

International Stem Cell Plans \$10 Million Financing Through European Subsidiary

OCEANSIDE, California –July 22, 2010 -- International Stem Cell Corporation (OTCBB:ISCO), www.intlstemcell.com, announced today that it had entered into a Memorandum of Understanding with ARG Vermögensverwaltung AG (“ARG”), a German Investment Fund, to create a new European subsidiary (“ISCO Europe”) to be funded with up to \$10 million of capital derived from ARG and other independent sources in Europe. Shares of ISCO Europe are expected to trade on the Deutsche Bourse independently of the company’s shares in the US. ISCO Europe’s shares will not be convertible into ISCO shares on any US exchange.

ISCO Europe will be licensed by ISCO to develop and market therapeutic products derived from ISCO’s technology throughout the Euro Currency Countries and Switzerland. New technologies developed by either ISCO or ISCO Europe will be made mutually available, thus expanding the total funding available to ISCO worldwide without issuing new ISCO shares and enhancing the potential market and scientific development capacity of both companies.

It is expected that the new subsidiary will be funded initially by a private equity investment by ARG and that ARG will then assist in forming an investment group to invest up to \$10 million concurrently with the listing of ISCO Europe on the Deutsche Bourse, the largest Securities Exchange in Europe. Following the financing of ISCO Europe, ISCO is expected to retain ownership of 80% or more of this new subsidiary.

“Although negotiations are still at the non-binding memorandum of understanding stage, this transaction, when completed, will expand ISCO’s access to capital for worldwide expansion and ISCO’s access to new scientific development without requiring equity dilution of ISCO’s current shareholders. We are creating an investment, research and development, marketing and distribution entity by adding capital and human resources from Europe to help fulfill ISCO’s goal of supplying its proprietary cells and cell therapies to the world,” said Kenneth Aldrich, Chairman and co-founder of ISCO.

ABOUT INTERNATIONAL STEM CELL CORPORATION (ISCO.OB)

International Stem Cell Corporation is a California-based biotechnology company focused on therapeutic and research products. ISCO's core technology, parthenogenesis, results in creation of pluripotent human stem cells from unfertilized oocytes (eggs). These proprietary cells avoid ethical issues associated with use or destruction of viable human embryos and, unlike most other major stem cell types, can be immune matched and be a source of therapeutic cells with minimal rejection after transplantation into hundreds of millions of individuals of differing racial groups. ISCO also produces and markets specialized cells and growth media for therapeutic research worldwide through its subsidiary, Lifeline Cell Technology, and is developing a line of cosmeceutical products via its subsidiary, Lifeline Skin Care. ISCO is advancing novel human stem cell-based therapies where cells have been proven to be efficacious but traditional small molecule and protein therapeutics have not. More information is available on ISCO's website.

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FORWARD-LOOKING STATEMENTS

Statements pertaining to anticipated developments and therapeutic applications, the potential benefits of collaborations, affiliations, and other opportunities for the company and its subsidiaries, 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 and the management of collaborations, uncertainty in the results of clinical trials or regulatory approvals, need and ability to obtain future capital, application of capital resources among competing uses, 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 forward-looking statements.

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