

INTERNATIONAL STEM CELL CORPORATION CLOSES FINANCING

Oceanside, California, December 30, 2008 -- International Stem Cell Corporation (ISCO.OB) announced today that it had received the first \$1 million tranche of an anticipated private equity financing of up to \$5 million to be funded over the next several months. The total amount of the financing is intended to allow the Company to retire its existing secured debt and fund operations of the Company as it moves forward with planned pre-clinical trials in the first quarter of 2009. “This is an important vote of confidence by a sophisticated investor group and we believe it is a major first step on the path to making our company financially independent”, said Kenneth Aldrich, CEO of the Company.

The financing is in the form of a new class of Convertible Preferred Stock, convertible into common stock at \$0.25/share, a 25% premium over the closing price on the day of signing the agreement. The new Preferred Stock carries an initial dividend of 10% per annum, reducing to 6% in two years. Funding of future tranches is subject to various contingencies that will be described in more detail in the Form 8-K the Company intends to file on or before Monday, January 5.

ISCO is the creator and developer of a new class of stem cells that remove two of the greatest barriers to the therapeutic use of stem cells: 1) immune rejection and 2) the ethical issues that surround the use of embryonic stem cells. ISCO makes its cells available to qualified researchers worldwide, and its technology, called “Parthenogenesis”, results in the creation of cell lines that may allow cells to be matched to hundreds of millions of people without destroying a viable human embryo.

ABOUT INTERNATIONAL STEM CELL CORPORATION (ISCO.OB):

International Stem Cell Corporation is a California biotechnology company focused on developing therapeutic and research products. ISCO’s technology, *Parthenogenesis*, results in the creation of pluripotent human stem cell lines from unfertilized human eggs. ISCO scientists have created the first *Parthenogenetic homozygous stem cell line (phSC-Hhom-4)* that can be a source of therapeutic cells that will minimize immune rejection after transplantation into hundreds of millions of individuals of differing sexes, ages and racial groups. These advancements offer the potential to create the first true “Stem Cell Bank” and address ethical issues by eliminating the need to use or destroy fertilized embryos. ISCO also produces and markets specialized cells and growth media worldwide for therapeutic research through its subsidiary Lifeline Cell Technology. For more information, visit the ISCO website at: www.internationalstemcell.com.

To subscribe to receive ongoing corporate communications please click on the following link: <http://www.b2i.us/irpass.asp?BzID=1468&to=ea&s=0>.

FORWARD-LOOKING STATEMENTS:

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

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