

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|---|---|--|----------------------|
| 1 Issuer's name <u>Asterias Biotherapeutics, Inc.</u> | | 2 Issuer's employer identification number (EIN) <u>46-1047971</u> | |
| 3 Name of contact for additional information <u>Frank Lanza</u> | 4 Telephone No. of contact <u>510-456-3845</u> | 5 Email address of contact <u>flanza@asteriasbio.com</u> | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>6300 Dumbarton Circle</u> | | 7 City, town, or post office, state, and Zip code of contact <u>6300 Dumbarton Circle</u> | |
| 8 Date of action <u>April 25, 2016</u> | | 9 Classification and description <u>Warrant distribution to certain shareholders</u> | |
| 10 CUSIP number <u>04624N 115</u> | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ During calendar 2016, Asterias Biotherapeutics, Inc. declared and made a distribution to holders of its Series A common stock, except for BioTime, Inc., warrants to purchase shares of its Series A common stock (one warrant for every five shares of Series A common stock) that included a return of capital component as follows:

| Total | | | |
|-------------------|-------------------|-------------------|------------------------|
| Declaration Date | Record Date | Distribution Date | Distribution per share |
| <u>03/30/2016</u> | <u>04/11/2016</u> | <u>04/25/2016</u> | <u>\$0.13</u> |

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Asterias Biotherapeutics, Inc. has determined that a portion of the distribution described above should be treated as a return of capital under IRC Section 301(f)(2) and applied as a reduction to the adjusted tax basis of a shareholder's stock. To the extent the return of capital amount exceeds the adjusted tax basis of a shareholder's stock, the excess is treated as capital gain pursuant to IRC Section 301(c)(3). At this time, based upon reasonable assumptions, Asterias Biotherapeutics, Inc. has determined that the following per share amount should be treated as return of capital and applied as a reduction to the basis of a shareholder's stock:

| Declaration Date | Record Date | Distribution Date | Total Distribution per share | Taxable Dividend per share | Return of Capital per share |
|-------------------|-------------------|-------------------|------------------------------|----------------------------|-----------------------------|
| <u>03/30/2016</u> | <u>04/11/2016</u> | <u>04/25/2016</u> | <u>\$0.13</u> | <u>\$0.00</u> | <u>\$0.13</u> |

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The calculation of the change in basis (i.e., basis reduction from return of capital amounts) was determined as follows:

1. The portion of each distribution that was paid out of current or accumulated earnings & profits was treated as a taxable dividend.
2. The portion of each distribution that exceeded current and accumulated earnings & profits was treated as a return of capital.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC Section 301(c)

IRC Section 312

IRC Section 316(a)

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶

Date ▶

6/9/16

Print your name ▶ Frank Lanza

Title ▶ Controller

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.