Stock” means the common stock, par value \$0.001 per share, of the Company and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into.

“Conversion Date” shall have the meaning set forth in Section 4(a).

“Conversion Price” shall have the meaning set forth in Section 4(b).

“Conversion Shares” means the shares of Common Stock issuable upon conversion of this Debenture in accordance with the terms.

“Debenture Register” shall have the meaning set forth in Section 2(b).

“Deferred Redemption” shall mean the redemption of this Debenture pursuant to Section 6(b)(ii) hereof.

“Deferred Redemption Amount” shall mean, as to a Deferred Redemption, the applicable Quarterly Redemption Amount.

“Deferred Redemption Date” means the date the Holder requests the Deferred Redemption.

“Equity Conditions” shall mean, during the period in question, (i) the Company shall have duly honored all conversions and redemptions scheduled to occur or occurring by virtue of one or more Notice of Conversions of the Holder, if any, (ii) all liquidated damages and other amounts owing to the Holder in respect of this Debenture shall have been paid; (iii) either (A) there is an effective Registration Statement pursuant to which the Holder is permitted to utilize the prospectus thereunder to resell all of the shares in question, or issuable pursuant to the portion of this Debenture in question (and the Company is not aware of any information that would cause it to believe such use would be interrupted), or (B) the shares in question, or the shares issuable pursuant to the portion of this Debenture in question, may be immediately resold pursuant to Rule 144, (iv) the Common Stock is trading on the Trading Market are listed for trading on a Trading Market (and the Company is not aware of any information that would cause it to believe trading would be interrupted), (v) there is a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the shares issuable upon the conversion of the Debenture, (vi) there is then existing no Event of Default, (vii) the issuance of the shares in question (or, in the case of a redemption, the shares issuable upon conversion in full of the redemption amount) to the Holder would not violate the limitation set forth in Section 4(c), (viii) no public announcement of a pending or proposed Fundamental Transaction, Change of Control Transaction or acquisition transaction has occurred that has not been consummated, (ix) the Holder is not in possession of any information provided by the Company that constitutes, or may constitute, material non-public information and (x) in a period of 20 consecutive Trading Days prior to the applicable date in question, the average daily trading volume for the Common Stock on the principal Trading Market exceeds 1,000,000 shares.

“Event of Default” shall have the meaning set forth in Section 8.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Redemptions” means redemption of shares by the Company solely as a result of a redemption of a de minimus number of shares from employees, officers or directors of the Company pursuant to termination of employment or resolution of employment disputes with any such Persons, which issuances are approved by the Board of Directors.

“Fundamental Transaction” shall have the meaning set forth in Section 5(d).

“Interest Payment Date” shall have the meaning set forth in Section 2(a).

“Late Fee” shall have the meaning set forth in Section 2(c).

“Mandatory Default Amount” shall equal the sum of (i) the greater of: (A) 120% of the principal amount of this Debenture to be prepaid plus 100% of the accrued and unpaid interest hereon, or (B) the principal amount of this Debenture to be prepaid, divided by the Conversion Price on (x) the date the Mandatory Default Amount is demanded or otherwise due or (y) the date the Mandatory Default Amount is paid in full, whichever is less, multiplied by the Closing Price on (x) the date the Mandatory Default Amount is demanded or otherwise due or (y) the date the Mandatory Default Amount is paid in full, whichever is greater, and (ii) all other amounts, costs, expenses and liquidated damages due in respect of this Debenture.

“New York Courts” shall have the meaning set forth in Section 9(d).

“Notice of Conversion” shall have the meaning set forth in Section 4(a).

“Optional Redemption” shall have the meaning set forth in Section 6(a).

“Optional Redemption Amount” shall mean the sum of (i) 100% of the principal amount of the Debenture then outstanding and (ii) all liquidated damages and other amounts due in respect of the Debenture.

“Optional Redemption Notice” shall have the meaning set forth in Section 6(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 6(a).

“Original Issue Date” shall mean the date of the first issuance of the Debentures regardless of the number of transfers of any Debenture and regardless of the number of instruments which may be issued to evidence such Debenture.

“Permitted Indebtedness” shall mean trade payables, indebtedness consisting of capitalized lease obligations and purchase money indebtedness incurred in connection with acquisition of capital assets and obligations under sale-leaseback arrangements with respect to newly acquired or leased assets; provided, however, that in each case such obligations are not secured by liens on any assets of the Company or its Subsidiaries existing as of the Original Issue Date and may only be secured by the assets so acquired or leased thereafter. Notwithstanding anything to the contrary, the Company shall be entitled to incur debt whether through financing or through a bank loan in the aggregate amount of up to ten million dollars (\$10,000,000) (the “Financing Debt”) so long as 25% of the net cash proceeds received by the Company upon issuance of such Financing Debt (other than purchase money indebtedness incurred in connection with the acquisition of capital assets so long as such indebtedness is only secured by the assets so purchased and is not in an amount in excess of the amount of the assets so purchased) shall be used to repay the Debentures and such debt will be deemed Permitted Indebtedness for purposes of this Debenture.

“Permitted Lien” shall mean (a) Liens with respect to the payment of taxes or governmental charges in all cases which are not yet due or which are subject to a good faith contest; (b) any Liens incurred in connection with Permitted Indebtedness provided that such liens are not secured by assets of the Company or its Subsidiaries other than the assets so acquired or leased, except with respect to Financing Debt, in which case such Liens may not be senior to any Liens securing this Debenture; (c) statutory Liens of landlords or equipment lessors against any property of the Company or its Subsidiaries existing as of the Original Issue Date in favor of suppliers, mechanics, carriers, materialmen, warehousemen or workmen; and (d) Liens created under the Security Agreement.

“Person” means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

“Pre-Redemption Conversion Shares” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Conversion Period” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Conversion Price” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption” shall mean the redemption of this Debenture pursuant to Section 6(b)(i) hereof.

“Quarterly Redemption Amount” shall mean, as to a Quarterly Redemption, \$473,278.

“Quarterly Redemption Date” means each of March 31, June 30, September 30 and December 31, commencing on March 31, 2013 and ending upon the full redemption of this Debenture.

“Quarterly Redemption Notice” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption Period” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption Share Amount” shall have the meaning set forth in Section 6(b)(i) hereof.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of the Original Issue Date, to which the Company and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

“Registration Statement” means a registration statement meeting the requirements set forth in the Registration Rights Agreement, covering among other things the resale of the Conversion Shares and naming the Holder as a “selling stockholder” thereunder.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” means any subsidiary of the Company as set forth on Schedule H of the Security Agreement and shall, where applicable, include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the American Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or the OTC Bulletin Board.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the primary Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. EST to 4:02 p.m. Eastern Time) using the VAP function; (b) if the Common Stock is not then listed or quoted on the Trading Market and if prices for the Common Stock are then reported in the “Pink Sheets” published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (c) in all other cases, the fair market value of a share of Common Stock as determined by a nationally recognized-independent appraiser selected in good faith by Holder.

## Section 2. Interest.

a) Payment of Interest in Cash. The Company shall pay interest to the Holder on the aggregate and then outstanding principal amount of this Debenture at the rate of 8% per annum from the Original Issue Date, payable monthly in arrears beginning on January 31, 2013 and on each monthly anniversary date thereafter and on the Maturity Date (except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day) (each such date, an “Interest Payment Date”).

b) Interest Calculations. Interest shall be calculated on the basis of a 360-day year and shall accrue daily commencing on the Original Issue Date until payment in full of the principal sum, together with all accrued and unpaid interest and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Debenture is registered on the records of the Company regarding registration and transfers of Debenture (the “Debenture Register”).



c) Late Fee. All overdue accrued and unpaid interest to be paid hereunder shall entail a late fee at the rate of 12% per annum (or such lower maximum amount of interest permitted to be charged under applicable law) ("Late Fee") which will accrue daily, from the date such interest is due hereunder through and including the date of payment.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Debenture is exchangeable for an equal aggregate principal amount of Debentures of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration of transfer or exchange.

b) Reliance on Debenture Register. Prior to due presentment to the Company for transfer of this Debenture, the Company and any agent of the Company may treat the Person in whose name this Debenture is duly registered on the Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Debenture is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Debenture is no longer outstanding, this Debenture shall be convertible into shares of Common Stock at the option of the Holder, in whole or in part at any time and from time to time (subject to the limitations on conversion set forth in Section 4(c) hereof). The Holder shall effect conversions by delivering to the Company the form of Notice of Conversion attached hereto as Annex A (a "Notice of Conversion"), specifying therein the principal amount of this Debenture to be converted and the date on which such conversion is to be effected (a "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is provided hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Debenture to the Company unless the entire principal amount of this Debenture has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Debenture in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount converted and the date of such conversions. The Company shall deliver any objection to any Notice of Conversion within 1 Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder and any assignee, by acceptance of this Debenture, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Debenture, the unpaid and unconverted principal amount of this Debenture may be less than the amount stated on the face hereof.

b) Conversion Price. The conversion price in effect on any Conversion Date shall be equal to 80% of the VWAP of the 10 consecutive Trading Days prior to the Conversion Date (subject to adjustment herein) (the "Conversion Price").

c) Holder's Restriction on Conversion. The Company shall not effect any conversion of this Debenture, and the Holder shall not have the right to convert any portion of this Debenture, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Debenture with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted principal amount of this Debenture beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Debentures or warrants) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Debenture is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Debenture is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Debenture may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Debenture is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent Form 10-Q or Form 10-K, as the case may be; (B) a more recent public announcement by the Company; or (C) a more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of the Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Debenture, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Debenture held by the Holder. The Beneficial Ownership Limitation provisions of this Section 4(c) may be waived by the Holder, at the election of the Holder, upon not less than 61 days' prior notice to the Company, to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Debenture held by the Holder and the provisions of this Section 4(c) shall continue to apply. Upon such a change by the Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by the Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Debenture.

d) Mechanics of Conversion

i. Conversion Shares Issuable Upon Conversion of Principal Amount. The number of shares of Common Stock issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Debenture to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than three Trading Days after any Conversion Date, the Company will deliver or cause to be delivered to the Holder a certificate or certificates representing the Conversion Shares which shall be free of restrictive legends and trading restrictions representing the number of shares of Common Stock being acquired upon the conversion of this Debenture. The Company shall, if available and if allowed under applicable securities laws, use its best efforts to deliver any certificate or certificates required to be delivered by the Company under this Section electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions.

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the third Trading Day after a Conversion Date, the Holder shall be entitled by written notice to the Company at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Company shall immediately return the certificates representing the principal amount of this Debenture tendered for conversion.

iv. Obligation Absolute; Partial Liquidated Damages. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the third Trading Day after the Conversion Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1000 of principal amount being converted, \$10 per Trading Day (increasing to \$20 per Trading Day after 5 Trading Days after such damages begin to accrue) for each Trading Day after such third Trading Day until such certificates are delivered. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Debenture in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Debenture shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless, an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Debenture shall have been sought and obtained and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the principal amount of this Debenture outstanding, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of an injunction precluding the same, the Company shall issue Conversion Shares or, if applicable, cash, upon a properly noticed conversion. Nothing herein shall limit the Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 herein for the Company's failure to deliver Conversion Shares within the period specified herein and the Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the third Trading Day after the Conversion Date, and if after such third Trading Day the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder anticipated receiving upon such conversion (a “Buy-In”), then the Company shall (A) pay in cash to the Holder (in addition to any remedies available to or elected by the Holder) the amount by which (x) the Holder’s total purchase price (including brokerage commissions, if any) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder anticipated receiving from the conversion at issue multiplied by (2) the actual sale price of the Common Stock at the time of the sale (including brokerage commissions, if any) giving rise to such purchase obligation and (B) at the option of the Holder, either reissue (if surrendered) this Debenture in a principal amount equal to the principal amount of the attempted conversion or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Debenture with respect to which the actual sale price of the Conversion Shares at the time of the sale (including brokerage commissions, if any) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In. Notwithstanding anything contained herein to the contrary, if the Holder requires the Company to make payment in respect of a Buy-In for the failure to timely deliver certificates hereunder and the Company timely pays in full such payment, the Company shall not be required to pay the Holder liquidated damages under Section 4(d)(iv) in respect of the certificates resulting in such Buy-In.

vi. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock solely for the purpose of issuance upon conversion of this Debenture, as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder (and the other holders of the Debentures), not less than such number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the outstanding principal amount of this Debenture. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid, nonassessable and registered for public sale.

vii. Fractional Shares. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of the Common Stock, but may if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the Closing Price at such time. If the Company elects not, or is unable, to make such a cash payment, the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

viii. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Debenture shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Debenture so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while this Debenture is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company pursuant to this Debenture), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. If the Company, at any time while the Debenture is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share that is lower than the VWAP on the record date referenced below, then the Conversion Price shall be multiplied by a fraction of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming delivery to the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

c) Pro Rata Distributions. If the Company, at any time while this Debenture is outstanding, shall distribute to all holders of Common Stock (and not to the holders of the Debenture) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security, then in each such case the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Closing Price determined as of the record date mentioned above, and of which the numerator shall be such Closing Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

d) Fundamental Transaction. If, at any time while this Debenture is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “Fundamental Transaction”), then upon any subsequent conversion of this Debenture, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the “Alternate Consideration”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Debenture following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new debenture consistent with the foregoing provisions and evidencing the Holder’s right to convert such debenture into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (d) and insuring that this Debenture (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.



e) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any of this Section 5, the Company shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. .

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution) on the Common Stock; (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Debenture, and shall cause to be mailed to the Holder at its last addresses as it shall appear upon the stock books of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Debenture during the 20-day period commencing the date of such notice to the effective date of the event triggering such notice.

## Section 6. Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 6 the Company may deliver a notice to the Holder (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem some or all of the then outstanding Debentures, for an amount, in cash, equal to the Optional Redemption Amount on the 10th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption"). The Optional Redemption Amount is due in full on the Optional Redemption Date. The Company may only effect an Optional Redemption if during the period commencing on the Optional Redemption Notice Date through to the Optional Redemption Date and through and including the date such Optional Redemption Amount is paid to the Holder, each of the Equity Conditions shall have been met. If any of the Equity Conditions shall cease to be satisfied at any time during the required period, then the Holder may elect to nullify the Optional Redemption Notice by notice to the Company within 3 Trading Days after the first day, the Holder has received proper notice from the Company that any such Equity Condition has not been met in which case the Optional Redemption Notice shall be null and void, ab initio. The Company covenants and agrees that it will honor all Notices of Conversions tendered from the time of delivery of the Optional Redemption Notice through the date all amounts owing thereon are due and paid in full.

b) Quarterly Redemption.

i. On each Quarterly Redemption Date, the Company shall redeem the Quarterly Redemption Amount, the sum of all liquidated damages and any other amounts then owing to the Holder in respect of this Debenture (the "Quarterly Redemption"). The Quarterly Redemption Amount due on each Quarterly Redemption Date shall be paid in cash; provided, however, as to any Quarterly Redemption and upon 20 Trading Days' prior written irrevocable notice (the "Quarterly Redemption Notice" and the 20 Trading Day period immediately following the Quarterly Redemption Notice, the "Quarterly Redemption Period"), in lieu of a cash redemption payment the Company may elect to pay all or part of a Quarterly Redemption Amount in Conversion Shares (such dollar amount to be paid on a Quarterly Redemption Date in Conversion Shares, the "Quarterly Redemption Share Amount") based on a conversion price equal to the lesser of (i) the then Conversion Price (for the period ending on or prior to the Quarterly Redemption Date) and (ii) 80% of the average of the 10 closing prices immediately prior to the applicable Quarterly Redemption Date (subject to adjustment for any stock dividend, stock split, stock combination or other similar event affecting the Common Stock during such 10 Trading Day period) (the price calculated during the 10 Trading Day period immediately prior to the Quarterly Redemption Date, the "Quarterly Conversion Price" and such period, the "Quarterly Conversion Period"); provided, further, that the Company may not pay the Quarterly Redemption Amount in Conversion Shares unless, (y) from the date the Holder receives the duly delivered Quarterly Redemption Notice through and until the date such Quarterly Redemption is paid in full, the Equity Conditions, unless waived in writing by the Holder, have been satisfied and (z) as to such Quarterly Redemption, prior to such Quarterly Redemption Period (but not more than 5 Trading Days prior to the commencement of the Quarterly Redemption Period), the Company shall have delivered to the Holder's account with The Depository Trust Company a number of shares of Common Stock to be applied against such Quarterly Redemption Share Amount equal to the quotient of (x) the applicable Quarterly Redemption Share Amount divided by (y) the lesser of (1) the then Conversion Price and (2) the Quarterly Conversion Price assuming for such purposes that the Quarterly Conversion Period ends 5 Trading Days prior to the actual Quarterly Redemption Period (the "Pre-Redemption Conversion Shares"). The Holder may convert, pursuant to Section 4(a), any principal amount of this Debenture subject to a Quarterly Redemption at any time prior to the date that the Quarterly Redemption Amount and all amounts owing thereon are due and paid in full. Any principal amount of this Debenture converted during the applicable Quarterly Redemption Period until the date the Quarterly Redemption Amount is paid in full shall be applied to the principal amount subject to the Quarterly Redemption Amount payable in cash and then to the Quarterly Redemption Share Amount. Any principal amount of this Debenture converted during the applicable Quarterly Redemption Period in excess of the Quarterly Redemption Amount shall be applied against the last principal amount of this Debenture scheduled to be redeemed hereunder, in reverse time order from the Maturity Date; provided, however, if any such conversion is applied to such Quarterly Redemption Amount, the Pre-Redemption Conversion Shares, if any were issued in connection with such Quarterly Redemption or were not already applied to such conversions, shall be first applied against such conversion. The Company covenants and agrees that it will honor all Notice of Conversions tendered up until such amounts are paid in full.



ii. Notwithstanding anything to the contrary in Section 6(b)(i), the Holder shall have the right to defer up to 3 Quarterly Redemptions in any 12 month period until a future date determined at the Holder's sole discretion (each a "Deferred Redemption"). Such Deferred Redemption shall be payable pursuant to the procedures for payment under a Quarterly Redemption in Section 6(b)(i) on the Deferred Redemption Date. The Holder may convert, pursuant to Section 4(a), any principal amount of this Debenture subject to a Deferred Redemption at any time prior to the date that the Deferred Redemption Amount and all amounts owing thereon are due and paid in full. Any principal amount of this Debenture converted during a Deferred Redemption Period until the date the Deferred Redemption Amount is paid in full shall be applied to the principal amount subject to the Deferred Redemption Amount payable in cash. Any principal amount of this Debenture converted during the applicable Deferred Redemption Period in excess of the Deferred Redemption Amount shall be applied against the last principal amount of this Debenture scheduled to be redeemed hereunder, in reverse time order from the Maturity Date. The Company covenants and agrees that it will honor all Notice of Conversions tendered up until such amounts are paid in full. At any time a Holder delivers a Deferred Redemption Notice, the Company shall, if required, file a prospectus supplement pursuant to Rule 424 disclosing such election.

c) Mandatory Redemption. The Company shall be required to redeem the Debentures at 100% of the principal amount thereof plus accrued interest to the date of redemption with 25% of the net cash proceeds received by the Company from the sale of Financing Debt. Such redemption shall be on the date of closing of the sale of the Financing Debt.

d) Redemption Procedure. The payment of cash pursuant to the Quarterly Redemption, an Optional Redemption or a Deferred Redemption, shall be made on the Quarterly Redemption Date, the Optional Redemption Date or the Deferred Redemption Date, as applicable. If any portion of the cash payment for a Quarterly Redemption, an Optional Redemption or a Deferred Redemption, as applicable shall not be paid by the Company by the respective due date, interest shall accrue thereon at the rate of 18% per annum (or the maximum rate permitted by applicable law, whichever is less) until the payment of the Quarterly Redemption Amount, the Optional Redemption Amount or the Deferred Redemption Amount, as applicable, plus all amounts owing thereon is paid in full. Alternatively, if any portion of the Quarterly Redemption Amount, the Optional Redemption Amount or the Deferred Redemption Amount, as applicable, remains unpaid after such date, the Holder may elect, by written notice to the Company given at any time thereafter, to invalidate ab initio such redemption, notwithstanding anything herein contained to the contrary, and, with respect the failure to honor the Optional Redemption as applicable, the Company shall have no further right to exercise such Optional Redemption. The Holder may elect to convert the outstanding principal amount of the Debenture pursuant to Section 4 prior to actual payment in cash for any redemption under this Section 6 by fax or email delivery of a Notice of Conversion to the Company.

Section 7. Negative Covenants. So long as any portion of this Debenture is outstanding, unless the Holder of the Debentures gives prior written consent, the Company will not and will not permit any of its Subsidiaries to directly or indirectly:

- a) except for Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- b) except for Permitted Liens, enter into, create, incur, assume or suffer to exist any liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- c) amend its certificate of incorporation, bylaws or other charter documents (the “Charter Documents”) so as to materially and adversely affect any rights of the Holder; provided, that the Company shall be entitled to amend the Charter Documents without the prior written consent of the Holder (i) in connection with a merger transaction or reorganization or (ii) to change the authorized number of capital stock in connection with a financing transaction, a recapitalization, stock-split, reverse stock-split or similar transaction;
- d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents;
- e) enter into any transaction with any Affiliate of the Company which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm’s-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval);
- f) pay cash dividends or distributions on any equity securities of the Company;
- g) transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for sales, licenses, and dispositions granted or made by the Company or its Subsidiaries in its ordinary course of business); or
- h) enter into any agreement with respect to any of the foregoing; provided, that the Company shall be entitled to agree to any of the actions otherwise prohibited by Section 7(g) in connection with any sale of the Company or substantially all of its assets, or a merger or consolidation or other Change of Control Transaction so long as it otherwise complies with the terms of this Debenture applicable to any such transaction or, in the case of any such transaction which results in an Event of Default, so long as the Debenture is paid in full in accordance with the terms of the Debenture prior to or simultaneously with the consummation of such transaction.

Section 8. Events of Default.

a) “Event of Default”, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Debenture, or (B) other fees owing on any Debenture, or liquidated damages in respect of, any Debenture, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of defaults under clause (B) above, is not cured, within 3 Trading Days;

ii. the Company shall fail to observe or perform any other covenant or agreement contained in this Debenture or any other Debenture (other than a breach by the Company of its obligations to deliver shares of Common Stock to the Holder upon conversion which breach is addressed in clause (xi) below) which failure is not cured, if possible to cure, within the earlier to occur of (A) 30 Trading Days after notice of such default sent by the Holder or by any other Holder and (B) 45 Trading Days after the Company shall become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided for in the applicable agreement, document or instrument) shall occur under the Settlement Agreement;

iv. any representation or warranty made herein, in the Settlement Agreement, in any written statement pursuant hereto or thereto, or in any other report, financial statement or certificate made or delivered to the Holder or any other holder of Debentures shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. (i) the Company or any of its Subsidiaries shall commence a case, as debtor, a case under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company or any Subsidiary commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any Subsidiary thereof or (ii) there is commenced a case against the Company or any Subsidiary thereof, under any applicable bankruptcy or insolvency laws, as now or hereafter in effect or any successor thereto which remains undismissed for a period of 60 days; or (iii) the Company or any Subsidiary thereof is adjudicated by a court of competent jurisdiction insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or (iv) the Company or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of 60 days; or (v) the Company or any Subsidiary thereof makes a general assignment for the benefit of creditors; or (vi) the Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (vii) the Company or any Subsidiary thereof shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (viii) the Company or any Subsidiary thereof shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or (ix) any corporate or other action is taken by the Company or any Subsidiary thereof for the purpose of effecting any of the foregoing; provided, however, in the event the Company calls a meeting with the Holders to discuss any of the foregoing, such event shall not be deemed to trigger this Event of Default;

vi. the Company or any Subsidiary shall default in any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company in an amount exceeding \$150,000, whether such indebtedness now exists or shall hereafter be created and such default shall result in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

vii. the Common Stock shall not be eligible for quotation on or quoted for trading on a Trading Market and shall not again be eligible for and quoted or listed for trading thereon within five Trading Days;

viii. the Company shall be a party to any Change of Control Transaction or Fundamental Transaction, shall agree to sell or dispose of all or in excess of 33% of its assets in one or more transactions (whether or not such sale would constitute a Change of Control Transaction) or shall, other than an Exempt Redemption, redeem or repurchase more than a de minimis number of its outstanding shares of Common Stock or other equity securities of the Company (other than redemptions of Conversion Shares and repurchases of shares of Common Stock or other equity securities of departing officers and directors of the Company; provided such repurchases shall not exceed \$100,000, in the aggregate, for all officers and directors during the term of this Debenture);

ix. the Company shall fail for any reason to deliver certificates to the Holder prior to the third Trading Day after a Conversion Date pursuant to and in accordance with Section 4(d) or the Company shall provide notice to the Holder, including by way of public announcement, at any time, of its intention not to comply with requests for conversions of any Debentures in accordance with the terms hereof;

x. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary or any of their respective property or other assets for more than \$150,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days;

xi. the Security Agreement shall no longer (a) provide the Holders with a first priority security interest on the Company's assets to the extent required under the Security Agreement or (b) be in full force and effect, and such failure under clause (a) or (b) shall continue for 30 calendar days;

xii. a Registration Statement shall not have been declared effective by the Commission on or prior to the 180th calendar day after the Closing Date; or

xiii. if, during the Effectiveness Period (as defined in the Registration Rights Agreement), the effectiveness of the Registration Statement lapses for any reason or the Holder shall not be permitted to resell Registrable Securities (as defined in the Registration Rights Agreement) under the Registration Statement, in either case, for more than 30 consecutive Trading Days or 60 non-consecutive Trading Days during any 12 month period; provided, however, that in the event that the Company is negotiating a merger, consolidation, acquisition or sale of all or substantially all of its assets or a similar transaction and in the written opinion of counsel to the Company, the Registration Statement, would be required to be amended to include information concerning such transactions or the parties thereto that is not available or may not be publicly disclosed at the time, the Company shall be permitted an additional 10 consecutive Trading Days during any 12 month period relating to such an event.

b) Remedies Upon Event of Default. If any Event of Default occurs, the full principal amount of this Debenture, together with other amounts owing in respect thereof, to the date of acceleration shall become, at the Holder's election, immediately due and payable in cash. The aggregate amount payable upon an Event of Default shall be equal to the Mandatory Default Amount. Commencing 5 days after the occurrence of any Event of Default that results in the eventual acceleration of this Debenture, the interest rate on this Debenture shall accrue at the rate of 18% per annum, or such lower maximum amount of interest permitted to be charged under applicable law. Upon the payment in full of the Mandatory Default Amount on this entire Debenture the Holder shall promptly surrender this Debenture to or as directed by the Company. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a Debenture holder until such time, if any, as the full payment under this Section shall have been received by it. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or email, sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, email address: [grabin@advancedcell.com](mailto:grabin@advancedcell.com) **Attn: Gary Rabin, Chairman and CEO** or such other address or facsimile number as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number or address of the Holder appearing on the books of the Company, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (New York City time), (ii) the date after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

Within thirty (30) days of obtaining knowledge thereof, the Company shall advise the Holder promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Company's or its Subsidiaries security interest therein. The Company shall promptly notify the Holder in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by the Company that may materially affect the value of the Collateral, the security interest or the rights and remedies of the Holders under the Security Agreement.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and liquidated damages (if any) on, this Debenture at the time, place, and rate, and in the coin or currency, herein prescribed. This Debenture is a direct debt obligation of the Company. This Debenture ranks pari passu with all other Debentures now or hereafter issued under the terms set forth herein.

c) Lost or Mutilated Debenture. If this Debenture shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Debenture, or in lieu of or in substitution for a lost, stolen or destroyed Debenture, a new Debenture for the principal amount of this Debenture so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such Debenture, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Debenture shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated hereby (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Debenture and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Debenture or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Debenture, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

e) Amendments and Waivers. This Debenture, or any provisions hereof, may be modified or amended or the provisions hereof waived with the prior written consent of the Company and the Holder. Any waiver by the Company or the Holder of a breach of any provision of this Debenture shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Debenture. The failure of the Company or the Holder to insist upon strict adherence to any term of this Debenture on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Debenture.

f) Severability. If any provision of this Debenture is invalid, illegal or unenforceable, the balance of this Debenture shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Debenture as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impeded the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Debenture and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or surviving entity in a Fundamental Transaction shall (i) assume in writing all of the obligations of the Company under this Debenture, the Settlement Agreement and the Security Agreement pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) prior to such Fundamental Transaction and (ii) to issue to the Holder a new debenture of such successor entity evidenced by a written instrument substantially similar in form and substance to this Debenture, including, without limitation, having a principal amount and interest rate equal to the principal amounts and the interest rates of the Debentures held by the Holder and having similar ranking to this Debenture, and satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 9(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Debenture.

j) The Company shall at all times keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its businesses.

k) Secured Obligation. The obligations of the Company under this Debenture are secured by all assets of the Company and each Subsidiary pursuant to the Security Agreement, dated as of the date hereof, between the Company, the Subsidiaries of the Company and the Secured Parties (as defined therein).

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IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed by a duly authorized officer as of the date first above indicated.

**ADVANCED CELL TECHNOLOGY, INC.**

By: \_\_\_\_\_

Name: Gary Rabin

Title: Chief Executive Officer

[Senior Secured Convertible Debenture Signature Page - CAMOFI Master LDC]

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## ANNEX A

### NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Amortizing Senior Secured Convertible Debenture of Advanced Cell Technology, Inc., a Delaware corporation (the "Company") into shares of common stock, par value \$0.001 per share (the "Common Stock"), of the Company according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Company that its ownership of the Common Stock does not exceed the amounts determined in accordance with Section 13(d) of the Exchange Act, specified under Section 4 of this Debenture.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Debenture to be Converted:

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: December 31, 2012

\$1,267,219

### AMORTIZING SENIOR SECURED CONVERTIBLE DEBENTURE

THIS AMORTIZING DEBENTURE is one of a series of duly authorized and issued Amortizing Senior Secured Convertible Debentures of **Advanced Cell Technology, Inc.**, a Delaware corporation, having a principal place of business at 1510 111<sup>th</sup> Street Ste # 202, Santa Monica, CA 90401 (the "Company"), designated as its Amortizing Senior Secured Convertible Debentures due June 30, 2015 (the "Debentures").

FOR VALUE RECEIVED, the Company promises to pay to CAMHZN Master LDC or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of \$1,267,219 by June 30, 2015, or such earlier date as this Debenture is required or permitted to be repaid as provided hereunder (the "Maturity Date"). This Debenture is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Debenture: (a) capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Settlement Agreement, and (b) the following terms shall have the following meanings:

"Alternate Consideration" shall have the meaning set forth in Section 5(d).

"Business Day" means any day except any Saturday, any Sunday and any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Buy-In" shall have the meaning set forth in Section 4(d)(v).

"Change of Control Transaction" means the occurrence after the date hereof of any of (i) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 33% of the voting securities of the Company, or (ii) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the Company or the successor entity of such transaction, or (iii) the Company sells or transfers its assets, as an entirety or substantially as an entirety, to another Person and the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, (iv) a replacement at one time or within a three year period of more than one-half of the members of the Company's board of directors which is not approved by a majority of those individuals who are members of the board of directors on the date hereof (or by those individuals who are serving as members of the board of directors on any date whose nomination to the board of directors was approved by a majority of the members of the board of directors who are members on the date hereof), or (v) the execution by

the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (i) or (iv).

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“Common Stock” means the common stock, par value \$0.001 per share, of the Company and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into.

“Conversion Date” shall have the meaning set forth in Section 4(a).

“Conversion Price” shall have the meaning set forth in Section 4(b).

“Conversion Shares” means the shares of Common Stock issuable upon conversion of this Debenture in accordance with the terms.

“Debenture Register” shall have the meaning set forth in Section 2(b).

“Deferred Redemption” shall mean the redemption of this Debenture pursuant to Section 6(b)(ii) hereof.

“Deferred Redemption Amount” shall mean, as to a Deferred Redemption, the applicable Quarterly Redemption Amount.

“Deferred Redemption Date” means the date the Holder requests the Deferred Redemption.

“Equity Conditions” shall mean, during the period in question, (i) the Company shall have duly honored all conversions and redemptions scheduled to occur or occurring by virtue of one or more Notice of Conversions of the Holder, if any, (ii) all liquidated damages and other amounts owing to the Holder in respect of this Debenture shall have been paid; (iii) either (A) there is an effective Registration Statement pursuant to which the Holder is permitted to utilize the prospectus thereunder to resell all of the shares in question, or issuable pursuant to the portion of this Debenture in question (and the Company is not aware of any information that would cause it to believe such use would be interrupted), or (B) the shares in question, or the shares issuable pursuant to the portion of this Debenture in question, may be immediately resold pursuant to Rule 144, (iv) the Common Stock is trading on the Trading Market are listed for trading on a Trading Market (and the Company is not aware of any information that would cause it to believe trading would be interrupted), (v) there is a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the shares issuable upon the conversion of the Debenture, (vi) there is then existing no Event of Default, (vii) the issuance of the shares in question (or, in the case of a redemption, the shares issuable upon conversion in full of the redemption amount) to the Holder would not violate the limitation set forth in Section 4(c), (viii) no public announcement of a pending or proposed Fundamental Transaction, Change of Control Transaction or acquisition transaction has occurred that has not been consummated, (ix) the Holder is not in possession of any information provided by the Company that constitutes, or may constitute, material non-public information and (x) in a period of 20 consecutive Trading Days prior to the applicable date in question, the average daily trading volume for the Common Stock on the principal Trading Market exceeds 1,000,000 shares.

“Event of Default” shall have the meaning set forth in Section 8.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Redemptions” means redemption of shares by the Company solely as a result of a redemption of a de minimus number of shares from employees, officers or directors of the Company pursuant to termination of employment or resolution of employment disputes with any such Persons, which issuances are approved by the Board of Directors.

“Fundamental Transaction” shall have the meaning set forth in Section 5(d).

“Interest Payment Date” shall have the meaning set forth in Section 2(a).

“Late Fee” shall have the meaning set forth in Section 2(c).

“Mandatory Default Amount” shall equal the sum of (i) the greater of: (A) 120% of the principal amount of this Debenture to be prepaid plus 100% of the accrued and unpaid interest hereon, or (B) the principal amount of this Debenture to be prepaid, divided by the Conversion Price on (x) the date the Mandatory Default Amount is demanded or otherwise due or (y) the date the Mandatory Default Amount is paid in full, whichever is less, multiplied by the Closing Price on (x) the date the Mandatory Default Amount is demanded or otherwise due or (y) the date the Mandatory Default Amount is paid in full, whichever is greater, and (ii) all other amounts, costs, expenses and liquidated damages due in respect of this Debenture.

“New York Courts” shall have the meaning set forth in Section 9(d).

“Notice of Conversion” shall have the meaning set forth in Section 4(a).

“Optional Redemption” shall have the meaning set forth in Section 6(a).

“Optional Redemption Amount” shall mean the sum of (i) 100% of the principal amount of the Debenture then outstanding and (ii) all liquidated damages and other amounts due in respect of the Debenture.

“Optional Redemption Notice” shall have the meaning set forth in Section 6(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 6(a).

“Original Issue Date” shall mean the date of the first issuance of the Debentures regardless of the number of transfers of any Debenture and regardless of the number of instruments which may be issued to evidence such Debenture.

“Permitted Indebtedness” shall mean trade payables, indebtedness consisting of capitalized lease obligations and purchase money indebtedness incurred in connection with acquisition of capital assets and obligations under sale-leaseback arrangements with respect to newly acquired or leased assets; provided, however, that in each case such obligations are not secured by liens on any assets of the Company or its Subsidiaries existing as of the Original Issue Date and may only be secured by the assets so acquired or leased thereafter. Notwithstanding anything to the contrary, the Company shall be entitled to incur debt whether through financing or through a bank loan in the aggregate amount of up to ten million dollars (\$10,000,000) (the “Financing Debt”) so long as 25% of the net cash proceeds received by the Company upon issuance of such Financing Debt (other than purchase money indebtedness incurred in connection with the acquisition of capital assets so long as such indebtedness is only secured by the assets so purchased and is not in an amount in excess of the amount of the assets so purchased) shall be used to repay the Debentures and such debt will be deemed Permitted Indebtedness for purposes of this Debenture.

“Permitted Lien” shall mean (a) Liens with respect to the payment of taxes or governmental charges in all cases which are not yet due or which are subject to a good faith contest; (b) any Liens incurred in connection with Permitted Indebtedness provided that such liens are not secured by assets of the Company or its Subsidiaries other than the assets so acquired or leased, except with respect to Financing Debt, in which case such Liens may not be senior to any Liens securing this Debenture; (c) statutory Liens of landlords or equipment lessors against any property of the Company or its Subsidiaries existing as of the Original Issue Date in favor of suppliers, mechanics, carriers, materialmen, warehousemen or workmen; and (d) Liens created under the Security Agreement.

“Person” means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

“Pre-Redemption Conversion Shares” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Conversion Period” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Conversion Price” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption” shall mean the redemption of this Debenture pursuant to Section 6(b)(i) hereof.

“Quarterly Redemption Amount” shall mean, as to a Quarterly Redemption, \$126,722.

“Quarterly Redemption Date” means each of March 31, June 30, September 30 and December 31, commencing on March 31, 2013 and ending upon the full redemption of this Debenture.

“Quarterly Redemption Notice” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption Period” shall have the meaning set forth in Section 6(b)(i) hereof.

“Quarterly Redemption Share Amount” shall have the meaning set forth in Section 6(b)(i) hereof.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of the Original Issue Date, to which the Company and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

“Registration Statement” means a registration statement meeting the requirements set forth in the Registration Rights Agreement, covering among other things the resale of the Conversion Shares and naming the Holder as a “selling stockholder” thereunder.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” means any subsidiary of the Company as set forth on Schedule H of the Security Agreement and shall, where applicable, include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the American Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or the OTC Bulletin Board.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the primary Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. EST to 4:02 p.m. Eastern Time) using the VAP function; (b) if the Common Stock is not then listed or quoted on the Trading Market and if prices for the Common Stock are then reported in the “Pink Sheets” published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (c) in all other cases, the fair market value of a share of Common Stock as determined by a nationally recognized-independent appraiser selected in good faith by Holder.

## Section 2. Interest.

a) Payment of Interest in Cash. The Company shall pay interest to the Holder on the aggregate and then outstanding principal amount of this Debenture at the rate of 8% per annum from the Original Issue Date, payable monthly in arrears beginning on January 31, 2013 and on each monthly anniversary date thereafter and on the Maturity Date (except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day) (each such date, an “Interest Payment Date”).

b) Interest Calculations. Interest shall be calculated on the basis of a 360-day year and shall accrue daily commencing on the Original Issue Date until payment in full of the principal sum, together with all accrued and unpaid interest and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Debenture is registered on the records of the Company regarding registration and transfers of Debenture (the “Debenture Register”).

c) Late Fee. All overdue accrued and unpaid interest to be paid hereunder shall entail a late fee at the rate of 12% per annum (or such lower maximum amount of interest permitted to be charged under applicable law) (“Late Fee”) which will accrue daily, from the date such interest is due hereunder through and including the date of payment.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Debenture is exchangeable for an equal aggregate principal amount of Debentures of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration of transfer or exchange.

b) Reliance on Debenture Register. Prior to due presentment to the Company for transfer of this Debenture, the Company and any agent of the Company may treat the Person in whose name this Debenture is duly registered on the Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Debenture is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Debenture is no longer outstanding, this Debenture shall be convertible into shares of Common Stock at the option of the Holder, in whole or in part at any time and from time to time (subject to the limitations on conversion set forth in Section 4(c) hereof). The Holder shall effect conversions by delivering to the Company the form of Notice of Conversion attached hereto as Annex A (a “Notice of Conversion”), specifying therein the principal amount of this Debenture to be converted and the date on which such conversion is to be effected (a “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is provided hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Debenture to the Company unless the entire principal amount of this Debenture has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Debenture in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount converted and the date of such conversions. The Company shall deliver any objection to any Notice of Conversion within 1 Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder and any assignee, by acceptance of this Debenture, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Debenture, the unpaid and unconverted principal amount of this Debenture may be less than the amount stated on the face hereof.

b) Conversion Price. The conversion price in effect on any Conversion Date shall be equal to 80% of the VWAP of the 10 consecutive Trading Days prior to the Conversion Date (subject to adjustment herein) (the “Conversion Price”).



c) Holder's Restriction on Conversion. The Company shall not effect any conversion of this Debenture, and the Holder shall not have the right to convert any portion of this Debenture, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Debenture with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted principal amount of this Debenture beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Debentures or warrants) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Debenture is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Debenture is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Debenture may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Debenture is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent Form 10-Q or Form 10-K, as the case may be; (B) a more recent public announcement by the Company; or (C) a more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of the Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Debenture, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Debenture held by the Holder. The Beneficial Ownership Limitation provisions of this Section 4(c) may be waived by the Holder, at the election of the Holder, upon not less than 61 days' prior notice to the Company, to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Debenture held by the Holder and the provisions of this Section 4(c) shall continue to apply. Upon such a change by the Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by the Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Debenture.

d) Mechanics of Conversion

i. Conversion Shares Issuable Upon Conversion of Principal Amount. The number of shares of Common Stock issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Debenture to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than three Trading Days after any Conversion Date, the Company will deliver or cause to be delivered to the Holder a certificate or certificates representing the Conversion Shares which shall be free of restrictive legends and trading restrictions representing the number of shares of Common Stock being acquired upon the conversion of this Debenture. The Company shall, if available and if allowed under applicable securities laws, use its best efforts to deliver any certificate or certificates required to be delivered by the Company under this Section electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions.

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the third Trading Day after a Conversion Date, the Holder shall be entitled by written notice to the Company at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Company shall immediately return the certificates representing the principal amount of this Debenture tendered for conversion.

iv. Obligation Absolute; Partial Liquidated Damages. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the third Trading Day after the Conversion Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1000 of principal amount being converted, \$10 per Trading Day (increasing to \$20 per Trading Day after 5 Trading Days after such damages begin to accrue) for each Trading Day after such third Trading Day until such certificates are delivered. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Debenture in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Debenture shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless, an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Debenture shall have been sought and obtained and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the principal amount of this Debenture outstanding, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of an injunction precluding the same, the Company shall issue Conversion Shares or, if applicable, cash, upon a properly noticed conversion. Nothing herein shall limit the Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 herein for the Company's failure to deliver Conversion Shares within the period specified herein and the Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the third Trading Day after the Conversion Date, and if after such third Trading Day the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder anticipated receiving upon such conversion (a “Buy-In”), then the Company shall (A) pay in cash to the Holder (in addition to any remedies available to or elected by the Holder) the amount by which (x) the Holder’s total purchase price (including brokerage commissions, if any) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder anticipated receiving from the conversion at issue multiplied by (2) the actual sale price of the Common Stock at the time of the sale (including brokerage commissions, if any) giving rise to such purchase obligation and (B) at the option of the Holder, either reissue (if surrendered) this Debenture in a principal amount equal to the principal amount of the attempted conversion or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Debenture with respect to which the actual sale price of the Conversion Shares at the time of the sale (including brokerage commissions, if any) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In. Notwithstanding anything contained herein to the contrary, if the Holder requires the Company to make payment in respect of a Buy-In for the failure to timely deliver certificates hereunder and the Company timely pays in full such payment, the Company shall not be required to pay the Holder liquidated damages under Section 4(d)(iv) in respect of the certificates resulting in such Buy-In.

vi. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock solely for the purpose of issuance upon conversion of this Debenture, as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder (and the other holders of the Debentures), not less than such number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the outstanding principal amount of this Debenture. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid, nonassessable and registered for public sale.

vii. Fractional Shares. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of the Common Stock, but may if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the Closing Price at such time. If the Company elects not, or is unable, to make such a cash payment, the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

viii. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Debenture shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Debenture so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

#### Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while this Debenture is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company pursuant to this Debenture), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. If the Company, at any time while the Debenture is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share that is lower than the VWAP on the record date referenced below, then the Conversion Price shall be multiplied by a fraction of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming delivery to the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

c) Pro Rata Distributions. If the Company, at any time while this Debenture is outstanding, shall distribute to all holders of Common Stock (and not to the holders of the Debenture) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security, then in each such case the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Closing Price determined as of the record date mentioned above, and of which the numerator shall be such Closing Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

d) Fundamental Transaction. If, at any time while this Debenture is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a “Fundamental Transaction”), then upon any subsequent conversion of this Debenture, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the “Alternate Consideration”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Debenture following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new debenture consistent with the foregoing provisions and evidencing the Holder’s right to convert such debenture into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (d) and insuring that this Debenture (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

e) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any of this Section 5, the Company shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. .

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution) on the Common Stock; (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Debenture, and shall cause to be mailed to the Holder at its last addresses as it shall appear upon the stock books of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Debenture during the 20-day period commencing the date of such notice to the effective date of the event triggering such notice.

## Section 6. Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 6 the Company may deliver a notice to the Holder (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem some or all of the then outstanding Debentures, for an amount, in cash, equal to the Optional Redemption Amount on the 10th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption"). The Optional Redemption Amount is due in full on the Optional Redemption Date. The Company may only effect an Optional Redemption if during the period commencing on the Optional Redemption Notice Date through to the Optional Redemption Date and through and including the date such Optional Redemption Amount is paid to the Holder, each of the Equity Conditions shall have been met. If any of the Equity Conditions shall cease to be satisfied at any time during the required period, then the Holder may elect to nullify the Optional Redemption Notice by notice to the Company within 3 Trading Days after the first day, the Holder has received proper notice from the Company that any such Equity Condition has not been met in which case the Optional Redemption Notice shall be null and void, ab initio. The Company covenants and agrees that it will honor all Notices of Conversions tendered from the time of delivery of the Optional Redemption Notice through the date all amounts owing thereon are due and paid in full.



b) Quarterly Redemption.

i. On each Quarterly Redemption Date, the Company shall redeem the Quarterly Redemption Amount, the sum of all liquidated damages and any other amounts then owing to the Holder in respect of this Debenture (the "Quarterly Redemption"). The Quarterly Redemption Amount due on each Quarterly Redemption Date shall be paid in cash; provided, however, as to any Quarterly Redemption and upon 20 Trading Days' prior written irrevocable notice (the "Quarterly Redemption Notice" and the 20 Trading Day period immediately following the Quarterly Redemption Notice, the "Quarterly Redemption Period"), in lieu of a cash redemption payment the Company may elect to pay all or part of a Quarterly Redemption Amount in Conversion Shares (such dollar amount to be paid on a Quarterly Redemption Date in Conversion Shares, the "Quarterly Redemption Share Amount") based on a conversion price equal to the lesser of (i) the then Conversion Price (for the period ending on or prior to the Quarterly Redemption Date) and (ii) 80% of the average of the 10 closing prices immediately prior to the applicable Quarterly Redemption Date (subject to adjustment for any stock dividend, stock split, stock combination or other similar event affecting the Common Stock during such 10 Trading Day period) (the price calculated during the 10 Trading Day period immediately prior to the Quarterly Redemption Date, the "Quarterly Conversion Price" and such period, the "Quarterly Conversion Period"); provided, further, that the Company may not pay the Quarterly Redemption Amount in Conversion Shares unless, (y) from the date the Holder receives the duly delivered Quarterly Redemption Notice through and until the date such Quarterly Redemption is paid in full, the Equity Conditions, unless waived in writing by the Holder, have been satisfied and (z) as to such Quarterly Redemption, prior to such Quarterly Redemption Period (but not more than 5 Trading Days prior to the commencement of the Quarterly Redemption Period), the Company shall have delivered to the Holder's account with The Depository Trust Company a number of shares of Common Stock to be applied against such Quarterly Redemption Share Amount equal to the quotient of (x) the applicable Quarterly Redemption Share Amount divided by (y) the lesser of (1) the then Conversion Price and (2) the Quarterly Conversion Price assuming for such purposes that the Quarterly Conversion Period ends 5 Trading Days prior to the actual Quarterly Redemption Period (the "Pre-Redemption Conversion Shares"). The Holder may convert, pursuant to Section 4(a), any principal amount of this Debenture subject to a Quarterly Redemption at any time prior to the date that the Quarterly Redemption Amount and all amounts owing thereon are due and paid in full. Any principal amount of this Debenture converted during the applicable Quarterly Redemption Period until the date the Quarterly Redemption Amount is paid in full shall be applied to the principal amount subject to the Quarterly Redemption Amount payable in cash and then to the Quarterly Redemption Share Amount. Any principal amount of this Debenture converted during the applicable Quarterly Redemption Period in excess of the Quarterly Redemption Amount shall be applied against the last principal amount of this Debenture scheduled to be redeemed hereunder, in reverse time order from the Maturity Date; provided, however, if any such conversion is applied to such Quarterly Redemption Amount, the Pre-Redemption Conversion Shares, if any were issued in connection with such Quarterly Redemption or were not already applied to such conversions, shall be first applied against such conversion. The Company covenants and agrees that it will honor all Notice of Conversions tendered up until such amounts are paid in full.

ii. Notwithstanding anything to the contrary in Section 6(b)(i), the Holder shall have the right to defer up to 3 Quarterly Redemptions in any 12 month period until a future date determined at the Holder's sole discretion (each a "Deferred Redemption"). Such Deferred Redemption shall be payable pursuant to the procedures for payment under a Quarterly Redemption in Section 6(b)(i) on the Deferred Redemption Date. The Holder may convert, pursuant to Section 4(a), any principal amount of this Debenture subject to a Deferred Redemption at any time prior to the date that the Deferred Redemption Amount and all amounts owing thereon are due and paid in full. Any principal amount of this Debenture converted during a Deferred Redemption Period until the date the Deferred Redemption Amount is paid in full shall be applied to the principal amount subject to the Deferred Redemption Amount payable in cash. Any principal amount of this Debenture converted during the applicable Deferred Redemption Period in excess of the Deferred Redemption Amount shall be applied against the last principal amount of this Debenture scheduled to be redeemed hereunder, in reverse time order from the Maturity Date. The Company covenants and agrees that it will honor all Notice of Conversions tendered up until such amounts are paid in full. At any time a Holder delivers a Deferred Redemption Notice, the Company shall, if required, file a prospectus supplement pursuant to Rule 424 disclosing such election.

c) Mandatory Redemption. The Company shall be required to redeem the Debentures at 100% of the principal amount thereof plus accrued interest to the date of redemption with 25% of the net cash proceeds received by the Company from the sale of Financing Debt. Such redemption shall be on the date of closing of the sale of the Financing Debt.

d) Redemption Procedure. The payment of cash pursuant to the Quarterly Redemption, an Optional Redemption or a Deferred Redemption, shall be made on the Quarterly Redemption Date, the Optional Redemption Date or the Deferred Redemption Date, as applicable. If any portion of the cash payment for a Quarterly Redemption, an Optional Redemption or a Deferred Redemption, as applicable shall not be paid by the Company by the respective due date, interest shall accrue thereon at the rate of 18% per annum (or the maximum rate permitted by applicable law, whichever is less) until the payment of the Quarterly Redemption Amount, the Optional Redemption Amount or the Deferred Redemption Amount, as applicable, plus all amounts owing thereon is paid in full. Alternatively, if any portion of the Quarterly Redemption Amount, the Optional Redemption Amount or the Deferred Redemption Amount, as applicable, remains unpaid after such date, the Holder may elect, by written notice to the Company given at any time thereafter, to invalidate ab initio such redemption, notwithstanding anything herein contained to the contrary, and, with respect the failure to honor the Optional Redemption as applicable, the Company shall have no further right to exercise such Optional Redemption. The Holder may elect to convert the outstanding principal amount of the Debenture pursuant to Section 4 prior to actual payment in cash for any redemption under this Section 6 by fax or email delivery of a Notice of Conversion to the Company.



Section 7. Negative Covenants. So long as any portion of this Debenture is outstanding, unless the Holder of the Debentures gives prior written consent, the Company will not and will not permit any of its Subsidiaries to directly or indirectly:

- a) except for Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- b) except for Permitted Liens, enter into, create, incur, assume or suffer to exist any liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- c) amend its certificate of incorporation, bylaws or other charter documents (the “Charter Documents”) so as to materially and adversely affect any rights of the Holder; provided, that the Company shall be entitled to amend the Charter Documents without the prior written consent of the Holder (i) in connection with a merger transaction or reorganization or (ii) to change the authorized number of capital stock in connection with a financing transaction, a recapitalization, stock-split, reverse stock-split or similar transaction;
- d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents;
- e) enter into any transaction with any Affiliate of the Company which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm’s-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval);
- f) pay cash dividends or distributions on any equity securities of the Company;
- g) transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for sales, licenses, and dispositions granted or made by the Company or its Subsidiaries in its ordinary course of business); or
- h) enter into any agreement with respect to any of the foregoing; provided, that the Company shall be entitled to agree to any of the actions otherwise prohibited by Section 7(g) in connection with any sale of the Company or substantially all of its assets, or a merger or consolidation or other Change of Control Transaction so long as it otherwise complies with the terms of this Debenture applicable to any such transaction or, in the case of any such transaction which results in an Event of Default, so long as the Debenture is paid in full in accordance with the terms of the Debenture prior to or simultaneously with the consummation of such transaction.

Section 8. Events of Default.

a) “Event of Default”, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Debenture, or (B) other fees owing on any Debenture, or liquidated damages in respect of, any Debenture, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of defaults under clause (B) above, is not cured, within 3 Trading Days;

ii. the Company shall fail to observe or perform any other covenant or agreement contained in this Debenture or any other Debenture (other than a breach by the Company of its obligations to deliver shares of Common Stock to the Holder upon conversion which breach is addressed in clause (xi) below) which failure is not cured, if possible to cure, within the earlier to occur of (A) 30 Trading Days after notice of such default sent by the Holder or by any other Holder and (B) 45 Trading Days after the Company shall become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided for in the applicable agreement, document or instrument) shall occur under the Settlement Agreement;

iv. any representation or warranty made herein, in the Settlement Agreement, in any written statement pursuant hereto or thereto, or in any other report, financial statement or certificate made or delivered to the Holder or any other holder of Debentures shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. (i) the Company or any of its Subsidiaries shall commence a case, as debtor, a case under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company or any Subsidiary commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any Subsidiary thereof or (ii) there is commenced a case against the Company or any Subsidiary thereof, under any applicable bankruptcy or insolvency laws, as now or hereafter in effect or any successor thereto which remains undismissed for a period of 60 days; or (iii) the Company or any Subsidiary thereof is adjudicated by a court of competent jurisdiction insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or (iv) the Company or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of 60 days; or (v) the Company or any Subsidiary thereof makes a general assignment for the benefit of creditors; or (vi) the Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or (vii) the Company or any Subsidiary thereof shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (viii) the Company or any Subsidiary thereof shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or (ix) any corporate or other action is taken by the Company or any Subsidiary thereof for the purpose of effecting any of the foregoing; provided, however, in the event the Company calls a meeting with the Holders to discuss any of the foregoing, such event shall not be deemed to trigger this Event of Default;

vi. the Company or any Subsidiary shall default in any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company in an amount exceeding \$150,000, whether such indebtedness now exists or shall hereafter be created and such default shall result in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

vii. the Common Stock shall not be eligible for quotation on or quoted for trading on a Trading Market and shall not again be eligible for and quoted or listed for trading thereon within five Trading Days;

viii. the Company shall be a party to any Change of Control Transaction or Fundamental Transaction, shall agree to sell or dispose of all or in excess of 33% of its assets in one or more transactions (whether or not such sale would constitute a Change of Control Transaction) or shall, other than an Exempt Redemption, redeem or repurchase more than a de minimis number of its outstanding shares of Common Stock or other equity securities of the Company (other than redemptions of Conversion Shares and repurchases of shares of Common Stock or other equity securities of departing officers and directors of the Company; provided such repurchases shall not exceed \$100,000, in the aggregate, for all officers and directors during the term of this Debenture);

ix. the Company shall fail for any reason to deliver certificates to the Holder prior to the third Trading Day after a Conversion Date pursuant to and in accordance with Section 4(d) or the Company shall provide notice to the Holder, including by way of public announcement, at any time, of its intention not to comply with requests for conversions of any Debentures in accordance with the terms hereof;

x. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary or any of their respective property or other assets for more than \$150,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days;

xi. the Security Agreement shall no longer (a) provide the Holders with a first priority security interest on the Company's assets to the extent required under the Security Agreement or (b) be in full force and effect, and such failure under clause (a) or (b) shall continue for 30 calendar days;

xii. a Registration Statement shall not have been declared effective by the Commission on or prior to the 180th calendar day after the Closing Date; or

xiii. if, during the Effectiveness Period (as defined in the Registration Rights Agreement), the effectiveness of the Registration Statement lapses for any reason or the Holder shall not be permitted to resell Registrable Securities (as defined in the Registration Rights Agreement) under the Registration Statement, in either case, for more than 30 consecutive Trading Days or 60 non-consecutive Trading Days during any 12 month period; provided, however, that in the event that the Company is negotiating a merger, consolidation, acquisition or sale of all or substantially all of its assets or a similar transaction and in the written opinion of counsel to the Company, the Registration Statement, would be required to be amended to include information concerning such transactions or the parties thereto that is not available or may not be publicly disclosed at the time, the Company shall be permitted an additional 10 consecutive Trading Days during any 12 month period relating to such an event.

b) Remedies Upon Event of Default. If any Event of Default occurs, the full principal amount of this Debenture, together with other amounts owing in respect thereof, to the date of acceleration shall become, at the Holder's election, immediately due and payable in cash. The aggregate amount payable upon an Event of Default shall be equal to the Mandatory Default Amount. Commencing 5 days after the occurrence of any Event of Default that results in the eventual acceleration of this Debenture, the interest rate on this Debenture shall accrue at the rate of 18% per annum, or such lower maximum amount of interest permitted to be charged under applicable law. Upon the payment in full of the Mandatory Default Amount on this entire Debenture the Holder shall promptly surrender this Debenture to or as directed by the Company. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a Debenture holder until such time, if any, as the full payment under this Section shall have been received by it. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

#### Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or email, sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, email address: [grabin@advancedcell.com](mailto:grabin@advancedcell.com) **Attn: Gary Rabin, Chairman and CEO** or such other address or facsimile number as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number or address of the Holder appearing on the books of the Company, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (New York City time), (ii) the date after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

Within thirty (30) days of obtaining knowledge thereof, the Company shall advise the Holder promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Company's or its Subsidiaries security interest therein. The Company shall promptly notify the Holder in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by the Company that may materially affect the value of the Collateral, the security interest or the rights and remedies of the Holders under the Security Agreement.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and liquidated damages (if any) on, this Debenture at the time, place, and rate, and in the coin or currency, herein prescribed. This Debenture is a direct debt obligation of the Company. This Debenture ranks pari passu with all other Debentures now or hereafter issued under the terms set forth herein.

c) Lost or Mutilated Debenture. If this Debenture shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Debenture, or in lieu of or in substitution for a lost, stolen or destroyed Debenture, a new Debenture for the principal amount of this Debenture so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such Debenture, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Debenture shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated hereby (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Debenture and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Debenture or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Debenture, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

e) Amendments and Waivers. This Debenture, or any provisions hereof, may be modified or amended or the provisions hereof waived with the prior written consent of the Company and the Holder. Any waiver by the Company or the Holder of a breach of any provision of this Debenture shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Debenture. The failure of the Company or the Holder to insist upon strict adherence to any term of this Debenture on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Debenture.

f) Severability. If any provision of this Debenture is invalid, illegal or unenforceable, the balance of this Debenture shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Debenture as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impeded the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Debenture and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or surviving entity in a Fundamental Transaction shall (i) assume in writing all of the obligations of the Company under this Debenture, the Settlement Agreement and the Security Agreement pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) prior to such Fundamental Transaction and (ii) to issue to the Holder a new debenture of such successor entity evidenced by a written instrument substantially similar in form and substance to this Debenture, including, without limitation, having a principal amount and interest rate equal to the principal amounts and the interest rates of the Debentures held by the Holder and having similar ranking to this Debenture, and satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 9(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Debenture.

j) The Company shall at all times keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its businesses.

k) Secured Obligation. The obligations of the Company under this Debenture are secured by all assets of the Company and each Subsidiary pursuant to the Security Agreement, dated as of the date hereof, between the Company, the Subsidiaries of the Company and the Secured Parties (as defined therein).

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IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed by a duly authorized officer as of the date first above indicated.

**ADVANCED CELL TECHNOLOGY, INC.**

By: \_\_\_\_\_

Name: Gary Rabin

Title: Chief Executive Officer

[Senior Secured Convertible Debenture Signature Page - CAMHZN Master LDC]

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## ANNEX A

### NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Amortizing Senior Secured Convertible Debenture of Advanced Cell Technology, Inc., a Delaware corporation (the "Company") into shares of common stock, par value \$0.001 per share (the "Common Stock"), of the Company according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Company that its ownership of the Common Stock does not exceed the amounts determined in accordance with Section 13(d) of the Exchange Act, specified under Section 4 of this Debenture.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Debenture to be Converted:

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:



## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “Agreement”) is made and entered into as of December ,2012, between Advanced Cell Technology, Inc., a Delaware corporation (the “Company”) and each of the holders signatory hereto (each such purchaser, a “Holder” and, collectively, the “Holders”).

This Agreement is made pursuant to the Settlement Agreement and Transaction Documents, dated as of the date hereof, between the Company and each Holder (collectively, the “Settlement Documents”).

The Company and each Holder hereby agrees as follows:

1. Definitions

**Capitalized terms used and not otherwise defined herein that are defined in the Settlement Documents shall have the meanings given such terms in the Settlement Documents.** As used in this Agreement, the following terms shall have the following meanings:

“Advice” shall have the meaning set forth in Section 6(d).

“Effectiveness Date” means, with respect to the Registration Statement required to be filed hereunder, the 60th calendar day following the date hereof (or, in the event of a “full review” by the Commission, the 90th calendar day following the date hereof); provided, however, that in the event the Company is notified by the Commission that the above Registration Statement will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above.

“Effectiveness Period” shall have the meaning set forth in Section 2(a).

“Event” shall have the meaning set forth in Section 2(b).

“Event Date” shall have the meaning set forth in Section 2(b).

“Filing Date” means, with respect to the Registration Statement required hereunder, the 30th calendar day following the date hereof.

“Holder” or “Holders” means the holder or holders, as the case may be, from time to time of Registrable Securities.

“Indemnified Party” shall have the meaning set forth in Section 5(c).

“Indemnifying Party” shall have the meaning set forth in Section 5(c).

“Losses” shall have the meaning set forth in Section 5(a).

“Plan of Distribution” shall have the meaning set forth in Section 2(a).

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means (i) all of the shares of Common Stock issuable upon conversion in full of the Debentures (assuming on the date of determination the Debentures are converted in full without regard to any conversion limitations therein), (ii) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Debentures (without giving effect to any limitations on conversion set forth in the Debentures) and (iii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

“Registration Statement” means the registration statement required to be filed hereunder, including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Selling Shareholder Questionnaire” shall have the meaning set forth in Section 3(a).

“SEC Guidance” means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff and (ii) the Securities Act.

## 2. Shelf Registration

(a) On or prior to the Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities as permitted by SEC Guidance (provided that the Company shall use diligent efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, the Manual of Publicly Available Telephone Interpretations D.29) that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith) and shall contain substantially the “Plan of Distribution” attached hereto as Annex A. Subject to the terms of this Agreement, the Company shall use commercially reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event prior to the applicable Effectiveness Date, and shall use commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act until all Registrable Securities covered by such Registration Statement have been sold, or may be sold without any restrictions pursuant to Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders (the “Effectiveness Period”). The Company shall telephonically request effectiveness of the Registration Statement as of 5:00 p.m. New York City time on a Trading Day. The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of the Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. New York City time on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424. Failure to so notify the Holder within 1 Trading Day of such notification of effectiveness or failure to file a final Prospectus as foresaid shall be deemed an Event under Section 2(b).

(b) If: (i) the Registration Statement is not filed on or prior to its Filing Date (if the Company files the Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a) herein, the Company shall be deemed to have not satisfied this clause (i)), or (ii) the Company fails to file with the Commission a request for acceleration of a Registration Statement in accordance with Rule 461 promulgated by the Commission pursuant to the Securities Act, within five Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be “reviewed” or will not be subject to further review, or (iii) prior to the effective date of a Registration Statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the Commission in respect of such Registration Statement within 10 Trading Days after the receipt of comments by or notice from the Commission that such amendment is required in order for such Registration Statement to be declared effective, or (iv) a Registration Statement registering for resale all of the Registrable Shares is not declared effective by the Commission by the Effectiveness Date of the Registration Statement, or (v) all of the Registrable Securities are not registered for resale pursuant to one or more effective Registration Statements on or before the Effectiveness Date, or (vi) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement, or the Holders are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities, for more than 10 consecutive calendar days or more than an aggregate of 15 calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach in clause (i) – (vi) above being referred to as an “Event”, and for purposes of clause (i), (iv) and (v) the date on which such Event occurs, and for purpose of clause (ii) the date on which such five Trading Day period is exceeded, and for purpose of clause (iii) the date which such 10 calendar day period is exceeded, and for purpose of clause (vi) the date on which such 10 or 15 calendar day period, as applicable, is exceeded being referred to as “Event Date”), then, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to 1.5% of the original principal amount of the Debentures held by such Holder pursuant to the Settlement Documents for any unregistered Registrable Securities then held by such Holder. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 18% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than 5 Trading Days prior to the filing of each Registration Statement and not less than one Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, provided that the Company is notified of such objection in writing no later than 5 Trading Days after the Holders have been so furnished copies of a Registration Statement or 1 Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a "Selling Shareholder Questionnaire") not less than two Trading Days prior to the Filing Date or by the end of the fourth Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that the Company may excise any information contained therein which would constitute material non-public information as to any Holder which has not executed a confidentiality agreement with the Company); and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, pursuant to SEC Guidance, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a “review” of such Registration Statement and whenever the Commission comments in writing on such Registration Statement; and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided that any and all of such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; provided, further, that notwithstanding each Holder’s agreement to keep such information confidential, each such Holder makes no acknowledgement that any such information is material, non-public information.

(e) Use commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that any such item which is available on the EDGAR system need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) The Company shall cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the Financial Industry Regulatory Authority ("FINRA") Corporate Financing Department pursuant to applicable FINRA rules, as requested by any such Holder, and the Company shall pay the filing fee required by such filing within 2 Business Days of request therefor.

(i) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(j) If requested by a Holder, cooperate with such Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(k) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages otherwise required pursuant to Section 2(b), for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12 month period.

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, (i) any liquidated damages that are accruing at such time as to such Holder only shall be tolled, (ii) any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company and (iii) the Company may exclude from such registration the Registrable Securities of such Holder; provided, however, in the event of subsection (iii), the Company shall use commercially reasonable efforts to include such Holder's Registrable Securities in each subsequent registration until such Holder's Registrable Securities are registered.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and auditors) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (D) if not previously paid by the Company in connection with an Issuer Filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with the FINRA pursuant to applicable FINRA rules, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.



5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, managers, partners, agents, representatives, affiliates, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, managers, shareholders, partners, agents, representatives, affiliates and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (including for such purpose information contained in documents or filings which are deemed incorporated by reference into the Registration Statement) or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in such Registration Statement or such Prospectus or (ii) to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.



(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is judicially determined to be not entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder which is determined in a final, nonappealable judgment of a court of competent jurisdiction..

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Except as set forth on Schedule 6(b) attached hereto, neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company shall not file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 6(b) shall not prohibit the Company from filing (i) supplements or amendments to registration statements filed prior to the date of this Agreement and (ii) registration statements with respect to exempt issuances.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

(d) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as it practicable. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(b).

(e) Piggy-Back Registrations. If, at any time during the Effectiveness Period, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans, or registration statements identified in clause (iii) of Section 6(b) hereof, then the Company shall deliver to each Holder a written notice of such determination and, if within fifteen days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; provided, however, that the Company shall not be required to register any Registrable Securities pursuant to this Section 6(e) that are eligible for resale with no restrictions pursuant to Rule 144 promulgated by the Commission pursuant to the Securities Act or that are the subject of a then effective Registration Statement.

(f) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders

(g) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Settlement Documents.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Settlement Documents.

(i) No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Schedule 6(i), neither the Company nor any of its Subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(j) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(k) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Settlement Documents.

(l) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(m) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(n) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

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IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

**ADVANCED CELL TECHNOLOGY, INC.**

By: \_\_\_\_\_  
Name:  
Title:

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO ACTC RRA]

Name of Holder:

\_\_\_\_\_

*Signature of Authorized Signatory of Holder:*

\_\_\_\_\_

Name of Authorized Signatory:

\_\_\_\_\_

Title of Authorized Signatory:

\_\_\_\_\_

[SIGNATURE PAGES CONTINUE]

### Plan of Distribution

Each Selling Stockholder (the “Selling Stockholders”) of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the [principal Trading Market] or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume limitations by reason of Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).



## ADVANCED CELL TECHNOLOGY, INC.

## Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the “Registrable Securities”) of Advanced Cell Technology, Inc., a Delaware corporation (the “Company”), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the “Commission”) a registration statement (the “Registration Statement”) for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the “Securities Act”), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the “Registration Rights Agreement”) to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling securityholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and the related prospectus.

## NOTICE

The undersigned beneficial owner (the “Selling Securityholder”) of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

## QUESTIONNAIRE

## 1. Name.

- (a) Full Legal Name of Selling Securityholder
- (b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:
- (c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

## 2. Address for Notices to Selling Securityholder:

Telephone:

Fax:

Contact Person:

**3. Broker-Dealer Status:**

(a) Are you a broker-dealer?

Yes  No

(b) If “yes” to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes  No

Note: If “no” to Section 3(b), the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes  No

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes  No

Note: If “no” to Section 3(d), the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

**4. Beneficial Ownership of Securities of the Company Owned by the Selling Securityholder.**

*Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.*

(a) Type and Amount of other securities beneficially owned by the Selling Securityholder:

**5. Relationships with the Company:**

*Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.*

State any exceptions here:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: \_\_\_\_\_

Beneficial  
Owner: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

**PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:**

**OFFICE LEASE AGREEMENT**

This Lease Agreement made on January 11, 2013 by and between, Wendy Jolles and Linda Olstein, Trustees of The Janelon Trust under Declaration of Trust dated January 28, 1975 and recorded with the Suffolk County Registry of Deeds in Book 8766, Page 558, as amended by instrument dated January 7, 1988 and recorded in Book 14432, Page 267, (hereinafter called "Landlord"), and Advanced Cell Technology, Inc., a Delaware corporation (hereinafter called "Tenant").

WITNESSETH:

THAT in consideration of the rents and covenants herein set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord premises containing approximately 17,696 +/- rentable square feet of office and laboratory space, including laboratory animal storage and use, on the First Floor (right hand side off main lobby) in the Office Building (hereinafter collectively called "Leased Premises"), as shown on Schedule "A", a copy of which is attached hereto, located in the office building known as 33 Locke Drive, Marlborough, Massachusetts (*hereinafter called "Office Building"*), which is situated on that certain parcel of land (hereinafter called "Office Building Area") more particularly described in Schedule "A-1" attached hereto. This lease shall be for the term, upon the rentals and subject to the terms and conditions set forth in this lease agreement and Schedules hereto.

Landlord represents that the Office Building, excluding the intended use of the Leased Premises by Tenant, complies in all respects with all applicable laws, regulations, ordinances, codes and bylaws, including without limitation, the American with Disabilities Act and all laws, rules or regulations regarding any hazardous waste, substance or materials or other environmental laws and life safety laws. Landlord further represents that it has good and legal title to the Office Building and has full authority to enter into this Lease and demise the Leased Premises to Tenant. Landlord represents that no party will be in tenancy, use or occupancy or the Leased Premises on the Commencement Date, and that the Leased Premises shall be delivered to the Tenant in good condition and repair, broom clean and free of all debris.

Landlord hereby warrants that Tenant shall have peaceful and quiet use and possession of the Leased Premises without hindrance on the part of Landlord, or anyone claiming by, through and under the Landlord. Subject to the non-disturbance provisions set forth in the immediately following paragraph, Tenant's rights under this lease agreement are and shall always be subordinate to the operation and effect of any mortgage, deed of trust or other security instrument now or hereafter placed upon the Office Building, or any part thereof, by Landlord, and Tenant will, upon Landlord's request, execute and deliver such instrument as may be appropriate to effect such subordination provided the same is in form and substance reasonably acceptable to Tenant.

Tenant will, upon the request of Landlord or of the mortgagee or trustees, under any such mortgage or deed of trust, execute an attornment instrument and attorn to such mortgagee or trustees and become its Tenant on the terms herein contained for the unexpired residue of the term of this lease agreement, provided such attornment instrument shall contain a provision that this lease shall not be terminated so long as Tenant continues to pay rent and otherwise complies with the terms and provision hereof and Tenant's occupancy shall continue in full force and effect on the terms contained herein. Concurrent with the execution of this Lease, and as a pre-condition to the effectiveness of the Lease, Landlord shall obtain a Subordination, Non-disturbance and Attornment Agreement for the benefit of Tenant from the current mortgagee, in form and substance reasonably acceptable to Tenant.

## **Use**

1. The Leased Premises shall be used by Tenant solely for general office and laboratory use, including laboratory animal storage and use, and for no other purpose.

## **Term**

2. The term of this lease agreement shall commence on January 1, 2013, provided the Leased Premises are "ready for occupancy" (as that term is defined in Section 4), and shall expire on the later of (i) March 31, 2018 or (ii) 63 months from the date the Leased Premises are delivered to Tenant in ready for occupancy condition. Notwithstanding anything in this paragraph to the contrary, Tenant shall be allowed access to the Leased Premises from the date of execution of this Lease by all parties, for the purposes of installation of a modular clean room, furniture systems, telephone/data systems, and cubicles. Tenant shall not be required to pay any rent or other charges during said early access period, as long as Tenant is not conducting its business operations in the Leased Premises.

## **Rent**

3. Tenant covenants and agrees to pay to Landlord, as rental for the Leased Premises, rent according to the attached Schedule "B" in advance on the first day of each full calendar month during the term. All rentals payable by Tenant to Landlord under this lease agreement shall be paid to Landlord at the office of Landlord herein designated by it for notices. Tenant will promptly pay all rentals herein prescribed when and as the same shall become due and payable. If Landlord shall pay any monies or incur any expenses in correction of violation of covenants herein set forth which has not been corrected by Tenant within thirty (30) days after written notice, the reasonable amounts so paid or incurred shall, at Landlord's option, and on notice to Tenant, be considered additional rentals, payable by Tenant with the first installment of rental thereafter becoming due and payable, and may be collected or enforced as by law provided in respect of rentals.

Tenant shall deposit with Landlord the sum of \$21,382.67 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease agreement upon Landlord's notice to Tenant that the contingency identified in Section 41 has been satisfied. It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease agreement, including, but not limited to, the payment of rent and additional rent and fails to cure such default after the expiration of any applicable grace or cure period, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent, or any other sum as to which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease agreement, including but not limited to, any damages or deficiency in the reletting of the Leased Premises, whether such damages or deficiency accrued before or after summary proceedings or other reentry by Landlord. If Landlord applies any part of said deposit to cure any default of Tenant, Tenant shall within five (5) days of demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this Lease.

The security (or any remaining balance thereof after deduction as provided above) shall be returned to Tenant, without interest, within thirty (30) days after the date fixed as the end of the lease agreement and after delivery of the entire possession of the Leased Premises to Landlord. In the event of a sale or lease of the Office Building, of which the Leased Premises form a part, Landlord shall transfer the security to the vendee and Landlord shall thereupon be released by Tenant from all liability for the return of such security, and Tenant agrees to look to the new Landlord solely for the return of said security, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

## **Improvements**

4. Landlord shall deliver the Leased Premises to the Tenant in “ready for occupancy” condition, which shall mean that landlord has performed, at its sole cost and expense, the “Initial Landlord Improvements” outlined on Exhibit C attached hereto. Tenant shall provide to Landlord, within six months from the date hereof a list of desired “Additional Landlord Improvements” relating to carpeting, painting, reconfiguration of walls, etc., which shall be designed, provided and installed by Landlord at Landlord’s expense and which Landlord will not unreasonably withhold, condition or delay, provided that all such Additional landlord Improvements shall be completed by Landlord within 90 days of Landlord’s acceptance of Tenant’s request. Tenant and Landlord agree that the total budget for all such improvements requested by Tenant shall be \$250,000, which amount shall be reduced by up to a maximum amount of up to \$100,000 for the cost of the acquisition and installation of the make-up air HVAC system as set forth in Section 41 hereof (with any costs incurred by Landlord in excess of \$100,000 for the HVAC system being at Landlord’s sole expense and such expense shall not be reduced from the initial \$250,000 budget). Landlord represents that all agreed upon work shall be completed in a good and workmanlike manner and in compliance with all laws and regulations.

All improvements to be provided by Tenant shall be provided at Tenant’s sole expense and shall be subject to Landlord's approval, not to be unreasonably withheld, delayed or conditioned.

## **Common Areas**

5. Tenant shall have the right to nonexclusive use, in common with others, of, (a) automobile parking areas (on a first come first served basis based upon 3.0 parking spaces for each 1,000 square feet leased) and driveways and footways, and (b) such loading facilities, elevators, lobbies, common hallways and restrooms, and other facilities as may exist or be constructed, from time to time, by Landlord in the Office Building Area for use by tenants of the Office Building, all to be subject to the terms and conditions of this lease agreement and to reasonable rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord agrees that the rules and regulations will be applied to all tenants in the Office Building in a non-discriminatory manner.

Landlord shall have the right to make changes or revisions in the common areas of the Office Building and the Office Building Area, and Landlord shall have the right to construct additional buildings in the Office Building Area for such purposes as Landlord may deem appropriate; provided that Tenant is not deprived of access to or use of the Leased Premises.

Tenant shall have the right to maintain a generator outside the Office Building in a mutually acceptable location for Tenant's exclusive use, at no additional cost to Tenant, except Tenant shall be responsible for the cost of purchasing and installing such generator. Subject to Tenant and Landlord agreeing upon the cost to install the same, Landlord agrees to perform such installation if requested by Tenant. Tenant shall have the right to remove the generator at the end of the Term and the generator shall remain Tenant's property at all times.

6. Landlord shall furnish during "normal operating hours" (which shall include the hours from 8:00 A.M. to 9:00 P.M. on weekdays and 8:00 A.M. to 1:00 P.M. on Saturdays) heat and air conditioning for the common areas (consistent with other office buildings in the same geographic as the Office Building), hot and cold water, toilet facilities for the use of the employees, customers and other invitees of tenants; janitor service for the common areas; and electricity for lighting purposes to the common areas. In the event Tenant makes use of these services at hours other than normal operating hours, Landlord may make additional charges for such services (the current rate for these services is \$40.00/hour). Landlord shall not be required to furnish services on Sundays or on the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas and other days designated as holidays in labor contracts with trades furnishing such services. Landlord shall not be liable for full or partial stoppage or interruption of the above services or utilities unless negligence on the part of Landlord shall be shown and Landlord shall not be liable for consequential damages in any event.

Tenant shall have access to the Leased Premises twenty-four (24) hours a day, seven (7) days a week, fifty-two (52) weeks per year. Landlord, at the sole expense of the Tenant, shall provide heat, air conditioning, hot and cold water, electricity and all other necessary utilities to the Leased Premises on a twenty-four (24) hours a day, seven (7) days a week, fifty-two (52) weeks per year basis. The Leased Premises shall be separately metered for electricity use, which Tenant shall pay for directly to the utility provider, except with regard to the make-up air HVAC system as set forth in Section 42. It is expressly agreed that Tenant shall pay for all utilities provided to the Leased Premises.

Notwithstanding the above, Tenant shall be entitled to an abatement of all rent in the event such interruption of services for more than five (5) consecutive days.

7. Commencing January 1, 2014, Tenant shall pay, as additional rent hereunder, its proportionate share, as hereinafter determined, of any increase in "operating costs" as of the Office Building and the Office Building Area over and above operating costs for calendar year 2013 (the "Base Year"). As of the date of this Lease's execution Tenant's proportionate share is twenty-nine and 26/1000 percent (29.26%).



Landlord's "operating costs" shall refer to expenses incurred in operating and maintaining the Office Building and Office Building Area in a manner deemed by Landlord reasonable and appropriate and for the best interests of the tenants in the Office Building, including, without limitation, the following:

- A. All costs and expense directly related to the Office Building and Office Building Area of operating, repairing, lighting, cleaning, insuring, removing snow, ice and debris, policing and regulating traffic in the area immediately adjacent to the Office Building.
- B. All costs and expense, other than those of a capital nature, of replacing paving, curbs, walkways, landscaping (including replanting and replacing flowers and other planting), drainage and lighting facilities in the Office Building and Office Building Area.
- C. Electricity and fuel used in lighting, heating, ventilating and air conditioning the Office Building.
- D. Maintenance of mechanical and electrical equipment including heating, ventilating and air conditioning equipment in the Office Building.
- E. Window cleaning and janitor service, including janitor equipment and supplies.
- F. Maintenance of elevators, rest rooms, lobbies, hallways and other common areas of the Office Building.
- G. Painting and decoration of all common areas in the Office Building and the Office Building Area.
- H. All other reasonable expenses which would be considered as an expense of maintaining, operating or repairing the Office Building and the Office Building Area under sound accounting principles.
- I. Management fees (provided that such fees do not exceed the Tenant's Proportionate Share of the same as included in the Base Year), commercially reasonable commissions, wages and salaries of all persons engaged in the maintenance, leasing and operation of the Office Building and Office Building Area.

The following items shall not be included in Landlord's "operating costs": (i) Depreciation; (ii) Judgments paid by Landlord as a result of personal injury liability; (iii) Costs which are reimbursable to Landlord; (iv) costs of capital expenditures; (v) costs of correcting defects in design and/or construction of the Office Building, or costs in constructing any additional buildings or improvements on the Office Area; (vi) interest and principal payments on mortgages and other debt costs and ground lease payments, if any, and any penalties assessed as a result of Landlord's late payments of such amounts; (vii) Any cost relating to the marketing, solicitation, negotiation and execution of leases of space in the Office Building or Office Building Area including without limitation, promotional and advertising expenses, commissions, finders fees, and referral fees, accounting, legal and other professional fees and expenses relating to the negotiation and preparation of any lease, license, sublease or other such document; (viii) costs of design, plans, permits, licenses, inspection, utilities, construction and clean up of tenant improvements to the Leased Premises or the premises of other tenants or other occupants, the amount of any allowances or credits paid to or granted to tenants or other occupants of any such design or construction; (ix) attorneys' fees, costs, disbursements, and other expenses incurred in connection with the disputes with existing tenants; (x) all costs or expenses (including fines, penalties and legal fees) incurred due to the violation by Landlord, its employees, agents, contractors or assigns of the terms and conditions of the Lease, or costs of complying with any valid, applicable building code, governmental rule, regulation or law; (xi) costs incurred in detoxification or other cleanup of the Office Building or Office Building Area required as the result of hazardous substances on or about the Office Building or Office Building Area, unless due to any acts or omissions of the Tenant; (xii) contingency or replacement reserves; and (xiii) costs, other than those incurred in ordinary maintenance and repair, for sculptures, paintings, fountains or other objects of art or the display of such item.

Tenant's proportionate share of said increase in operating costs for any calendar year of Landlord shall be determined as follows: (a) the difference between the amount of said operating costs for the calendar year in question and the amount of operating costs for calendar year 2013 and (b) the amount of the difference shall then be multiplied by a fraction, the numerator of which is the total number of square feet of the Leased Premises and the denominator of which is the total number of square feet of leasable area in the Office Building, and (c) the result shall be the increase, if any, in operating costs payable by Tenant. Landlord shall provide a good faith estimate of the amounts due from Tenant on account of increases in operating costs and taxes at the beginning of each calendar year, and Tenant shall pay 1/12<sup>th</sup> of such estimate at the time that Base Rent is paid. In no event shall Tenant be required to pay more than a 3% increase in operating expenses per year over the prior calendar year. At the end of each calendar year, Landlord shall provide the actual charges for which Tenant is responsible on account of such operating costs and taxes, and an adjustment shall be made for overpayment or underpayment. Operating expenses are currently estimated at approximately \$3.50 per square foot

Not later than one hundred and twenty (120) days after the end of the first calendar year or fraction thereof ending December 31 and of each succeeding calendar year during the Term or fraction thereof at the end of the Term, Landlord shall render Tenant a statement in reasonable detail and according to usual accounting practices certified by a representative of Landlord, showing for the preceding calendar year or fraction thereof, as the case may be, the Operating Costs. Tenant shall have one hundred twenty (120) days in which to dispute the statement of Operating Costs, in which case Tenant shall give Landlord written notice (“Review Notice”) that Tenant intends to review Landlord’s records of the Operating Costs for that calendar year. Within a reasonable time after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. Within sixty (60) days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an “Objection Notice”) stating in reasonable detail any objection to Landlord’s statement of the Operating Costs for that year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant’s Objection Notice. If Landlord and Tenant determine that the Operating Expenses for the calendar year are more than reported, Tenant shall pay its share of the additional amount to Landlord and if less than reported, Landlord shall provide Tenant with a credit against the next installment of rent in the amount of the overpayment by Tenant (or refund the same if at the end of the Term). The records obtained by Tenant shall be treated as confidential. If there is an overcharge of Landlord’s Operating Costs by Landlord of more than seven percent (7%), Landlord shall pay the reasonable costs incurred by Tenant in reviewing Landlord’s records.

## **Real Estate Taxes**

8. Tenant shall pay, as additional rent, its proportionate share, as hereinafter determined, of any increase in real estate taxes due and payable with respect to the Office Building and Office Building Area for each calendar year which commences during the term of this lease agreement over and above the amount of real estate taxes due and payable against the Office Building and the Office Building Area for the fiscal year 2013. The increase in real estate taxes for any fiscal year payable by Tenant shall be determined as follows: (a) the difference between the amount of real estate taxes due and payable with respect to the Office Building and the Office Building Area for the fiscal year in question and the amount of real estate taxes assessed against the Office Building and the Office Building Area for the fiscal year 2013 shall be ascertained, and (b) the amount of such difference shall then be multiplied by a fraction, the numerator of which is the total number of square feet of the Leased Premises and the denominator of which is the total number of square feet of leasable area in the Office Building, and (c) the result shall be the proportionate share of the increase in real estate taxes payable by the Tenant (such amount to be prorated with respect to any partial fiscal year falling within the term). Real Estate Taxes shall not include any income, estate, succession, inheritance and transfer taxes, or any interest or penalties for late payment of any real estate taxes (provided, as applicable to interest and/or penalties for late payment) the Tenant has timely paid its proportional share of said real estate taxes.

## Termination

9. This lease agreement and the tenancy hereby created shall cease and determine at the end of the original term hereof, or any extension or renewal thereof, without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate the Leased Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of Leased Premises from a Tenant holding over to the same extent as if statutory notice had been given. For the period of four (4) months prior to the expiration of the original term of this Lease Agreement or any renewal or extension thereof, Landlord shall have the right to display on the exterior of the Leased Premises the customary sign "For Rent", and during such period Landlord may show, provided that reasonable prior notice is given, the Leased Premises and all parts thereof to prospective tenants during normal business hours.

At the expiration or earlier termination of this lease agreement, Tenant shall, at Tenant's expense, remove all of Tenant's personal property, and repair all injury done by or in connection with the installation or removal of said property, and surrender the Leased Premises, broom clean and in as good condition as they were at the beginning of the term, reasonable wear and tear and damage by fire or other casualty excepted. All property of Tenant remaining on the Leased Premises after the expiration or earlier termination of this lease agreement shall be conclusively deemed abandoned and at Landlord's option, may be retained by Landlord, or may be removed by Landlord, and Tenant shall reimburse Landlord for the reasonable cost of such removal. Landlord may have any such property stored at Tenant's risk and expense.

## Operation by Tenant

10. Tenant will replace promptly at its own expense with glass of like kind and quality any plate glass of the Leased Premises which may become broken or cracked due to any negligence or willful misconduct, of Tenant, its agents, employees, invitees and licensees, unless damaged by fire, or act of Landlord, its agents or employees. Tenant will maintain the Leased Premises at its own expense in a clean, orderly and sanitary condition. Tenant will not use or permit the use of any apparatus or musical instruments for sound reproduction or transmission in such manner that the sounds so reproduced, transmitted or produced shall be audible beyond the interior of the Leased Premises. Tenant will keep all of Tenant's mechanical apparatus free of vibration and noise which may be transmitted beyond the confines of the Leased Premises. Tenant will comply with (i) all laws and ordinances, all rules and regulations of governmental authorities, and all regulations and recommendations of the Fire Underwriters Rating Bureau applicable to the Leased Premises provided the same are applicable to the Leased Premises due to the particular use made thereof by Tenant (as opposed to generally applicable to the Leased Premises regardless of the particular use made thereof) and (ii) such commercially reasonable rules and regulations as Landlord may prescribe on written notice to Tenant with respect to the use or occupancy of the Leased Premises, Office Building or Office Building Area by Tenant. Tenant will not receive or ship articles of any kind, other than letters and small packages typically delivered by the United States Postal Service carriers, except through facilities provided for that purpose by Landlord. Notwithstanding the foregoing, Tenant shall have the right to deliver and receive packages from other carriers in connection with its business operations through the loading dock serving the Leased Premises.

## Repairs

11. Landlord will keep the exterior and common areas of the Office Building, including without limitation, the structure, roof, load bearing walls and foundation, and all heating, ventilating and air conditioning equipment, all plumbing, life/safety, electrical, wiring and other mechanical systems serving the Leased Premises in good order and repair and in compliance with all applicable laws, ordinances and regulations, provided that Tenant shall give Landlord written notice of the necessity for such repairs to the extent within the Leased Premises, provided that if the damage thereto shall have been caused by the negligence of Tenant, its agents, employees, or servants, Tenant shall be responsible for the cost thereof, subject to the waiver of claims and subrogation contained herein. In addition, Landlord shall maintain the Office Building Area, including parking areas and landscaping in good condition, and shall promptly perform snow and ice removal as necessary. Tenant will keep the interior of the Leased Premises in substantially the same repair as existed on the commencement date and will surrender the Leased Premises at the expiration of the term or at such other time as it may vacate the Leased Premises in as good condition as when received, excepting ordinary wear and tear and damage by fire, unavoidable accident or Act of God. Tenant will not overload the electrical wiring serving the Leased Premises or within the Leased Premises, and will install at its own expense, but only after obtaining Landlord's written approval, any additional electrical wiring which may be required in connection with Tenant's apparatus.

Landlord shall warrant the roof, windows and all structural elements of the Building shall be delivered in good working order and have a useful life of at least the term of the initial Lease Term. Should any of these capital items fail and need replacement during this time, the Landlord, at its sole cost and expense, shall be responsible for the cost of the replacement and shall not pass any of these costs on to the Tenant.

Existing HVAC equipment shall be in good working order, repair and condition with controls for the gas/electric rooftop units serving the Leased Premises under Tenant's sole control. The HVAC shall be separately metered. Should any of the HVAC units fail and need replacement during the Term, the Landlord, at its sole cost and expense, shall be responsible for the cost of the replacement and shall not pass any of these costs on to Tenant.

### **Alterations by Tenant**

12. Tenant will not make any alteration to the Leased Premises or any part thereof without first obtaining Landlord's written approval of such alteration, which approval shall not be unreasonably withheld or delayed; and Tenant agrees that any improvements made by it shall immediately become the property of Landlord and shall remain upon the Leased Premises in the absence of agreement to the contrary (the parties agree that Tenant may remove the modular clean room installed by Tenant during or at the end of the Term). Tenant will not cut or drill into or secure any fixtures, apparatus or equipment of any kind to any part of the Leased Premises without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld.

Tenant shall within ten (10) days after notice from Landlord discharge or bond over any mechanic's lien for materials or labor claimed to have been furnished to the Premises on Tenant's behalf (other than in connection with Landlord's work under Schedule C).

### **Signs and Advertising**

13. Tenant will not place or suffer to be placed or maintained on the exterior of the Leased Premises any sign, advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Leased Premises without first obtaining Landlord's written approval thereof; and Tenant further agrees to maintain such sign, decoration, lettering, advertising matter or other thing as may be approved in good condition and repair at all times. Notwithstanding the foregoing, Tenant shall have the right to place identification signage at the entrance to the Leased Premises and in any interior or exterior directory or monuments, subject to Landlord's reasonable approval of design.

## **Public Liability Insurance**

14. Tenant will keep in force at its own expense so long as this Lease Agreement remains in effect, public liability insurance with respect to the Leased Premises with minimum limits of \$1,000,000.00 per occurrence, and \$2,000,000.00 annual aggregate; and property damage insurance with minimum limits of \$1,000,000.00; and Tenant will further deposit certificates of insurance, with Landlord. Such policies shall name Landlord and, at the request of Landlord its mortgagee, as an additional insured.

Landlord covenants and agrees that, during the term of the Lease, it shall obtain all risk insurance against damage by fire or other casualty in an amount at least equal to the replacement cost of the Office Building.

## **No Liability**

15. Tenant agrees to take such steps as it may deem necessary and adequate for the protection of itself, and its agents, employees, and invitees, and the property of the foregoing, against injury, damage or loss, by insurance, as a self-insurer, or otherwise. The Landlord, its agents and employees shall not be liable for any damage to property of the Tenant entrusted to employees of the Office Building or to any property, goods, or things contained in the Leased Premises or stored in the basement, or other part of the Office Building, unless due to negligence of the Landlord and its agents, contractors or employees.

Tenant shall not be entitled to claim a constructive eviction from the Leased Premises unless Tenant shall have first notified Landlord in writing of the condition or conditions giving rise thereto, and, if the complaints be justified, unless Landlord shall have failed within thirty (30) days after receipt of said notice to remedy such conditions.

Tenant and Landlord each waive all claims against the other to the extent covered by insurance (or would have been covered by insurance had all insurance required hereunder been maintained) and each shall obtain, for each policy of property insurance secured by it, a waiver of subrogation with respect to any claim against the other or loss or damage within the scope of the insurance. Nothing herein shall be construed to vary the force and effect of the first paragraph of this Section 15.

## **Indemnity by Tenant**

16. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising (i) within the Leased Premises (except to the extent arising out of the negligence or willful misconduct of Landlord) or (ii) outside the Leased Premises on any other part of Landlord's property, to the extent occasioned by any negligence or willful misconduct of Tenant, its agents, contractors or employees.

### **Fire or Other Casualty**

17. In the event the Leased Premises shall be damaged by fire, or other casualty, the Tenant shall give prompt notice thereof to the Landlord, and after such notice, an equitable reduction of rent shall be allowed by Tenant for the time such part or parts of the Leased Premises shall remain untenable or incapable of use and occupancy, and this lease agreement shall, unless notice is given as set forth below, continue in full force and effect, and the Landlord shall, at its own expense, with reasonable promptness, subject to force majeure as defined in Section 25, and delays in making of insurance adjustments by Landlord, repair the Premises. Landlord need not restore fixtures and improvements owned by Tenant or floor coverings, furnishings and other decorative features furnished by Tenant. In the event the Leased Premises or the Office Building shall before or after the commencement of the term, be so damaged that it shall be reasonably estimated to take more than 180 days to repair from the date of the casualty, either party may, upon notice to the other, terminate this lease, and upon exercise of such right, the term of this lease shall cease and terminate, effective as of the time of the damage, and the accrued rent, if any, shall be paid up to the time of the damage. All proceeds of insurance payable as a result of fire or other casualty shall be the sole property of the Landlord. Landlord agrees that if the repairs provided for herein cannot be made within four (4) months from the date of the casualty, subject to force majeure as defined in Section 25 (but in no event more than 180 days from the date of the casualty), then in such event Tenant shall have the right, after said four (4) months period but prior to substantial completion, to terminate this lease on thirty (30) days written notice to Landlord.

### **Condemnation**

18. If the Leased Premises or any part thereof shall be taken by eminent domain, this Lease Agreement shall terminate on the date when title vests pursuant to such taking, and the rent and additional rent shall be apportioned as of said date. Tenant shall not be entitled to any part of the award or any payment in lieu thereof; excepting that Tenant shall be entitled to any separate award rendered for trade fixtures installed by Tenant at its own cost and expense and which are not part of the realty.



### **Inspection by Landlord**

19. Tenant will permit Landlord, its agents, employees and contractors, upon reasonable prior notice and permitting the presence of Tenant (except in the case of emergency) to enter the Leased Premises and all parts thereof during business hours to inspect the same and to enforce or carry out any provision of this lease agreement.

### **No Assignments or Subletting**

20. Tenant will not assign this lease agreement in whole or in part, nor sublet all or any part of the Leased Premises or permit the use of any part of the Leased Premises by any other person, firm or entity without the written consent of Landlord first obtained. Notwithstanding the foregoing, Landlord hereby consents to co-occupancy of the Leased Premises by Stem Cell & Regenerative Medicine International, Inc. Consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law. The consent of Landlord referred to herein shall not be withheld, conditioned or delayed unreasonably. Any profit resulting from any sublease shall be divided evenly between the Landlord and Tenant, but only after deducting any costs incurred by Tenant in connection with the assignment or sublet, including brokerage commissions, legal fees and any tenant improvement cost.

Notwithstanding anything to the contrary contained herein, Tenant shall have the right to assign this Lease or sublet the Leased Premises or any part thereof without the prior consent of Landlord to either (x) an entity into or with which Tenant is merged or consolidated, or to which all or substantially all of Tenant's assets are transferred, or (y) any entity which controls or is controlled by Tenant or is under common control with Tenant ("Affiliate") (an Affiliate or any successor entity pursuant to subsection (x) of this Section 20 shall be referred to as a "Permitted Assignee"), provided that in any such event (i) the successor to Tenant in the case of a transaction described in subsection (x) has a net worth, computed in accordance with generally accepted accounting principles consistently applied, at least equal to the net worth of Tenant immediately prior to such merger, consolidation or transfer; (ii) proof satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction, and (iii) the assignee agrees directly with Landlord, by written instrument in form reasonably satisfactory to Landlord in its reasonable discretion, to be bound by all the obligations of Tenant hereunder, including, without limitation, the covenant against further assignment and subletting.

## **Performance by Tenant**

21. Tenant covenants and agrees that it will perform all agreements herein expressed on its part to be performed.

## **Distrain; Other Remedies of Landlord**

22A. If Tenant defaults in the payment of rent or additional rent or defaults in the performance of any of the covenants or conditions hereof, Landlord may give to Tenant notice of such default and if Tenant does not cure any rent or additional rent default within seven (7) days, or other default, within thirty (30) days, after the giving of such notice (or, if such other default is of such nature that it cannot be completely cured within such thirty (30) days, if Tenant does not commence such curing within such thirty (30) days and thereafter proceed with reasonable diligence and in good faith to cure such default), or if the Tenant shall make an assignment for the benefit of creditors, or if a receiver or trustee is applied for or appointed for the Tenant, or if there be filed a petition in bankruptcy or insolvency, or for an arrangement for reorganization by or against the Tenant, or if the Tenant is adjudicated a bankrupt or is adjudged to be insolvent, or if there is advertised any sale of Tenant's property under process of law, or if the assets or property of the Tenant in the Premises shall be attached or levied upon, then Landlord may terminate this lease agreement on not less than three (3) days' notice to Tenant, and on the date specified in said notice the term of this lease agreement shall terminate and Tenant shall then quit and surrender the Leased Premises to Landlord, but Tenant shall remain liable as hereinafter provided. If this lease agreement shall have been so terminated by Landlord, Landlord may at any time thereafter resume possession of the Premises by any lawful means and remove Tenant or other occupants and their effects.

22B. In any case where Landlord has recovered possession of the Premises by reason of Tenant's default, Landlord may at Landlord's option occupy the Premises or cause the Leased Premises to be redecorated, altered, divided, consolidated with other adjoining premises, or otherwise changed or prepared for reletting, and may relet the Leased Premises or any part thereof as agent of Tenant or otherwise, for a term or terms to expire prior to, at the same time as or subsequent to, the original expiration date of this lease agreement, at Landlord's option, and receive the rent therefor, applying the same first to the payment of such expense as Landlord may have reasonably incurred in connection with the recovery of possession, redecorating, altering, dividing, consolidating with other adjoining premises, or otherwise changing or preparing for reletting and the reletting, including brokerage and reasonable attorney's fees, and then to the payment of damages in amounts equal to the rent hereunder and to the cost and expense of performance of the other covenants of Tenant as herein provided; and Tenant agrees, whether or not Landlord has relet, to pay to Landlord damages equal to the rent and other sums herein agreed to be paid by Tenant, less the net proceeds of the reletting, if any, as ascertained from time to time, and the same shall be payable by Tenant on the several rent days above specified. In reletting the Leased Premises as aforesaid, Landlord may grant rent concessions, and Tenant shall not be credited therewith. No such reletting shall constitute a surrender and acceptance or be deemed evidence thereof. The Tenant shall not be entitled to any surplus accruing as a result of any reletting. If Landlord elects pursuant hereto to occupy and use the Leased Premises or any part thereof during any part of the balance of the term as originally fixed or since extended, there shall be allowed against Tenant's obligation for rent or damages as herein defined, during the period of Landlord's occupancy, the reasonable value of such occupancy, not to exceed in any event the rent herein reserved and such occupancy shall not be construed as a release of Tenant's liability hereunder. Landlord agrees to use commercially reasonable efforts to mitigate its damages in the event of a default by Tenant under this Lease.

22.C. Anything in this lease agreement to the contrary notwithstanding, at Landlord's option, Tenant shall pay a "late charge" of five percent (5%) of any installment of rental (or any such other charge or payment as may be considered additional rental under this lease agreement) when paid more than seven (7) days after the due date thereof, to cover the extra expense involved in handling delinquent payments.

### **Remedies Cumulative**

23. No mention in this lease agreement of any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy, or from maintaining any action to which it may otherwise be entitled either at law or equity; and the failure of Landlord to insist in any one or more instance upon a strict performance of any covenant of this lease agreement or to exercise any option or right herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressed in writing by Landlord.

### **Successors and Assigns**

24. This lease agreement and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Landlord, its successors and assigns and shall be binding upon Tenant, its successors and assigns, and shall inure to the benefit of Tenant and only such assigns of Tenant to whom the assignment by Tenant has been consented to in writing by Landlord, to the extent Landlord consent is required hereunder. It is agreed that if any rent received from an assignee or sublessee of Tenant that is higher than the base rent as set forth herein, the amount above the base rent shall be split evenly between Landlord and Tenant.

## **Force Majeure**

25. Each party shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by cause or causes beyond such party's control which shall include, without limitation, all labor disputes not specifically related to Landlord, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or financing or through Acts of God.

## **Notices**

26. All notices from Tenant to Landlord required or permitted by any provisions of this lease agreement, shall be directed to Landlord care of WRT Management Corp. 1 Main Street, Whitinsville, MA 01588 with a copy to Shocket Law Office LLC, 13 Tech Circle, Natick, MA 01776. All notices from Landlord to Tenant so required or permitted shall be directed to Tenant at the Premises, attention of William Caldwell. Either party may, at any time or from time to time, designate in writing a substitute address for that above set forth, and thereafter notices shall be directed to such substitute address.

## **Estoppel Certificates**

27. Tenant shall, from time to time, upon not less than twenty (20) days' prior written request by Landlord execute, acknowledge and deliver to Landlord a written statement certifying that this lease agreement is unmodified and in full force and effect (or that same is in full force and effect as modified, listing the instruments of modification), the dates to which the rent and other charges have been paid, and whether or not to the best of Tenant's knowledge Landlord is in default hereunder (and if so, specifying the nature of the default), it being intended that any such statement delivered pursuant to this Paragraph may be relied upon by a prospective purchaser of Landlord's interest or mortgagee of Landlord's interest or assignee of any mortgage Landlord's interest in any underlying lease or in the Office Building or the Office Building Area.

## **Applicable Law**

28. This lease agreement shall be construed under the laws of the Commonwealth of Massachusetts.

### **Captions and Headings**

29. The captions and headings throughout this lease agreement are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or the scope or intent of this lease agreement nor in any way affect this lease agreement.

### **Short Lease Recording**

30. The parties hereto agree that they will execute, acknowledge and deliver a short form of lease to the end that the same may be recorded among the Land Records of the county wherein the Leased Premises are situated. Recording and like charges, shall be paid by Tenant.

### **Joint and Several Liability**

31. In the event that two (2) or more individuals, corporations, partnerships or other business associations (or any combination of two (2) or more thereof) shall sign this lease agreement as Tenant, the liability of each such individual, corporation, partnership or other business association to pay rent and perform all other obligations hereunder shall be deemed to be joint and several.

### **Understanding of Parties**

32. It is expressly understood and agreed that this lease agreement shall be binding upon both parties from the date hereof, provided, however, that if the Leased Premises shall not be "ready for occupancy" (as defined in Section 4), by the deadline set forth in Section 4, this lease agreement shall become void and of no further force and effect at the option of Tenant exercised by written notice as set forth in Section 2 above. If this lease agreement shall terminate as provided in this Section, both Landlord and Tenant shall be relieved of all obligations in connection herewith and all claims, rights or causes of action hereunder, except that Landlord shall return the deposits made by Tenant. If this lease agreement shall become void, as provided in this Section, Tenant will, upon demand, execute a written instrument in recordable form containing a release and surrender of all right, title and interest in, or to, the Leased Premises under the provisions of this lease agreement or otherwise.

### **No Option**

33. The submission of this lease agreement for examination does not constitute a reservation of, or option for, the Premises, and this lease agreement becomes effective as a lease agreement only upon execution and delivery thereof by Landlord and Tenant.

**Broker**

34. Tenant represents and warrants to Landlord that R.W. Holmes Realty Co., Inc. is the sole broker with whom Tenant has negotiated in bringing about this lease agreement and Tenant agrees to indemnify and hold Landlord harmless from any and all claims of other brokers arising out of or in connection with the negotiation of or the entering into of this lease agreement between Landlord and Tenant, if such broker claims that he acted through or on behalf of the Tenant. R.W. Holmes Realty Co., Inc. shall be paid a standard brokerage fee by Landlord.

**Rider**

35. The attached Rider To Office Lease Agreement is attached hereto and incorporated herein by reference.

In Witness Whereof, the parties hereto have executed this lease agreement under their respective seals as of the day and year first above written.

ATTEST:

Tenant:

Advanced Cell Technology, Inc.

By: /s/ Gary Rabin  
Chief Executive Officer

Landlord:

The Janelon Trust

By: /s/ Wendy Jolles  
Wendy Jolles, Trustee

By: /s/ Linda Olstein  
Linda Olstein, Trustee

## **RIDER TO OFFICE LEASE AGREEMENT**

THIS RIDER is annexed to and forms a part of the lease agreement dated January 11, 2013, executed by and between Wendy Jolles and Linda Olstein, Trustees of The Janelon Trust (hereinafter called "Landlord"), and Advanced Cell Technology, Inc. (hereinafter called "Tenant").

SECTION 36. Provided Tenant is not in default under any of the terms and conditions of the lease agreement (after the expiration of any applicable grace or cure period), Tenant is hereby given the option to extend this Lease, as same may be amended, from time to time, for one (1) additional five (5) year term commencing upon the expiration of the term thereof, upon the same terms, covenants and conditions as are set forth for the original term, except that the rental shall be at the then prevailing rate for the Office Building.

In order to exercise this extension option, Tenant shall notify Landlord by registered mail, return receipt requested, no later than two hundred and seventy (270) days prior to the expiration of the original term.

If Tenant exercises the option as provided for herein, the extension term shall commence immediately upon expiration of the original term, subject to the provisions hereof. In the event Tenant does not exercise the extension option, as provided herein, the term shall expire as provided in the said lease agreement.

For purposes of this paragraph the "then prevailing rate" shall be as agreed upon by the Landlord and Tenant provided however that in the event the parties can not so agree to the prevailing rate within thirty (30) days from the date Tenant exercises its option to extend the term (the "Negotiation Period"), then either (i) Tenant may rescind its exercise of the option to extend the term by written notice submitted within five (5) days after the expiration the Negotiation Period, whereby the term shall expire as provided in the said lease agreement, or (ii) if Tenant does not send a notice rescinding its exercise of the option to extend the term, the parties shall submit the matter to the American Arbitration Association for determination of the "then prevailing rate" and the costs of same shall be divided equally by the parties.

SECTION 37. Telephone Service. Intentionally deleted.

SECTION 38. Parking. Tenant shall have the right to use the parking lot serving the Office Building on a first come, first serve basis for its employees and visitors as hereinbefore set forth.

SECTION 39. Holdover Tenant. In the event that Tenant remains in possession of the Leased Premises after the expiration or termination of the Lease Term without any express written agreement as to such holding over, then such holding over shall be deemed to be a tenancy at sufferance at a rental equal to one hundred fifty percent (150%) of the base rent payable during the last month of the Lease Term together with any Additional Rent, plus all additional rent and upon all of the terms and conditions contained in this Lease. Nothing contained herein shall be construed as obligating Landlord to accept any rental tendered by Tenant after the expiration of the Lease term hereof or as relieving Tenant of its liability to surrender the Premises as provided in this Lease.

SECTION 40. Right of First Refusal. Provided that Tenant is not in default under this Lease beyond applicable notice and cure periods, Landlord agrees that it will not lease the 1,410 square feet of second floor space previously leased to Sepracor (hereinafter the "Sepracor space") unless (a) Landlord has received a bona fide offer or letter of intent to lease the Sepracor space; (b) Landlord has given Tenant written notice stating the terms and conditions of said bona fide offer or letter of intent and containing an offer by Landlord to lease the same to Tenant on the same terms and conditions as said bona fide offer or letter of intent; and (c) Tenant has not, within ten (10) days after the giving of such notice, mailed or otherwise given Landlord written notice that Tenant elects to lease the same in accordance with said offer or letter of intent. In the event that Tenant so elects to lease, the Sepracor space shall be leased to Tenant as stated in said bona fide offer or letter of intent on or before the thirtieth (30th) day or next business day after the date of the giving of such notice of election to lease. In the event that Tenant shall not give such notice of election to lease within the time above specified ten (10) day period, or in the event Tenant shall, after giving such notice, fail to complete the lease arrangement within said thirty (30) days after giving notice as hereinabove provided, then Landlord shall be free thereafter to lease the Sepracor space to the party named in offer or letter of intent at a rental not lower than that specified therein, but Landlord shall not lease the Sepracor space or any part thereof to any other person or at any lower price without again offering the same to Tenant. If Landlord shall make an affidavit stating (1) that a lease by it is made pursuant to a bona fide offer or letter of intent to lease (2) that it has given notice to said Tenant in connection with such lease as required by the provisions of this paragraph; (3) that it has not received written notice of election to lease given by Tenant in accordance with the provisions of this instrument, or that Tenant who has given notice of election to lease has failed to complete the same in accordance with said provisions; and (4) that the lease is made to the person named in such offer or notice of intent at a rental not lower than that therein stated, then such affidavit shall be conclusive evidence of compliance with the requirements of this instrument with respect to such lease in favor of the Landlord and all persons claiming through or under him. The provisions hereof shall not be construed to apply to bona fide mortgages to recognized lending institutions of the premises, or any part thereof, or sales or other proceedings for the foreclosure thereof.



41. HVAC System. Landlord shall replace the make-up air HVAC system with a new cost efficient model to be approved by Tenant, which approval will not be unreasonably withheld or delayed, which make-up air HVAC system will accommodate Tenant's intended biological and GMP manufacturing use of the space. Tenant acknowledges that the total cost of this capital improvement, up to a maximum of \$100,000 shall be deducted from the \$250,000.00 renovation budget set forth in Section 4, with any additional cost in excess of \$100,000 to be borne by Landlord at its sole expense.

42. Utilities. The make-up air unit shall be separately metered for tracking the cost of utility consumption. Landlord shall be responsible for the payment of the cost of such utility consumption to the utility provider, and Landlord shall bill Tenant and Glyco Solutions for their respective proportionate share of such cost. If Landlord decides to replace the make-up HVAC with two individual units serving Advanced Cell Technology, Inc. and Glyco Solutions then Tenant will be responsible for the payment of all costs directly to the utility provider.

43. Right of First Offer. Landlord shall keep Tenant aware of any available space that becomes available in the Building during the Term of the Lease.

ATTEST:

Tenant:

Advanced Cell Technology, Inc.

By: /s/ Gary H. Rabin  
Name: Gary Rabin  
Title: Chief Executive Officer

Landlord:

The Janelon Trust

By: Wendy Jolles  
Wendy Jolles, Trustee

By: Linda Olstein  
Linda Olstein, Trustee





### Schedule "B" – Base Rent Schedule

Months 01-03: \$0.0/sq.ft./yr. - \$0 per month  
Months 04-27: \$14.50/sq.ft./yr. - \$21,382.67 per month  
Months 28-39: \$15.00/sq.ft./yr. - \$22,120.00 per month  
Months 40-51: \$15.25/sq.ft./yr. - \$22,488.67 per month  
Months 52-63: \$15.50/sq.ft./yr. - \$22,857.33 per month

Except as otherwise set forth in the Lease, Tenant shall also be responsible for paying all charges for utilities to the Leased Premises which are separately metered. Landlord shall pay for any reasonable costs necessary to separately meter or sub-meter the leased premises.

Exhibit C

Landlord shall deliver the Leased Premises to the Tenant in “ready for occupancy” condition, which shall mean that landlord has performed, at the Landlords sole expense, the “Initial Landlord Improvements”:

1. Professional Cleaning
2. Missing ceiling tiles to be replaced
3. Electrical in working order in front office area
4. Paint in tenant’s choice of colors in front office area
5. Carpeting in front office area



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## **Advanced Cell Technology Announces Settlement of Litigation**

### *Agreement Resolves All Litigation Associated with Previously Issued Convertible Debentures*

MARLBOROUGH, Mass. — January 17, 2013 – Advanced Cell Technology, Inc. (“ACT”; OTCBB: ACTC or the “Company”), a leader in the field of regenerative medicine, today announced that it has reached a settlement agreement with CAMOFI and CAMZHN Master LDC (collectively, the “Investors”) resolving a lawsuit filed against ACT in the Supreme Court of New York relating to the conversion price of certain notes and the exercise price of certain warrants. The Investors claimed that the conversion price for the debentures and warrants they held should have been adjusted as a result of a transaction entered into between the Company’s previous management and an investor in 2010. At the time, the Investors had not converted most of their debentures or warrants. The Investors were the final parties to settle the litigation, which had previously been disclosed in multiple ACT 8-K filings.

Under the terms of the settlement, ACT will pay \$12.5 million to the investors, plus legal expenses, comprised of \$2 million in cash, \$4.5 million in restricted common stock and \$6 million through the issuance of an 8% amortizing redeemable convertible debenture that matures June, 2015. The Company and Investors have agreed to enter into a registration rights agreement, which will require the Company to register the shares of common stock into which the debentures are convertible with the Securities and Exchange Commission.

“This settlement ends the cost and uncertainty associated with this litigation and resolves all of the litigation relating to the debentures, which have represented an ongoing cost and distraction for both management and our shareholders,” said Gary Rabin, chairman and CEO of ACT. “The resolution of this litigation represents a significant step in resolving past potential liabilities and in enhancing the Company’s ability to attract a broader shareholder base.”

Further details are available in the Company’s Form 8-K filed with the Securities and Exchange Commission.

### **About Advanced Cell Technology, Inc.**

Advanced Cell Technology, Inc., is a biotechnology company applying cellular technology in the field of regenerative medicine. For more information, visit [www.advancedcell.com](http://www.advancedcell.com).

**Forward-Looking Statements**

*Statements in this news release regarding future financial and operating results, future growth in research and development programs, potential applications of our technology, opportunities for the company and any other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words “will,” “believes,” “plans,” “anticipates,” “expects,” “estimates,” and similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: limited operating history, need for future capital, risks inherent in the development and commercialization of potential products, protection of our intellectual property, and economic conditions generally. Additional information on potential factors that could affect our results and other risks and uncertainties are detailed from time to time in the company’s periodic reports, including the report on Form 10-K for the year ended December 31, 2011. Forward-looking statements are based on the beliefs, opinions, and expectations of the company’s management at the time they are made, and the company does not assume any obligation to update its forward-looking statements if those beliefs, opinions, expectations, or other circumstances should change. Forward-looking statements are based on the beliefs, opinions, and expectations of the company’s management at the time they are made, and the company does not assume any obligation to update its forward-looking statements if those beliefs, opinions, expectations, or other circumstances should change. There can be no assurance that the Company’s clinical trials will be successful.*

**Contact:**

## Investors:

CEOcast, Inc., James Young, 212-732-4300

## Press:

ACT Corporate Communications, Bill Douglass, 646-450-3615

or:

Russo Partners, Martina Schwarzkopf, Ph.D., 212-845-4292

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