Report of Organizational Actions Affecting Basis of Securities

Part I Reporting Issuer

1 Issuer's name

Asterias Biotherapeutics, Inc.

2 Issuer's employer identification number (EIN)

46-1047971

3 Name of contact for additional information

Frank Lanza

4 Telephone No. of contact

510-456-3845

5 Email address of contact

flanza@asteriasbio.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact

6300 Dumbarton Circle

7 City, town, or post office, state, and Zip code of contact

6300 Dumbarton Circle

8 Date of action

April 25, 2016

9 Classification and description

Warrant distribution to certain shareholders

10 CUSIP number

04624N 115

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 BigTime, 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:

<table>
<thead>
<tr>
<th>Declaration Date</th>
<th>Record Date</th>
<th>Distribution Date</th>
<th>Distribution per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/30/2016</td>
<td>04/11/2016</td>
<td>04/25/2016</td>
<td>$0.13</td>
</tr>
</tbody>
</table>

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(0)(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(1)(2). 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:

<table>
<thead>
<tr>
<th>Declaration Date</th>
<th>Record Date</th>
<th>Distribution Date</th>
<th>Total Distribution per Share</th>
<th>Taxable Dividend per Share</th>
<th>Return of Capital per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/30/2016</td>
<td>04/11/2016</td>
<td>04/25/2016</td>
<td>$0.13</td>
<td>$0.00</td>
<td>$0.13</td>
</tr>
</tbody>
</table>

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.

For Paperwork Reduction Act Notice, see the separate Instructions.
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.

Signature ▶ [Signature]
Date ▶ [DD/MM/YYYY]
Print your name ▶ Frank Lanza
Preparer's signature ▶
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 address ▶
Phone no. ▶

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054