SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to _____

Commission file number 1-12830

BIOTIME, INC.

(Name of small business issuer as specified in its charter)

California	**94-3127919**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6121 Hollis Street
Emeryville, California 94608
(Address of principal executive offices) (Zip Code)

Issuer's telephone number, including area code **(510) 350-2940**

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act
Title of class **Common Shares, no par value**
Title of class **Common Share Purchase Warrants**

Check whether the issuer is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No x

The issuer's revenues for the fiscal year ended December 31, 2007 were $1,046,121

The approximate aggregate market value of voting common shares held by nonaffiliates of the issuer computed by reference to the price at which common shares were sold as of March 25, 2007 was $3,517,793. Shares held by each executive officer and director and by each person who beneficially owns more than 5% of the outstanding common shares have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

23,044,374

(Number of common shares outstanding as of March 4, 2008)

Documents Incorporated by Reference

None

Transitional Small Business Disclosure Format (check one): Yes o No x

BioTime, Inc.

Table of Contents

PART I

Statements made in this Form 10-KSB that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. Words such as "expects," "may," "will," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions identify forward-looking statements. See "Risk Factors" and Note 1 to Financial Statements.

Item 1. Description of Business

Overview

Since its inception in November 1990, BioTime has been engaged primarily in research and development activities, which have culminated in the commercial launch of Hextend®, our lead product, and a clinical trial of PentaLyte®. Our operating revenues have been generated primarily from licensing fees and from royalties on the sale of Hextend. During October 2007, we entered the field of regenerative medicine where we plan to develop stem cell related products and technology for diagnostic, therapeutic and research use. Our ability to generate substantial operating revenue depends upon our success in developing and marketing or licensing our plasma volume expanders, stem cell products, and organ preservation solutions and technology for medical and research use.

Products for Stem Cell Research

On October 10, 2007, Michael D. West, Ph.D. became BioTime's new Chief Executive Officer. Dr. West will help spearhead BioTime's entry into the field of regenerative medicine by initiating the development of advanced human stem cell products and technology for diagnostic, therapeutic and research use. Regenerative medicine refers to therapies based on human embryonic stem ("hES") cell technology that are designed to rebuild cell and tissue function lost due to degenerative disease or injury. To further these ends, in December 2007, BioTime created a new, wholly-owned subsidiary called Embryome Sciences, Inc.™ ("Embryome Sciences"). Human embryonic stem cells are capable of becoming all of the thousands of different cell types in the body. Since embryonic stem cells can now be derived in a noncontroversial manner, they are increasingly likely to be utilized in a wide array of future therapies to restore the function of organs damaged by degenerative diseases such as heart failure, stroke, and diabetes. The future challenge for regenerative medicine is to navigate the complexity of human development and manufacture purified populations of desired cell types. Embryome Sciences represents the merger of new technologies in the field of genomics with the biology of embryonic stem cells to provide scientists with a detailed "roadmap" of the human developmental tree, the factors to push the cells into desired lineages, and tools to purify the desired cell types.

We believe that the development of products in the embryomics sector may allow Embryome Sciences to commercialize products more quickly, using less capital, than developing therapeutic products from stem cells. Embryome Sciences' plan is to market its products and services to companies and academic researchers in this growing industry to provide them with the tools they need to attain their goals.

The new BioTime subsidiary plans to launch several kinds of research products in the next two years. One such product is a commercial database that will provide the first detailed map of the embryome, thereby aiding researchers in navigating the complexities of human development and in identifying the many hundreds of cell types coming from embryonic stem cells. This map of the human and mouse embryome will take the form of a relational database that would permit researchers to chart the cell lineages of human development, the genes expressed in those cell types, and antigens present on the cell surface of those cells that can be used in purification. The relational database will be built using core software licensed, on an exclusive basis for this purpose, from Targeted Therapeutics Consulting, Inc., which currently operates a relational database for cancer therapy research and the development of anti-cancer drugs. When the new embryome database is operational, Embryome Sciences will provide researchers access to it through an internet website. Embryome Sciences plans to launch this web-based database in the second quarter of 2008. The new website may also be used to market stem cell research products developed by Embryome Sciences and by other companies.

In order to manufacture specific cell types from embryonic stem cells, researchers need to use factors that induce those cells to become a desired cell type. Embryome Sciences plans to develop growth and differentiation factors that can do this, and hopes to launch the first of these products beginning in 2008.

Another category of near-term embryomics products that Embryome Sciences will pursue, to be launched beginning in 2009, is a line of purification tools useful to researchers in quality control of products for regenerative medicine.

We, and our wholly-owned subsidiary Embryome Sciences, Inc., have signed a letter of intent with International Stem Cell Corporation and its wholly-owned subsidiary Lifeline Cell Technology (“Lifeline”) to jointly produce and distribute a wide array of research products from human embryonic stem cell technology. Embryome Sciences and Lifeline intend to jointly manufacture products serving the complex needs of this industry, including cells and related products that will allow researchers to identify and study the thousands of cell types that can be made from hES cells. Among these planned products are ESpy ™ cell lines (complex derivatives of hES cells that send beacons of light in response to the activation of particular genes). The progenitor cell lines will be produced and distributed in joint efforts utilizing Embryome Science’s proprietary “Embryomics™” technology, its future Embryome.com online database, and technology and approved hES cell lines licensed from the Wisconsin Alumni Research Foundation (WARF). Lifeline will contribute its manufacturing and quality control expertise, the use of its facilities, and use of Lifeline’s technologies.

The proposed collaboration among Lifeline, BioTime, and Embryome Sciences is subject to the execution of a definitive agreement.

Our ability to commercialize our planned stem cell research products is dependent upon the success of our research and development program, and our ability to obtain the capital needed for the financing of that program.

Plasma Volume Expanders and Related Products

Our first product, Hextend, is a physiologically balanced blood plasma volume expander, for the treatment of hypovolemia. Hypovolemia is a condition caused by low blood volume, often from blood loss during surgery or from injury. Hextend maintains circulatory system fluid volume and blood pressure and helps sustain vital organs during surgery. Hextend, approved for use in major surgery, is the only blood plasma volume expander that contains lactate, multiple electrolytes, glucose, and a medically approved form of starch called hetastarch. Hextend is sterile to avoid risk of infection. Health insurance reimbursements and HMO coverage now include the cost of Hextend used in surgical procedures.

We are also developing two other blood volume replacement products, PentaLyte® and HetaCool®, which, like Hextend, have been formulated to maintain the patient’s tissue and organ function by sustaining the patient’s fluid volume and physiological balance. We have conducted a Phase II clinical trial using PentaLyte in the treatment of hypovolemia in cardiac surgery. PentaLyte contains a lower molecular weight hydroxyethyl starch than Hextend, and is more quickly metabolized. PentaLyte is designed for use when short lasting volume expansion is desirable. Our ability to complete clinical studies of PentaLyte will depend on our cash resources and the costs involved, which are not presently determinable.

Hextend is being distributed in the United States and Canada by Hospira, Inc., and in South Korea by CJ Corp. (“CJ”) under exclusive licenses from us. Hospira also has the right to obtain regulatory approval and market Hextend in Latin America and Australia. Summit Pharmaceuticals International Corporation (“Summit”) has a license to develop Hextend and PentaLyte in Japan, the People’s Republic of China, and Taiwan. Summit has entered into sublicenses with Maruishi Pharmaceutical Co., Ltd. (“Maruishi”) to obtain regulatory approval, manufacture, and market Hextend in Japan, and Hextend and PentaLyte in China and Taiwan. See “Licensing” for more information about our licensing arrangements with Hospira, CJ and Summit.

We are also continuing to develop solutions for low temperature surgery. Once a sufficient amount of data from successful low temperature surgery has been compiled, we plan to seek permission to use Hextend as a complete replacement for blood under near-freezing conditions. We currently plan to market Hextend for complete blood volume replacement at very low temperatures under the registered trademark "HetaCool®" after FDA approval is obtained, although the time frame for such approval is presently uncertain.

BioTime scientists believe the HetaCool program has the potential to produce a product that could be used in very high fluid volumes (50 liters or more per procedure if HetaCool were used as a multi-organ donor preservation solution or to temporarily replace substantially all of the patient's circulating blood volume) in cardiovascular surgery, trauma treatment, and organ transplantation. However, the cost and time to complete the development of HetaCool, including clinical trials, cannot presently be determined.

Until such time as we are able to successfully commercialize any of the various projected regenerative medicine products and can complete the development of PentaLyte and HetaCool and enter into commercial license agreements for those products and additional foreign commercial license agreements for Hextend, we will depend upon royalties from the sale of Hextend by Hospira and CJ as our principal source of revenues.

The amount and pace of research and development work that we can do or sponsor, and our ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of products, depends upon the amount of money we have. Future research and clinical study costs are not presently determinable due to many factors, including the inherent uncertainty of these costs and the uncertainty as to timing, source, and amount of capital that will become available for these projects. We have already curtailed the pace of our product development efforts due to the limited amount of funds available, and we may have to postpone further laboratory and clinical studies, unless our cash resources increase through growth in revenues, the completion of licensing agreements, additional equity investment, borrowing or third party sponsorship.

Hextend®, PentaLyte®, and HetaCool® are registered trademarks of BioTime.

The Market for Plasma Volume Expanders

We are developing Hextend, PentaLyte, HetaCool and other synthetic plasma expander solutions to treat acute blood loss that occurs as a result of trauma injuries and during many kinds of surgery. These products are synthetic, can be sterilized, and can be manufactured in large volumes. Hextend, PentaLyte, and HetaCool contain constituents that may maintain physiological balance when used to replace lost blood volume.

Hextend is also currently being used to treat hypovolemia subsequent to trauma or low blood pressure due to shock by emergency room physicians. After appropriate clinical testing and regulatory approval, it may be used by paramedics to treat acute blood loss in trauma victims being transported to the hospital. Hextend is part of the Tactical Combat Casualty Care protocol and has been purchased by the U.S. Armed Forces through intermittent large volume orders.

Approximately 10,000,000 surgeries take place in the United States each year, and blood transfusions are required in approximately 3,000,000 of those cases. Transfusions are also required to treat patients suffering severe blood loss due to traumatic injury. Many more surgical and trauma cases do not require blood transfusions but do involve significant bleeding that can place the patient at risk of suffering from shock caused by the loss of fluid volume (hypovolemia) and physiological balance. Whole blood and packed red cells generally cannot be administered to a patient until the patient's blood has been typed and sufficient units of compatible blood or red cells can be located. Periodic shortages of supply of donated human blood are not uncommon, and rare blood types are often difficult to locate. The use of human blood products also poses the risk of exposing the patient to blood-borne diseases such as AIDS and hepatitis.

Due to the risks and cost of using human blood products, even when a sufficient supply of compatible blood is available, physicians treating patients suffering blood loss are generally not permitted to transfuse red blood cells until the patient's level of red blood cells has fallen to a level known as the "transfusion trigger." During the course of surgery, while blood volume is being lost, the patient is infused with plasma volume expanders to maintain adequate blood circulation. During the surgical procedure, red blood cells are not generally replaced until the patient has lost approximately 45% to 50% of his or her red blood cells, thus reaching the transfusion trigger at which point the transfusion of red blood cells may be required. After the transfusion of red blood cells, the patient may continue to experience blood volume loss, which will be replaced with plasma volume expanders. Even in those patients who do not require a transfusion, physicians routinely administer plasma volume expanders to maintain sufficient fluid volume to permit the available red blood cells to circulate throughout the body and to maintain the patient's physiological balance.

Several units of fluid replacement products are often administered during surgery. The number of units will vary depending upon the amount of blood loss and the kind of plasma volume expander administered. Crystalloid products must be used in larger volumes than colloid products such as Hextend.

The Market for Products for Hypothermic Surgery

More than 400,000 coronary bypass and other open-heart surgeries are performed in the United States each year. Current estimates indicate that more than one million people over age 55 have pathological changes associated with the aortic arch. Open-heart procedures often require the use of cardio-pulmonary bypass equipment to do the work of the heart and lungs during the surgery. During open-heart surgery and surgical procedures for the treatment of certain cardiovascular conditions such as large aneurysms, cardiovascular abnormalities and damaged blood vessels in the brain, surgeons must temporarily interrupt the flow of blood through the body. Interruption of blood flow can be maintained only for short periods of time at normal body temperatures because many critical organs, particularly the brain, are quickly damaged by the resultant loss of oxygen. As a result, certain surgical procedures are performed at low temperatures because lower body temperature helps to minimize the chance of damage to the patient's organs by reducing the patient's metabolic rate, thereby decreasing the patient's needs during surgery for oxygen and nutrients that normally flow through the blood.

Current technology limits the degree to which surgeons can lower a patient's temperature and the amount of time the patient can be maintained at a low body temperature because blood, even when diluted, cannot be circulated through the body at near-freezing temperatures. As a result, surgeons face severe time constraints in performing surgical procedures requiring blood flow interruption, and those time limitations prevent surgeons from correcting certain cardiovascular abnormalities.

Uses and Benefits of Hextend, PentaLyte and HetaCool

Our first three blood volume replacement products, Hextend, PentaLyte, and HetaCool, have been formulated to maintain the patient's tissue and organ function by sustaining the patient's fluid volume and physiological balance. Hextend, PentaLyte, and HetaCool are composed of a hydroxyethyl starch, electrolytes, sugar and lactate in an aqueous base. Hextend and HetaCool use a high molecular weight hydroxyethyl starch (hetastarch) whereas PentaLyte uses a lower, molecular weight hydroxyethyl starch (pentastarch). The hetastarch is retained in the blood longer than the pentastarch, which may make Hextend and HetaCool the products of choice when a larger volume of plasma expander or blood replacement solution for low temperature surgery is needed, or where the patient's ability to restore his own blood proteins after surgery is compromised. PentaLyte, with pentastarch, would be eliminated from the blood faster than Hextend and HetaCool and might be used when less plasma expander is needed or where the patient is more capable of quickly restoring lost blood proteins. We believe that by testing and bringing these products to the market, we can increase our market share by providing the medical community with solutions to match patients' needs.

Certain clinical test results indicate that Hextend is effective at maintaining blood calcium levels when used to replace lost blood volume. Calcium can be a significant factor in regulating blood clotting and cardiac function. Clinical studies have also shown that Hextend maintains acid-base better than saline-based surgical fluids. We expect that PentaLyte will also be able to maintain blood calcium levels and acid-base balance based upon the fact that the electrolyte formulation of PentaLyte is identical to that of Hextend.

Albumin produced from human plasma is also used as plasma volume expander, but it is expensive and subject to supply shortages. Additionally, an FDA warning has cautioned physicians about the risk of administering albumin to seriously ill patients.

We have not attempted to synthesize potentially toxic and costly oxygen-carrying molecules such as hemoglobin because the loss of fluid volume and physiological balance may contribute as much to shock as the loss of the oxygen-carrying component of the blood. Surgical and trauma patients are routinely given supplemental oxygen and retain a substantial portion of their own red blood cells. Whole blood or packed red blood cells are generally not transfused during surgery or in trauma care until several units of plasma volume expanders have been administered and the patient's blood cell count has fallen to the transfusion trigger. Therefore, the lack of oxygen-carrying molecules in BioTime solutions should not pose a significant contraindication to use.

However, our scientists have conducted laboratory animal experiments in which they have shown that Hextend can be successfully used in conjunction with a hemoglobin-based oxygen carrier solution approved for veterinary purposes to completely replace the animal's circulating blood volume without any subsequent transfusion and without the use of supplemental oxygen. By diluting these oxygen carrier solutions, Hextend may reduce the potential toxicity and costs associated with the use of those products. Once such solutions have received regulatory approval and become commercially available, this sort of protocol may prove valuable in markets in parts of the developing world where the blood supply is extremely unsafe. These applications may also be useful in combat where logistics make blood use impracticable.

Hextend is our proprietary hetastarch-based synthetic blood plasma volume expander, designed especially to treat hypovolemia in surgery where patients experience significant blood loss. An important goal of the Hextend development program was to produce a product that can be used in multi-liter volumes. The safety related secondary endpoints targeted in the U.S. clinical study included those involving coagulation. We believe that the low incidence of adverse events related to blood clotting in the Hextend patients demonstrates that Hextend may be safely used in amounts exceeding 1.5 liters. An average of 1.6 liters of Hextend was used in the Phase III clinical trials, with an average of two liters for patients who received transfused blood products.

Hextend is also being used in surgery with cardio-pulmonary bypass circuits. In order to perform heart surgery, the patient's heart must be stopped and a mechanical apparatus is used to oxygenate and circulate the blood. The cardio-pulmonary bypass apparatus requires a blood compatible fluid such as Hextend to commence and maintain the process of diverting the patient's blood from the heart and lungs to the mechanical oxygenator and pump. In a clinical trial conducted in 2001, cardiac surgery patients treated with Hextend, maintained more normal kidney function, experienced less pain and nausea, showed less deep venous thrombosis, avoided dialysis, and had shorter delay times to first meal compared to those treated with other fluids.

PentaLyte is our proprietary pentastarch-based synthetic plasma expander, designed especially for use when a faster elimination of the starch component is desired and acceptable. Although Hextend can be used in these cases, some physicians appear to prefer a solution which can be metabolized faster and excreted earlier when the longer term protection provided by Hextend is not required. PentaLyte combines the physiologically balanced Hextend formulation with pentastarch that has a lower molecular weight and degree of substitution than the hetastarch used in Hextend. Plasma expanders containing pentastarch are currently widely used around the world. Our present plan is to seek approval of PentaLyte for use in the treatment of hypovolemia. We have conducted a Phase II clinical study using PentaLyte in cardiac surgery for that purpose.

HetaCool is a modified formulation of Hextend. HetaCool is specifically designed for use at low temperatures. Surgeons are already using Hextend and a variety of other solutions to carry out certain limited procedures involving shorter term (up to nearly one hour) arrest of brain and heart function at temperatures between 15^{o} and 25^{o} C. However, we are not aware of any fluid currently used in medical practice or any medically approved protocol allowing operations that can completely replace all of a patient's blood at temperatures close to the ice point. We believe that very low temperature bloodless surgical techniques could be developed for open heart and minimally invasive closed chest cardiovascular surgeries, removal of tumors from and the repair of aneurysms in the brain, heart, and other areas, as well as in the treatment of trauma, toxicity and cancer.

In medical use, HetaCool would be introduced into the patient's body during the cooling process. Once the patient's body temperature is nearly ice cold, and heart and brain function are temporarily arrested, the surgeon would perform the operation. During the surgery, HetaCool may be circulated throughout the body in place of blood, or the circulation may be arrested for a period of time if an interruption of fluid circulation is required. Upon completion of the surgery, the patient would be slowly warmed and blood would be transfused.

Hextend has already been used to partially replace blood during cancer surgery in which a patient's body temperature was lowered to 15ºC and his heart was stopped for 27 minutes while the tumor was removed. The patient recovered without incident, and a case study of the procedure was published in the April 2002 issue of the *Canadian Journal of Anesthesia*. Hypothermic techniques may also have an important use in treating trauma patients that have experienced severe blood loss. We have conducted a research program using HetaCool in animal models of trauma at the State University of New York Health Science Center in Brooklyn. Laboratory results there have already supported the feasibility of using HetaCool to treat subjects following severe hemorrhage.

Organ Transplant Products

The Market for Organ Preservation Solutions

Organ transplant surgery is a growing field. Each year in the United States, approximately 5,000 donors donate organs, and approximately 5,000 people donate skin, bone and other tissues. As more surgeons have gained the necessary expertise, and surgical methods have been refined, the number of transplant procedures has increased, as has the percentage of successful transplants. Organ transplant surgeons and their patients face two major obstacles: the shortage of available organs from donors, and the limited amount of time that a transplantable organ can be kept viable between the time it is harvested from the donor and the time it is transplanted into the recipient.

The scarcity of transplantable organs makes them too precious to lose and increases the importance of effective preservation technology and products. Current organ removal and preservation technology generally requires multiple preservation solutions to remove and preserve effectively different groups of organs. The removal of one organ can impair the viability of other organs. Available technology does not permit surgeons to keep the remaining organs viable within the donor's body for a significant time after the first organ is removed. Currently, an organ available for transplant is flushed with an ice-cold solution during the removal process to deactivate the organ and preserve its tissues, and then the organ is transported on ice to the recipient. The ice-cold solutions currently used, together with transportation on ice, keep the organ healthy for only a short period of time. For example, the storage time for hearts is limited to approximately six hours. Because of the short time span available for removal and transplant of an organ, potential organ recipients may not receive the needed organs.

We are seeking to address this problem by developing a more effective organ preservation solution that will permit surgeons to harvest all transplantable organs from a single donor. We believe that preserving the viability of all transplantable organs and tissues simultaneously, at low temperatures, would extend by several hours the time span in which the organs can be preserved prior to transplant.

Using HetaCool for Multi-Organ Preservation

We are seeking to develop HetaCool for use as a single solution that can simultaneously preserve all of a single donor's organs. When used as an organ preservation solution, HetaCool would be perfused into the donor's body while the body is chilled, thereby eliminating an undesirable condition called "warm ischemia," caused when an organ is warm while its blood supply is interrupted. The use of HetaCool in conjunction with the chilling of the body should help to slow down the process of organ deterioration by a number of hours so that a surgeon can remove all organs for donation and transplant. We currently estimate that each such preservation procedure could require as much as 50 liters of HetaCool.

We believe that the ability to replace an animal's blood with HetaCool, to maintain the animal at near freezing temperatures for several hours, and then revive the animal, would demonstrate that the solution could be used for human multi-organ preservation. BioTime scientists have revived animals after more than six hours of cold blood-substitution, and have observed heart function in animals maintained cold and blood-substituted for more than eight hours. An objective of our research and development program is to extend the time span in which animal subjects can be maintained in a cold, blood-substituted state before revival or removal of organs for transplant purposes. Organ transplant procedures using animal subjects could then be conducted to test the effectiveness of Hextend as an organ preservative.

Long-term Tissue and Organ Banking

The development of marketable products and technologies for the preservation of tissues and vital organs for weeks and months is a long-range goal of our research and development plan. To permit such long-term organ banking we are attempting to develop products and technologies that can protect tissues and organs from the damage that occurs when human tissues are subjected to subfreezing temperatures.

HetaFreeze® is one of a family of BioTime freeze-protective solutions that may ultimately allow the extension of time during which organs and tissues can be stored for future transplant or surgical grafting. In laboratory experiments, our proprietary freeze-protective compounds have already been used to preserve skin. Silver dollar-sized full thickness shaved skin samples have been removed after saturation with HetaFreeze solution, frozen at liquid nitrogen temperatures and stored for periods ranging from days to weeks. The grafts were then warmed and sewn onto the backs of host animals. Many of these grafts survived. In other experiments, rat femoral arteries were frozen to liquid nitrogen temperatures, later thawed and then transplanted into host rats. These grafts were proven to last up to four months. The work was published in the October 2002 issue of the *Annals of Plastic Surgery*.

We have also developed a patent pending devise for hyperbaric freezing and thawing of tissues in a manner that might reduce or eliminate structural damage to the cells or tissue samples. This technology may have application in biological and medical research and in the storage of cells and tissues for medical use.

Our scientists have also shown that animals can be revived to consciousness after partial freezing with their blood replaced by HetaFreeze. While this technology has not developed to an extent that allows long term survival of the laboratory subjects and their organs, a better understanding of the effects of partial freezing could allow for extended preservation times for vital organs, skin and blood vessels.

Research and Development Strategy

Plasma Volume Expanders and Organ Preservation Solutions

The greatest portion of our research and development efforts has been devoted to the development of Hextend, PentaLyte and HetaCool for conventional surgery, emergency care, low temperature surgery, and multi-organ preservation. A lesser portion of our research and development efforts have been devoted to developing solutions and protocols for storing organs and tissues at subfreezing temperatures. As the first products achieve market entry, more effort will be expended to bring the next tier of products to maturity.

Experiments intended to test the efficacy of our low temperature blood replacement solutions involve replacing the animal's blood with our solution, maintaining the animal in a cold blood-substituted state for a period of time, and then attempting to revive the animal. An integral part of that effort has been the development of techniques and procedures or "protocols" for use of our products at low temperatures. A substantial amount of data has been accumulated through animal tests, including the proper surgical techniques, drugs and anesthetics, the temperatures and pressures at which blood and blood replacement solutions should be removed, restored and circulated, solution volume, the temperature range, and times, for maintaining circulatory arrest, and the rate at which the subject should be rewarmed.

We have also done research for the development of products for low temperature preservation of tissues and cells. This area of research includes our work with HetaFreeze and a patent pending device for hyperbaric freezing and thawing of tissues in a manner that might reduce or eliminate structural damage to the cells or tissue samples.

We have been also conducting two collaborative research programs at the University of California at Berkeley. One program is testing our solutions and protocols designed for organ preservation, and the other program is an interventive gerontology project focused on the identification of specific factors central to aging of the brain and the development of medical and pharmacological strategies to treat senescence-related consequences. To date this collaborative research has led to three journal articles. One study, the results of which were published in Neuroendocrinology Letters and in Mechanisms of Aging and Development, demonstrated that a loss of hypothalamic estrogen-binding cells in females may play a role in reproductive aging. The other study, the results of which were published in the International Journal of Developmental Neuroscience in 2007, indicated that the loss of insulin-like Growth Factor Receptor-1 containing cells, within specific hypothalamic areas, may play a key role in aging. As funding permits, we may conduct further research to better understand the cause and effect of these age-related degenerative conditions, and to identify possible therapies that may be developed through the use of hES cell technology.

We intend to continue to foster relations with research hospitals and medical schools for the purpose of conducting collaborative research projects because we believe that such projects will introduce our potential products to members of the medical profession and provide us with objective product evaluations from independent research physicians and surgeons.

Stem Cell Research Products

In addition to our work with plasma volume expanders and organ preservation solutions, we plan to focus on near-term commercialization opportunities presented by stem cell research programs. We believe that the development of products for use in stem cell research provides an opportunity to commercialize products more quickly, using less capital, than developing therapeutic products. Our plan is to market to companies and academic researchers in the stem cell industry some of the tools they need to attain their goals.

We are conducting our stem cell research product business through our recently organized subsidiary, Embryome Sciences, Inc. We plan to launch several kinds of research products in the next two years. One such product is a commercial embryome database that will provide a map that researchers may use to navigate the complexities of human development and to identify the many hundreds of cell types coming from hES cells. Like the field of "genomics," where companies mapped the human DNA, we believe that there is an important need for a map of the human "embryome" in stem cell research. This map would take the form of a relational data base that would permit researchers to chart the cell lineages of human development, the genes expressed in those cell types, and antigens present on the cell surface of those cells that can be used in purification. We plan to launch this web-based database in the early part of 2008.

We also plan to develop growth and differentiation factors, and hope to launch the first of these products beginning in 2008. In order to manufacture specific cell types from hES cells, researchers need to use factors that signal to hES cells to become a desired cell type. We may market these reagents from a new BioTime website.

Another category of near-term products that we plan to develop includes purification ligands useful to researchers in purification and quality control analysis of products in regenerative medicine. We hope to be able to launch the first of these products in 2009.

We, and our wholly-owned subsidiary Embryome Sciences, Inc., have signed a letter of intent with International Stem Cell Corporation and its wholly-owned subsidiary Lifeline Cell Technology (“Lifeline”) to jointly produce and distribute a wide array of research products from human embryonic stem cell technology. Embryome Sciences and Lifeline intend to jointly manufacture products serving the complex needs of this industry, including cells and related products that will allow researchers to identify and study the thousands of cell types that can be made from hES cells. Among these planned products are ESpy ™ cell lines (complex derivatives of hES cells that send beacons of light in response to the activation of particular genes). The progenitor cell lines will be produced and distributed in joint efforts utilizing Embryome Science’s proprietary “Embryomics™” technology, its future Embryome.com online database, and technology and approved hES cell lines licensed from the Wisconsin Alumni Research Foundation (WARF). Lifeline will contribute its manufacturing and quality control expertise, the use of its facilities, and use of Lifeline’s technologies.

The proposed collaboration among Lifeline, BioTime, and Embryome Sciences is subject to the execution of a definitive agreement.

We have obtained a license from the Wisconsin Alumni Research Foundation to use their patented technology and cell lines in our research program. See “Patents and Trade Secrets—Licensed Patents.” We may seek to obtain licenses to additional stem cell technology for use in developing new stem cell products, and we may also enter into collaborative product development arrangements with other companies in the stem cell industry if such opportunities arise on terms acceptable to us.

Licensing

Hospira

Hospira has the exclusive right to manufacture and sell Hextend in the United States, Canada, Latin America and Australia under a license agreement with us. Hospira is presently marketing Hextend in the United States. Hospira’s license applies to all therapeutic uses other than those involving hypothermic surgery where the patient’s body temperature is lower than 12°C (“Hypothermic Use”), or replacement of substantially all of a patient’s circulating blood volume (“Total Body Washout”).

Hospira pays us a royalty on total annual net sales of Hextend. The royalty rate is 5% plus an additional .22% for each $1,000,000 of annual net sales, up to a maximum royalty rate of 36%. The royalty rate for each year is applied on a total net sales basis. Hospira’s obligation to pay royalties on sales of Hextend will expire on a country by country basis when all patents protecting Hextend in the applicable country expire and any third party obtains certain regulatory approvals to market a generic equivalent product in that country. The relevant composition patents begin to expire in 2014 and the relevant methods of use patents expire in 2019.

We have the right to convert Hospira's exclusive license to a non-exclusive license or to terminate the license outright if certain minimum sales and royalty payments are not met. In order to terminate the license outright, we would pay a termination fee in an amount ranging from the milestone payments we received to an amount equal to three times prior year net sales, depending upon when termination occurs. Hospira has agreed to manufacture Hextend for sale by us in the event that the exclusive license is terminated.

Hospira has certain rights to acquire additional licenses to manufacture and sell our other plasma expander products in their market territory. If Hospira exercises these rights to acquire a license to sell such products for uses other than Hypothermic Surgery or Total Body Washout, in addition to paying royalties, Hospira will be obligated to pay a license fee based upon our direct and indirect research, development and other costs allocable to the new product. If Hospira desires to acquire a license to sell any of our products for use in Hypothermic Surgery or Total Body Washout, the license fees and other terms of the license will be subject to negotiation between the parties. For the purpose of determining the applicable royalty rates, net sales of any such new products licensed by Hospira will be aggregated with sales of Hextend. If Hospira does not exercise its right to acquire a new product license, we may manufacture and sell the product ourselves or we may license others to do so.

Hospira supplied us with batches of PentaLyte for our clinical trial, and performed characterization and stability studies, and other regulatory support needed for our clinical studies. The foregoing description of the Hospira license agreement is a summary only and is qualified in all respects by reference to the full text of that license agreement.

CJ Corp.

CJ markets Hextend in South Korea under an exclusive license from us. CJ paid us a license fee to acquire their right to market Hextend. CJ also pays us a royalty on sales of Hextend. The royalty will range from $1.30 to $2.60 per 500 ml unit of product sold, depending upon the price approved by Korea's National Health Insurance. CJ is also responsible for obtaining the regulatory approvals required to manufacture and market PentaLyte, including conducting any clinical trials that may be required, and will bear all related costs and expenses.

The foregoing description of the CJ license is a summary only and is qualified in all respects by reference to the full text of the CJ license agreement.

Summit

We have entered into agreements with Summit to develop Hextend and PentaLyte in Japan, the People's Republic of China, and Taiwan. Summit has sublicensed to Maruishi the right to manufacture and market Hextend in Japan, and the right to manufacture and market Hextend and PentaLyte in China and Taiwan. The licenses do not include Hypothermic Use.

Under the sublicense, Maruishi will complete clinical trials required and obtain regulatory approval to market the licensed products. Summit will also participate in the clinical trial and regulatory approval process. A Phase II clinical trial using Hextend in surgery is presently being conducted in Japan, and if the results are favorable, Summit plans to begin a Phase III trial during 2008. Maruishi will not be obligated to begin to seek regulatory approval of Hextend or PentaLyte in China and Taiwan earlier than six months after the results of the Phase II study of Hextend in Japan or our Phase II study of PentaLyte in the United States are made available to them, or March 2009, whichever is later.

The revenues from licensing fees, royalties, and net sales, and any other payments made for co-development, manufacturing, or marking rights to Hextend and PentaLyte in Japan will be shared between BioTime and Summit as follows: 40% to us and 60% to Summit. Net sales means the gross revenues from the sale of a product, less rebates, discounts, returns, transportation costs, sales taxes and import/export duties.

Summit paid us fees for the right to co-develop Hextend and PentaLyte in Japan, and Summit has also paid us a share of a sublicense fee payment from Maruishi. Additional milestone payments of 100,000,000 yen each, of which BioTime will receive 40%, are payable by Maruishi to Summit when a new drug application for Hextend is filed in Japan and when the new drug application is approved. The filing of a new drug application in Japan will not be done until clinical trials are completed, which could take several years. We will also be entitled to receive 40% of the royalties paid by Maruishi to Summit on sales in Japan. Royalties will range from 12% to 20% of net sales, depending upon the amount of Hextend sold. The royalty rates are subject to reduction if Summit does not complete its participation in Phase III trials of Hextend and the new drug application, or if Summit elects to co-market Hextend in Japan. However, if Summit sells Hextend, we will also be entitled to receive 40% of Summit's net sales revenues.

We will pay to Summit 8% of all net royalties that we receive from the sale of PentaLyte in the United States, plus 8% of any license fees that we receive in consideration of granting a license to develop, manufacture and market PentaLyte in the United States. Net royalties means royalty payments received during a calendar year, minus the following costs and expenses incurred during such calendar year: (a) all taxes assessed (other than taxes determined with reference to our net income) and credits given or owed by us in connection with the receipt of royalties on the sale of PentaLyte in the United States, and (b) all fees and expenses payable by us to the United States Food and Drug Administration (directly or as a reimbursement of any licensee) with respect to PentaLyte. In the case of license fees received from Hospira based upon the combined sale of PentaLyte and Hextend, the portion of that license fee that will be deemed to be a paid on account of the sale of PentaLyte will be determined by multiplying the total license fee paid by a fraction, the numerator of which will be the total net sales of PentaLyte in the United States for the applicable period and the denominator of which shall be the total net sales of Hextend and PentaLyte in the United States for the same period.

Summit paid us a fee to acquire the China and Taiwan license. We also will be entitled to receive 50% of the royalties and milestone payments payable to Summit by its third-party sublicensee, Maruishi. Milestone payments of 20,000,000 yen are payable by Maruishi when the first new drug application for Hextend is filed and when the first clinical study of PentaLyte begins under the sublicense. An additional milestone payment of 30,000,000 yen is payable by Maruishi when the first new drug application for PentaLyte is filed under the sublicense.

The foregoing description of the Summit agreement is a summary only and is qualified in all respects by reference to the full text of the Summit agreements.

Other Licensing Efforts

We are discussing prospective licensing arrangements with other pharmaceutical companies that have expressed their interest in marketing our products abroad. In licensing arrangements that include marketing rights, the participating pharmaceutical company would be entitled to retain a large portion of the revenues from sales to end users and would pay us a royalty on net sales. There is no assurance that any such licensing arrangements can be made.

Manufacturing

Manufacturing Arrangements

Hospira manufactures Hextend for use in the North American market, and CJ manufactures Hextend for use in South Korea. NPBI International, BV, a Netherlands company ("NPBI"), has manufactured batches of Hextend for our use in seeking regulatory approval in Europe. Hospira, CJ, and NPBI have the facilities to manufacture Hextend and other BioTime products in commercial quantities. If Hospira and CJ choose not to manufacture and market PentaLyte or other BioTime products, and if NPBI declines to manufacture BioTime products on a commercial basis, other manufacturers will have to be found that would be willing to manufacture products for us or any licensee of our products.

Facilities Required - Plasma Volume Expanders

Any products that are used in clinical trials for regulatory approval in the United States or abroad, or that are approved by the FDA or foreign regulatory authorities for marketing, have to be manufactured according to "good manufacturing practices" ("GMP") at a facility that has passed regulatory inspection. In addition, products that are approved for sale will have to be manufactured in commercial quantities, and with sufficient stability to withstand the distribution process, and in compliance with such domestic and foreign regulatory requirements as may be applicable. The active ingredients and component parts of the products must be medical grade or themselves manufactured according to FDA-acceptable "good manufacturing practices."

We do not have facilities to manufacture our plasma volume expander products in commercial quantities, or under "good manufacturing practices." Acquiring a manufacturing facility would involve significant expenditure of time and money for design and construction of the facility, purchasing equipment, hiring and training a production staff, purchasing raw material and attaining an efficient level of production. Although we have not determined the cost of constructing production facilities that meet FDA requirements, we expect that the cost would be substantial, and that we would need to raise additional capital in the future for that purpose. To avoid the incurrence of those expenses and delays, we are relying on Hospira and CJ for the production of Hextend, but there can be no assurance that satisfactory arrangements will be made for any new products that we may develop.

Facilities Required—Stem Cell Products

We recently acquired, under a sublease, an 11,000 square foot tissue culture facility in Alameda, California. The facility is GMP capable and has previously been certified as Class 1000 and Class 10,000 laboratory space, and includes cell culture and manufacturing equipment previously validated for use in GMP manufacture of cell based products. Our subsidiary, Embryome Sciences, Inc., will use the facility for the production of embryonic progenitor cells, progenitor cell lines, and products derived from those embryonic progenitor cell lines.

Raw Materials

Although most ingredients in the products we are developing are readily obtainable from multiple sources, we know of only a few manufacturers of the hydroxyethyl starches that serve as the primary drug substance in Hextend, PentaLyte and HetaCool. Hospira and CJ presently have a source of supply of the hydroxyethyl starch used in Hextend, PentaLyte and HetaCool, and have agreed to maintain a supply sufficient to meet market demand for Hextend in the countries in which they market the product. We believe that we will be able to obtain a sufficient supply of starch for our needs in the foreseeable future, although we do not have supply agreements in place. If for any reason a sufficient supply of hydroxyethyl starch could not be obtained, we or a licensee would have to acquire a manufacturing facility and the technology to produce the hydroxyethyl starch according to good manufacturing practices. We would have to raise additional capital to participate in the development and acquisition of the necessary production technology and facilities, which may not be feasible.

If arrangements cannot be made for a source of supply of hydroxyethyl starch, we would have to reformulate our solutions to use one or more other starches that are more readily available. In order to reformulate our products, we would have to perform new laboratory testing to determine whether the alternative starches could be used in a safe and effective synthetic plasma volume expander, low temperature blood substitute or organ preservation solution. If needed, such testing would be costly to conduct and would delay our product development program, and there is no certainty that any such testing would demonstrate that an alternative ingredient, even if chemically similar to the one currently used, would be as safe or effective.

Marketing

Plasma Volume Expanders

Hextend is being distributed in the United States by Hospira and in South Korea by CJ under exclusive licenses from us. Hospira also has the right to obtain licenses to manufacture and sell other BioTime products. We have granted Hospira the right to market Hextend in Latin America and Australia, we have granted CJ the right to market PentaLyte in South Korea, and we have licensed to Summit the right to market Hextend and PentaLyte in Japan, China and Taiwan, but our licensees will have to first obtain the foreign regulatory approvals required to sell our product in those countries.

Because Hextend is a surgical product, sales efforts must be directed to physicians and hospitals. The Hextend marketing strategy is designed to reach its target customer base through sales calls and an advertising campaign focused on the use of a plasma-like substance to replace lost blood volume and the ability of Hextend to support vital physiological processes.

Hextend competes with other products used to treat or prevent hypovolemia, including albumin, generic 6% hetastarch solutions, and crystalloid solutions. The competing products have been commonly used in surgery and trauma care for many years, and in order to sell Hextend, physicians must be convinced to change their product loyalties. Although albumin is expensive, crystalloid solutions and generic 6% hetastarch solutions sell at low prices. In order to compete with other products, particularly those that sell at lower prices, Hextend will have to be recognized as providing medically significant advantages.

The FDA has required the manufacturers of 6% hetastarch in saline solutions to change their product labeling by adding a warning stating that those products are not recommended for use as a cardiac bypass prime solution, or while the patient is on cardiopulmonary bypass, or in the immediate period after the pump has been disconnected. We have not been required to add that warning to the labeling of Hextend. An article discussing this issue entitled "6% Hetastarch in Saline Linked to Excessive Bleeding in Bypass Surgery" appeared in the December 2002 edition of *Anesthesiology News*. We understand that a number of hospitals have switched from 6% hetastarch in saline to Hextend due to these concerns.

As part of the marketing program, a number of studies have been conducted that show the advantages of receiving Hextend and other BioTime products during surgery. As these studies are completed, the results are presented at medical conferences and articles written for publication in medical journals. We are also aware of independent studies using Hextend that are being conducted by physicians and hospitals who may publish their findings in medical journals or report their findings at medical conferences. The outcome of future medical studies and timing of the publication or presentation of the results could have an effect on Hextend sales.

Stem Cell Research Products

In addition to our work with plasma volume expanders and organ preservation solutions, we plan to focus on near-term commercialization opportunities presented by stem cell research programs. We believe that the development of products for use in stem cell research provides an opportunity to commercialize products more quickly, using less capital, than developing therapeutic products. Our plan is to market to companies and academic researchers in the stem cell industry some of the tools they need to attain their goals.

We are conducting our stem cell research product business through our recently organized subsidiary, Embryome Sciences, Inc. One of our first product goals for Embryome Sciences is the development and launch of a relational data base database that will provide a map that researchers may use to navigate the complexities of human development and to identify the many hundreds of cell types coming from hES cells. The relational database will be built using core software licensed, on an exclusive basis for this purpose, from Targeted Therapeutics Consulting, Inc., which currently operates a relational database for cancer therapy research and the development of anti-cancer drugs. When the new embryome database is operational, Embryome Sciences will provide researchers access to it through an internet website. Embryome Sciences plans to launch this web-based database in the second quarter of 2008. The new website may also be used to market other stem cell research products developed by Embryome Sciences and by other companies.

Our ability to commercialize our planned stem cell research products is dependent upon the success of our research and development program, and our ability to obtain the capital needed for the financing of that program. We may also enter into collaborative product development and marketing arrangements with other companies in the stem cell industry if such opportunities arise on terms acceptable to us.

Government Regulation

The FDA and foreign regulatory authorities will regulate our proposed products as drugs, biologicals, or medical devices, depending upon such factors as the use to which the product will be put, the chemical composition and the interaction of the product on the human body. In the United States, products that are intended to be introduced into the body, such as blood substitute solutions for low temperature surgery and plasma expanders, will be regulated as drugs and will be reviewed by the FDA staff responsible for evaluating biologicals.

Our domestic human drug products will be subject to rigorous FDA review and approval procedures. After testing in animals, an Investigational New Drug Application (IND) must be filed with the FDA to obtain authorization for human testing. Extensive clinical testing, which is generally done in three phases, must then be undertaken at a hospital or medical center to demonstrate optimal use, safety and efficacy of each product in humans. Each clinical study is conducted under the auspices of an independent Institutional Review Board ("IRB"). The IRB will consider, among other things, ethical factors, the safety of human subjects and the possible liability of the institution. The time and expense required to perform this clinical testing can far exceed the time and expense of the research and development initially required to create the product. No action can be taken to market any therapeutic product in the United States until an appropriate New Drug Application ("NDA") has been approved by the FDA. Even after initial FDA approval has been obtained, further studies may be required to provide additional data on safety or to gain approval for the use of a product as a treatment for clinical indications other than those initially targeted. In addition, use of these products during testing and after marketing could reveal side effects that could delay, impede or prevent FDA marketing approval, resulting in a FDA-ordered product recall, or in FDA-imposed limitations on permissible uses.

The FDA regulates the manufacturing process of pharmaceutical products, requiring that they be produced in compliance with "good manufacturing practices." See "Manufacturing." The FDA also regulates the content of advertisements used to market pharmaceutical products. Generally, claims made in advertisements concerning the safety and efficacy of a product, or any advantages of a product over another product, must be supported by clinical data filed as part of an NDA or an amendment to an NDA, and statements regarding the use of a product must be consistent with the FDA approved labeling and dosage information for that product.

Sales of pharmaceutical products outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Even if FDA approval has been obtained, approval of a product by comparable regulatory authorities of foreign countries must be obtained prior to the commencement of marketing the product in those countries. The time required to obtain such approval may be longer or shorter than that required for FDA approval.

California Proposition 71

In November 2004, California State Proposition 71 ("Prop. 71"), the California Stem Cell Research and Cures Initiative, was adopted by state-wide referendum. Prop. 71 provides for a state-sponsored program designed to encourage stem cell research in the State of California, and to finance such research with State funds totaling approximately $295 million annually for 10 years beginning in 2005. This initiative creates the California Institute for Regenerative Medicine, which will provide grants, primarily but not exclusively, to academic institutions to advance both hES cell research and adult stem cell research. The implementation of Prop. 71 is being challenged in several lawsuits filed in 2005. As stated above, hES cell research is now one of our primary areas of focus. It is unclear whether we are eligible to directly receive Prop. 71 generated funds. However, we intend to apply for any funding that becomes available. We also expect to benefit from collaborations with academic and other institutions eligible for Prop. 71 funding for research in the use of hES cells for various diseases and conditions. Generally, hES cell research does not qualify for federal funding due to restrictions on embryonic stem cell research. Prop. 71 is specifically targeting research in the embryonic stem cell field. We consider government support to be important confirmation of the quality of our technology, but do not rely on government programs as a significant source of financial support.

Patents and Trade Secrets

We currently hold 25 issued United States patents having composition and methods of use claims covering our proprietary solutions, including Hextend and PentaLyte. The most recent U.S. patents were issued during 2002. Some of our allowed claims in the United States, which include the composition and methods of use of Hextend and PentaLyte, are expected to remain in force until 2014 in the case of the composition patents and 2019 in the case of the methods of use patents. Patents covering certain of our solutions have also been issued in several countries of the European Union, Australia, Israel, Russia, South Africa, South Korea, Japan, China, Hong Kong, Taiwan and Singapore, and we have filed patent applications in other foreign countries for certain products, including Hextend, HetaCool, and PentaLyte. Certain device patents describing our hyperbaric (high pressure oxygen) chamber, and proprietary microcannula (a surgical tool) have also been issued in the United States and overseas, both of which - although only used in research so far - have possible indications in clinical medicine. We have also filed patent applications for our new device designed to freeze and thaw tissues.

There is no assurance that any additional patents will be issued. There is also the risk that any patents that we hold or later obtain could be challenged by third parties and declared invalid or infringing of third party claims. Further, the enforcement of patent rights often requires litigation against third party infringers, and such litigation can be costly to pursue.

In addition to patents, we rely on trade secrets, know-how and continuing technological advancement to maintain our competitive position. We have entered into intellectual property, invention and non-disclosure agreements with our employees and it is our practice to enter into confidentiality agreements with our consultants. There can be no assurance, however, that these measures will prevent the unauthorized disclosure or use of our trade secrets and know-how or that others may not independently develop similar trade secrets and know-how or obtain access to our trade secrets, know-how or proprietary technology.

Licensed Patents

On January 3, 2008, we entered into a Commercial License and Option Agreement (the “WARF License”) with Wisconsin Alumni Research Foundation (“WARF”). The WARF License permits us to use certain patented and patent pending technology belonging to WARF, as well as certain stem cell materials, for research and development purposes, and for the production and marketing of Research Products and Related Products. “Research Products” are products used as research tools, including in drug discovery and development. “Related Products” are products other than Research Products, Diagnostic Products, or Therapeutic Products. “Diagnostic Products” are products or services used in the diagnosis, prognosis, screening or detection of disease in humans. “Therapeutic Products” are products or services used in the treatment of disease in humans.

We agreed to pay WARF a license fee of $225,000 in two installments. The first installment of $10,000 was paid during February 2008, and the remaining $215,000 is due on the earlier of (i) thirty (30) days after we raise $5,000,000 or more of new equity financing, or (ii) January 3, 2009. A maintenance fee of $25,000 will be due annually on January 3 of each year during the term of the WARF License.

We will pay WARF royalties on the sale of products and services under the WARF License. The royalty will be 4% on the sale of Research Products and 2% on the sale of Related Products. The royalty is payable on sales by us or by any sublicensee. The royalty rate is subject to certain reductions if we also become obligated to pay royalties to a third party in order to sell a product.

We will also pay WARF $25,000 toward reimbursement of the costs associated with preparing, filing and maintaining the licensed WARF patents. That fee is payable in two installments. The first installment of $5,000 was paid during February 2008, and the remaining $20,000 is due on the earlier of (i) thirty (30) days after we raise $5,000,000 or more of new equity financing, or (ii) January 3, 2009.

We have an option to negotiate with WARF to obtain a license to manufacture and market Therapeutic Products, excluding products in certain fields of use. The issuance of a license for Therapeutic Products would depend upon our submission and WARF's acceptance of a product development plan, and our reaching agreement with WARF on the commercial terms of the license such as a license fee, royalties, patent reimbursement fees, and other contractual matters.

The WARF License shall remain in effect until the expiration of the latest expiration date of the licensed patents. However, we may terminate the WARF License prior to the expiration date by giving WARF at least ninety days written notice, and WARF may terminate the WARF License if we (a) fail to make any payment to WARF, (b) fail to submit any required report to WARF, (c) commit any breach of any other covenant in the WARF License that is not remedied within ninety days after written notice from WARF, or (d) commit any act of bankruptcy, become insolvent, are unable to pay our debts as they become due, file a petition under any bankruptcy or insolvency act, or have any such petition filed against us which is not dismissed within sixty days, or offers its creditors any component of the patents or materials covered by the WARF License.

Competition

Plasma Volume Expanders

Our plasma volume expander solutions will compete with products currently used to treat or prevent hypovolemia, including albumin, other colloid solutions, and crystalloid solutions presently manufactured by established pharmaceutical companies, and with human blood products. Some of these products, in particular crystalloid solutions, are commonly used in surgery and trauma care and sell at low prices. In order to compete with other products, particularly those that sell at lower prices, our products will have to be recognized as providing medically significant advantages. Like Hextend, the competing products are being manufactured and marketed by established pharmaceutical companies that have large research facilities, technical staffs and financial and marketing resources. B.Braun presently markets Hespan, an artificial plasma volume expander containing 6% hetastarch in saline solution. Hospira and Baxter International manufacture and sell a generic equivalent of Hespan. As a result of the introduction of generic plasma expanders and new proprietary products, competition in the plasma expander market has intensified and wholesale prices have declined. Hospira, which markets Hextend in the United States, is also the leading seller of generic 6% hetastarch in saline solution and recently obtained the right to sell Voluven®, a plasma volume expander containing a 6% low molecular weight hydroxyethyl starch in saline solution. Sanofi-Aventis, Baxter International, and Alpha Therapeutics sell albumin, and Hospira, Baxter International, and B.Braun sell crystalloid solutions.

To compete with new and existing plasma expanders, we have developed products that contain constituents that may prevent or reduce the physiological imbalances, bleeding, fluid overload, edema, poor oxygenation, and organ failure that can occur when competing products are used. To compete with existing organ preservation solutions, we have developed solutions that can be used to preserve all organs simultaneously and for long periods of time.

A number of other companies are known to be developing hemoglobin and synthetic red blood cell substitutes and technologies. Our products have been developed for use either before red blood cells are needed or in conjunction with the use of red blood cells. In contrast, hemoglobin and other red blood cell substitute products are designed to remedy hypoxia and similar conditions that may result from the loss of oxygen-carrying red blood cells. Those products would not necessarily compete with our products unless the oxygenating molecules were included in solutions that could replace fluid volume and prevent or reduce the physiological imbalances as effectively as our products. Generally, red blood cell substitutes are more expensive to produce and potentially more toxic than Hextend and PentaLyte.

The competition we face is likely to intensify further as new products and technologies reach the market. Superior new products are likely to sell for higher prices and generate higher profit margins once acceptance by the medical community is achieved. Those companies that are successful in introducing new products and technologies to the market first may gain significant economic advantages over their competitors in the establishment of a customer base and track record for the performance of their products and technologies. Such companies will also benefit from revenues from sales that could be used to strengthen their research and development, production, and marketing resources. All companies engaged in the medical products industry face the risk of obsolescence of their products and technologies as more advanced or cost effective products and technologies are developed by their competitors. As the industry matures, companies will compete based upon the performance and cost effectiveness of their products.

Products for Stem Cell Research

The stem cell industry is characterized by rapidly evolving technology and intense competition. Our competitors include major multinational pharmaceutical companies, specialty biotechnology companies, and chemical and medical products companies operating in the fields of regenerative medicine, cell therapy, tissue engineering, and tissue regeneration. Many of these companies are well-established and possess technical, research and development, financial, and sales and marketing resources significantly greater than ours. In addition, certain smaller biotech companies have formed strategic collaborations, partnerships, and other types of joint ventures with larger, well established industry competitors that afford these companies' potential research and development and commercialization advantages. Academic institutions, governmental agencies, and other public and private research organizations are also conducting and financing research activities which may produce products directly competitive to those we are developing.

We believe that some of our competitors are trying to develop stem and progenitor cell-based technologies which may compete with our potential stem cell products based on efficacy, safety, cost, and intellectual property positions.

We may also face competition from companies that have filed patent applications relating to the cloning or differentiation of stem cells. We may be required to seek licenses from these competitors in order to commercialize certain of our proposed products, and such licenses may not be granted.

Employees

As of December 31, 2007, we employed nine persons on a full-time basis and one person on a part-time basis. Four full-time employees hold Ph.D. Degrees in one or more fields of science.

Item 2. Description of Property

We occupy our office and laboratory facility in Heritage Square in Emeryville, California under a lease that will expire on May 31, 2010, with a five year extension option. We presently occupy approximately 5,244 square feet of space and pay monthly rent in the amount of $15,551. Our rent will increase by 3% each year during the initial five year term. If the option to extend the lease is exercised, monthly rent will be set at 95% of fair market rent at that time. In addition to rent, we will pay our pro rata share of operating expenses and real estate taxes for the building in which our space is located or for the Heritage Square project as a whole, as applicable, based upon the ratio that the number of square feet we rent bears to the total number of square feet in the building or project.

We have entered into a sublease of approximately 11,000 square feet of office and research laboratory spaced at 1301 Harbor Bay Parkway, in Alameda, California. We plan to move our headquarters from our present Emveryville location to this new facility. The sublease will expire on November 30, 2010, but we have an early termination right that permits us to terminate the sublease on July 31, 2008. Base monthly rent will be $22,000 during 2008, $22,600 during 2009, and $23,339.80 during 2010. In addition to base rent, we will pay a prorata share of real property taxes and certain costs related to the operation and maintenance of the building in which the subleased premises are located.

Item 3. Legal Proceedings

We are not presently involved in any material litigation or proceedings, and to our knowledge no such litigation or proceedings are contemplated.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Part II

Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities

BioTime common shares were traded on the American Stock Exchange from August 31, 1999 until July 14, 2005, and have been quoted on the OTC Bulletin Board under the symbol BTIM since July 15, 2005.

The following table sets forth the range of high and low sale or bid prices for the common shares for the fiscal years ended December 31, 2006 and 2007 based on transaction data as reported by the Nasdaq OTC Bulletin Board:

Quarter Ended	High	Low
March 31, 2006	0.46	0.28
June 30, 2006	0.41	0.21
September 30, 2006	0.39	0.18
December 31, 2006	0.49	0.20
March 31, 2007	0.75	0.26
June 30, 2007	0.75	0.44
September 30, 2007	0.49	0.27
December 31, 2007	0.69	0.27

Over-the-counter market quotations may reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

As of March 17, 2008, there were 4,191 holders of the common shares.

BioTime has paid no dividends on its common shares since its inception and does not plan to pay dividends on its common shares in the foreseeable future. We are also prohibited from paying dividends under the terms of a Revolving Line of Credit Agreement.

The following table shows certain information concerning the options and warrants outstanding and available for issuance under all of our compensation plans and agreements as of December 31, 2007.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of the Outstanding Options, Warrants, and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Shareholders	9,181,199	$1.96	786,168
Equity Compensation Plans Not Approved By Shareholders*	2,000,000	$0.50	—

*We have granted stock options to certain officers subject to shareholder approval of an amendment of our 2002 Employee Stock Option Plan. We intend to submit that amendment to our shareholders for approval at our next annual meeting.

During March 2008, we issued 10,000 common shares to a new lender who provided additional credit to us under the line of credit. These shares were issued without registration under the Securities Act of 1933, as amended, in reliance upon the exemption provided by Section 4(2) thereunder.

Item 6. Management's Discussion and Analysis or Plan of Operation

Overview

We are in the business of developing blood plasma volume expanders and related products, and stem cell related products and technology for diagnostic, therapeutic and research use. Our operating revenues have been generated primarily from licensing fees and from royalties on the sale of Hextend. Our ability to generate substantial operating revenue depends upon our success in developing and marketing or licensing our plasma volume expanders and stem cell products and technology for medical and research use.

Royalties on sales of Hextend that occurred during the fourth quarter of 2006 through the third quarter of 2007 are reflected in our financial statements for the year ended December 31, 2007. We received $776,679 in royalties from Hextend sales during 2007. This represents a decrease of 17% from $933,478 in royalties from Hextend sales in 2006. The largest contributing factor to the decrease in royalties from 2006 was a decrease from the record large volume orders by the U.S. Armed Forces that we saw in the second half of 2006. Hextend is part of the Tactical Combat Casualty Care protocol and has been purchased by the U.S. Armed Forces through intermittent large volume orders. The decrease was partially offset by a continued increase in sales to hospitals along with unit price increases to hospitals.

Royalties of $308,900 on sales that occurred during the fourth quarter of 2007 will be reflected in our financial statements for the first quarter of 2008. This represents a 55% increase from royalty revenues of $199,264 received during the same period last year. The increase in royalties is due to an increase in both sales to the military and sales to hospitals, which were augmented by an increase in the unit average sales price to hospitals.

During the year ended December 31, 2006, we received $500,000 from Summit for the right to co-develop Hextend and PentaLyte in Japan, China, and Taiwan. A portion of the cash payment will be a partial reimbursement of BioTime's development costs of Hextend and a portion will be a partial reimbursement of BioTime's development costs of PentaLyte. This payment is reflected on our balance sheet as deferred revenue. See Note 4 to financial statements for further discussion of the appropriate accounting.

We have conducted a Phase II clinical trial of PentaLyte in which PentaLyte was used to treat hypovolemia in cardiac surgery. Our ability to commence and complete additional clinical studies of PentaLyte depends on our cash resources and the costs involved, which are not presently determinable. Clinical trials of PentaLyte in the United States may take longer and may be more costly than the Hextend clinical trials, which cost approximately $3,000,000. The FDA permitted us to proceed directly into a Phase III clinical trial of Hextend involving only 120 patients because the active ingredients in Hextend had already been approved for use in plasma expanders by the FDA in other products. Because PentaLyte contains a starch (pentastarch) that has not been approved by the FDA for use in a plasma volume expander (although pentastarch is approved in the US for use in certain intravenous solutions used to collect certain blood cell fractions), we had to complete Phase I and Phase II clinical trials of PentaLyte. A subsequent Phase III trial may involve more patients than the Hextend trials, and we do not know yet the actual scope or cost of the clinical trials that the FDA will require for PentaLyte or the other products we are developing.

During April 2007, Hospira declined an opportunity to commercialize PentaLyte® under the terms we offered. Hospira will continue to manufacture and sell Hextend® under its License Agreement with us, and we will offer other pharmaceutical companies the opportunity to license PentaLyte®.

Plasma volume expanders containing pentastarch have been approved for use in certain foreign countries including Canada, certain European Union countries, and Japan. The regulatory agencies in those countries may be more willing to accept applications for regulatory approval of PentaLyte based upon clinical trials smaller in scope than those that may be required by the FDA. This would permit us to bring PentaLyte to market overseas more quickly than in the United States, provided that suitable licensing arrangements can be made with multinational or foreign pharmaceutical companies to obtain financing for clinical trials and manufacturing and marketing arrangements.

Although we plan to launch our first products for stem cell research during 2008 and 2009, we cannot predict the amount of revenue that those products might generate. We will depend upon royalties from the sale of Hextend by Hospira and CJ as our principal source of revenues for the near future. Those royalty revenues will be supplemented by any revenues that we may receive from our stem cell research products, and by license fees if we enter into new commercial license agreements for our products.

The amount and pace of research and development work that we can do or sponsor, and our ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of products, depends upon the amount of money we have. Future research and clinical study costs are not presently determinable due to many factors, including the inherent uncertainty of these costs and the uncertainty as to timing, source, and amount of capital that will become available for these projects. We have already curtailed the pace of our product development efforts due to the limited amount of funds available, and we may have to postpone further laboratory and clinical studies, unless our cash resources increase through growth in revenues, the completion of licensing agreements, additional equity investment, borrowing or third party sponsorship.

Because our research and development expenses, clinical trial expenses, and production and marketing expenses will be charged against earnings for financial reporting purposes, management expects that there will be losses from operations in the near term.

Results of Operations

Year Ended December 31, 2007 and Year Ended December 31, 2006

For the year ended December 31, 2007, we recognized $776,679 of royalty revenues, compared with $933,478 recognized for the year ended December 31, 2006. This 17% decrease in royalties is attributable to a decrease in product sales by Hospira. The largest contributing factor to this overall decrease in royalties was a decrease in sales from the record large volume orders by the U.S. Armed Forces that we saw in the second half of 2006. Hextend is part of the Tactical Combat Casualty Care protocol and has been purchased by the U.S. Armed Forces through intermittent, large volume orders, which makes it difficult to predict sales to them in subsequent periods. The decrease in royalties from 2006 was partially offset by a continued increase in sales to hospitals along with unit price increases to hospitals.

Under our License Agreement, Hospira reports sales of Hextend and pays us the royalties and license fees due on account of such sales within 90 days after the end of each calendar quarter. We recognize such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place, as we do not have sufficient sales history to accurately predict quarterly sales. For example, royalties on sales made during the fourth quarter of 2007 will not be recognized until the first quarter of fiscal year 2008.

We recognized $255,549 and $172,371 of license fees from CJ and Summit during 2007 and 2006, respectively. Full recognition of license fees has been deferred, and is being recognized over the life of the contract, which has been estimated to last until approximately 2019 based on the current expected life of the governing patent covering our products in Korea and Japan.

We have been awarded a $299,990 research grant by the NIH for use in the development of HetaCool. We were granted $149,994 for the project during 2004 and $149,996 during 2005. We have received $254,244 of the grant funds through December 31, 2007. In 2007, the time period for drawing down the remainder of the grant funds was extended for another year, running through March 31, 2008.

Research and development expenses decreased to $967,864 for the year ended December 31, 2007, from $1,422,257 for the year ended December 31, 2006. The decrease is chiefly attributable to the conclusion of our Phase II trials of PentaLyte. Research and development expenses include laboratory study expenses, salaries, preparation of regulatory applications for our products, manufacturing of solution for trials, and consultants' fees.

General and administrative expenses decreased to $1,300,630 for the year ended December 31, 2007 from $1,491,622 for the year ended December 31, 2006. This change reflects a decrease of approximately $21,000 in general and administrative salary expense due to a voluntary salary reduction plan in effect for the latter half of 2007, a decrease of approximately $88,000 in general and administrative consulting expenses, a decrease of approximately $32,000 in insurance costs charged to general and administrative expense, a decrease of approximately $17,000 in investor/public relations expenses, a decrease of approximately $32,000 in accounting expenses, a decrease of approximately $34,000 in printing costs, and a decrease of approximately $23,000 in patent expenses. These decreases were offset to some extent by an increase of approximately $18,000 in office expenses and supplies, an increase of approximately $2,000 in telephone charges allocated to general and adminstrative expense, an increase of approximately $4,000 in miscellaneous expenses, and an increase of approximately $32,000 in travel expenses. General and administrative expenses include salaries allocated to general and administrative accounts, scientific consulting fees, expenditures for patent costs, trademark expenses, insurance costs allocated to general and administrative expenses, stock exchange-related costs, depreciation expense, shipping expenses, marketing costs, and other miscellaneous expenses.

Our interest expense increased by approximately $76,000 during 2007 primarily due to interest incurred on our lines of credit (See Note 3).

For the year ended December 31, 2007, other income decreased to $16,926 from $44,357 for the year ended December 31, 2006. The difference is chiefly attributable to decrease in interest income due to lower cash balances.

Taxes

At December 31, 2007 we had a cumulative net operating loss carryforward of approximately $45,350,000 for federal income tax purposes. Our effective tax rate differs from the statutory rate because we have recorded a 100% valuation allowance against our deferred tax assets, as we do not consider realization to be more likely than not.

Liquidity and Capital Resources

During 2007 we received approximately $810,000 of cash in our operations. Our sources of that cash were: approximately $780,000 of royalty revenues from Hospira; approximately $10,000 of NIH grant money; and $20,000 from CJ. During the same period our total research and development expenditures were approximately $968,000 and our administrative expenditures were approximately $1.3 million. We had no contractual obligations as of December 31, 2007, with the exception of a fixed, non-cancelable operating lease on our office and laboratory facilities in Emeryville, California. Under this lease, we are committed to make payments of $15,761 per month, increasing 3% annually, plus our pro rata share of operating costs for the building and office complex, through May 31, 2010. In April 2008, we entered into a sublease of office and research laboratory space in Alameda, California. We plan to move our headquarters from our present Emeryville location to this new facility. The sublease will expire on November 30, 2010, but we have an early termination right that permits us to terminate the sublease on July 31, 2008. Base monthly rent will be $22,000 during 2008, $22,600 during 2009, and $23,339.80 during 2010. In addition to base rent, we will pay a pro rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the subleased premises are located.

At December 31, 2007 we had $9,501 of cash on hand and $375,000 left available on our line of credit. At our projected rate of spending, which includes possible spending cuts, our cash on hand, anticipated royalties from the sale of Hextend, licensing fees, and our available revolving line of credit will allow us to operate through November 15, 2008.

We will need to obtain additional equity capital or licensing fees during 2008 to finance our current operations because our current line of credit and our royalty revenues are not sufficient to fund our operating expenses operations beyond November 15, 2008.

During April, 2007 we submitted to Hospira a report of the results of our Phase II clinical study of PentaLyte. Hospira subsequently declined an opportunity to commercialize PentaLyte® under the terms we offered. Hospira will continue to manufacture and sell Hextend® under its License Agreement with us, and we will offer other pharmaceutical companies the opportunity to license PentaLyte®.

Since inception, we have primarily financed our operations through the sale of equity securities, licensing fees, royalties on product sales by our licensees, and borrowings. The amount of license fees and royalties that may be earned through the licensing and sale of our products and technology, the timing of the receipt of license fee payments, and the future availability and terms of equity financing, are uncertain. The unavailability or inadequacy of financing or revenues to meet future capital needs could force us to modify, curtail, delay or suspend some or all aspects of our planned operations. Sales of additional equity securities could result in the dilution of the interests of present shareholders.

In April 2006, we entered into a Revolving Line of Credit Agreement (the "Credit Agreement") with Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, investors in BioTime, under which we were permitted to borrow up to $500,000 for working capital purposes at an interest rate of 10% per annum. The maturity date of the Credit Agreement was the earlier of (i) October 31, 2007 and (ii) such date on which the we shall have received an aggregate of $600,000 through (A) the sale of capital stock, (B) the collection of license fees, signing fees, milestone fees, or similar fees in excess of $1,000,000 under any present or future agreement pursuant to which we grant one or more licenses to use our patents or technology, (C) funds borrowed from other lenders, (D) any combination of sources under clauses (A) through (C). Under the Credit Agreement, we were allowed to prepay, and the credit line would have been reduced by, any funds received prior to the maturity date from those sources discussed above. In consideration for making the line of credit available, we issued to the investors a total of 99,999 common shares. The line of credit was collateralized by a security interest in our right to receive royalty and other payments under our license agreement with Hospira. The market value of BioTime common stock was $0.38 per common share on April 12, 2006, valuing the shares at $38,000.

In October 2007 and March 2008, we amended our Revolving Line of Credit Agreement (See Note 3 and Note 10 to our Financial Statements). The amendments increased the line of credit, increased the interest rate to 12% per annum, and extended the maturity date of the line of credit to November 15, 2008. The line of credit may mature prior to November 15, 2008 if we receive an aggregate of $4,000,000 through (A) the sale of capital stock, (B) the collection of licensing fees, signing fees, milestone fees, or similar fees in excess of $2,500,000 under any present or future agreement pursuant to which we grant one or more licenses to use our patents or technology, (C) funds borrowed from other lenders, or (D) any combination of sources under clauses (A) through (C). The line of credit is collateralized by a security interest in our right to receive royalty and other payments under the license agreement with Hospira

The amendments permit us to borrow up to $2,500,000 under our Revolving Line of Credit Agreement, and as of April 2, 2008 we had received loan commitments from the lenders for $2,050,000. In consideration for amending the line of credit, we agreed to issue to the lenders a total of 420,000 common shares during March and April of 2008, which had a value of $158,800 on the dates of issue, and we will issue up to 90,000 additional shares to the lenders if we receive commitments for the entire $2,500,000 million line of credit.

Our lenders have been given the right to exchange their line of credit promissory notes for our common shares at a price of $1.00 per share, and/or for common stock of our subsidiary Embryome Sciences, Inc. at a price of $2.00 per share.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
BioTime, Inc.

We have audited the accompanying consolidated balance sheet of BioTime, Inc. (the "Company") as of December 31, 2007, and the related consolidated statements of operations, shareholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioTime, Inc. as of December 31, 2007, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has a working capital deficit of $1,316,356, a shareholders' deficit of $3,046,389 and an accumulated deficit of $43,844,497. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rothstein, Kass & Company, P.C.

Roseland, New Jersey
April 11, 2008

Item 7. Financial Statements

BIOTIME, INC.

CONSOLIDATED BALANCE SHEET

	December 31, 2007
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 9,501
Prepaid expenses and other current assets	132,145
Total current assets	141,646
Equipment, net of accumulated depreciation of $585,765	12,480
Deposits and other assets	20,976
TOTAL ASSETS	$ 175,102
LIABILITIES AND SHAREHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 480,374
Line of credit payable	716,537
Deferred license revenue, current portion	261,091
Total current liabilities	1,458,002
Stock appreciation rights compensation liability	13,151
Deferred license revenue, net of current portion	1,740,702
Deferred rent, net of current portion	9,636
Total long-term liabilities	1,763,489
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' DEFICIT:	
Common shares, no par value, authorized 50,000,000 shares; issued and outstanding 23,034,374 shares	40,704,136
Contributed capital	93,972
Accumulated deficit	(43,844,497)
Total shareholders' deficit	(3,046,389)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 175,102

See notes to consolidated financial statements.

BIOTIME, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2007	2006
REVENUE:		
License fees	$ 255,549	$ 172,371
Royalty from product sales	776,679	933,478
Grant income	13,893	56,166
Total revenue	1,046,121	1,162,015
EXPENSES:		
Research and development	(967,864)	(1,422,257)
General and administrative	(1,300,630)	(1,491,622)
Total expenses	(2,268,494)	(2,913,879)
Loss from operations	(1,222,373)	(1,751,864)
INTEREST EXPENSE AND OTHER INCOME:		
Interest and other expense	(232,779)	(157,114)
Other income	16,926	44,357
Total interest expense and other income	(215,853)	(112,757)
NET LOSS	$ (1,438,226)	$ (1,864,621)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.06)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:BASIC AND DILUTED	22,853,278	22,538,003

See notes to consolidated financial statements.

BIOTIME, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	Common Shares				
	Number of Shares	Amount	Contributed Capital	Accumulated Deficit	Total Shareholders' Equity (Deficit)
BALANCE AT JANUARY 1, 2006	22,339,312	$ 40,251,097	$ 93,972	$ (40,541,650)	$ (196,581)
Common shares issued for line of credit	99,999	37,999			37,999
Shares granted for services	135,000	43,876			43,876
Exercise of warrants	63	126			126
Options granted under FASB 123(R)		113,980			113,980
NET LOSS				(1,864,621)	(1,864,621)
BALANCE AT DECEMBER 31, 2006	22,574,374	40,447,078	93,972	(42,406,271)	(1,865,221)
Common shares issued for line of credit	200,000	106,000			106,000
Shares granted for services	260,000	103,000			103,000
Options granted under FASB 123(R)		48,058			48,058
NET LOSS				(1,438,226)	(1,438,226)
BALANCE AT DECEMBER 31, 2007	23,034,374	$ 40,704,136	$ 93,972	$ (43,844,497)	$ (3,046,389)

See notes to consolidated financial statements.

BIOTIME, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,438,226)	$ (1,864,621)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,833	6,003
Amortization of deferred license revenue	(255,549)	(168,461)
Amortization of line of credit costs	61,486	20,508
Stock-based compensation for services	151,059	167,643
Interest on royalty obligation	129,458	138,813
Changes in operating assets and liabilities:		
Accounts receivable	3,675	—
Prepaid expenses and other current assets	(33,632)	(5,227)
Accounts payable and accrued expenses	46,441	(144,670)
Interest accrued - line of credit	21,600	—
Deposits and other assets	—	62,899
Deferred rent	1,737	5,579
Share-based compensation liability	13,151	—
Deferred license revenue	53,987	519,315
Net cash used in operating activities	(1,239,980)	(1,262,219)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property	(6,473)	(10,664)
Net cash used in investing activities	(6,473)	(10,664)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares for cash	—	126
Proceeds from line of credit	694,937	—
Net cash provided by financing activities	694,937	126
NET DECREASE IN CASH AND CASH EQUIVALENTS	(551,516)	(1,272,757)
CASH AND CASH EQUIVALENTS:		
At beginning of year	561,017	1,833,774
At end of year	$ 9,501	$ 561,017
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES :		
Issuance of stock related to line of credit agreement	$ 106,000	$ —
Decrease in royalty obligation due to licensee payment	$ —	$ 356,000
Issuance of warrants to guarantors for participation in the Rights Offer	$ —	$ 30,000
Extension of existing warrant terms	$ —	$ 152,812
Supplemental disclosure of cash flow information, cash paid during year for interest	$ 81,721	$ 17,722

See notes to consolidated financial statements.

BIOTIME, INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization

General - BioTime, Inc. was organized November 30, 1990 as a California corporation. BioTime is a biomedical organization engaged in the development of synthetic plasma expanders, blood volume substitute solutions, and organ preservation solutions, for use in surgery, trauma care, organ transplant procedures, and other areas of medicine. In December 2007, BioTime formed Embryome Sciences, Inc., a wholly-owned subsidiary. As of December 31, 2007, there was no financial activity conducted or recorded for this subsidiary.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Embryome Sciences, Inc., a wholly-owned subsidiary of BioTime. As of December 31, 2007, there was no financial activity with respect to this subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Certain Significant Risks and Uncertainties - BioTime's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include but are not limited to the following: the results of clinical trials of BioTime's pharmaceutical products; BioTime's ability to obtain United States Food and Drug Administration and foreign regulatory approval to market its pharmaceutical products; BioTime's ability to develop new stem cell research products and technologies; competition from products manufactured and sold or being developed by other companies; the price of and demand for BioTime products; BioTime's ability to obtain additional financing and the terms of any such financing that may be obtained; BioTime's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in BioTime's products; and the availability of reimbursement for the cost of BioTime's pharmaceutical products (and related treatment) from government health administration authorities, private health coverage insurers and other organizations.

Liquidity and Going Concern - At December 31, 2007, BioTime had $9,501 of cash on hand and negative working capital of $1,316,356, a shareholders' deficit of $3,046,389 and an accumulated deficit of $43,844,497. BioTime will continue to need additional capital and greater revenues to continue its current operations and to continue to conduct its product development and research programs. Sales of additional equity securities could result in the dilution of the interests of present shareholders. BioTime is also continuing to seek new agreements with pharmaceutical companies to provide product and technology licensing fees and royalties. The availability and terms of equity financing and new license agreements are uncertain. The unavailability or inadequacy of additional financing or future revenues to meet capital needs could force BioTime to modify, curtail, delay or suspend some or all aspects of its planned operations. To mitigate these factors, management has instituted a cost-cutting plan which included a reduction in discretionary general and administrative expenses such as public relations. Additionally, in October 2007, BioTime's line of credit for working capital was increased and the maturity date was extended (see Note 3). BioTime will continue to seek additional financing or capital as well as additional licensing revenues from its current and future patents. In view of the matters described above, BioTime's continued operations are dependent on its ability to raise additional capital, obtain additional financing, and succeed in generating more revenue from its operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Financial Statement Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition – BioTime complies with the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition, as amended by SAB No. 104. Royalty and license fee revenues consist of product royalty payments and fees under license agreements and are recognized when earned and reasonably estimable. BioTime recognizes revenue in the quarter in which the royalty report is received rather than the quarter in which the sales took place, as it does not have sufficient sales history to accurately predict quarterly sales. Up-front nonrefundable fees where BioTime has no continuing performance obligations are recognized as revenues when collection is reasonably assured. In situations where continuing performance obligations exist, up-front nonrefundable fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, BioTime amortizes nonrefundable fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestones, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended and (c) collection of the payment is reasonably assured.

BioTime also defers costs, including finders' fees, which are directly related to license agreements for which revenue has been deferred. Deferred costs are charged to expense proportionally and over the same period that related deferred revenue is recognized as revenue. Deferred costs are net against deferred revenues in BioTime's balance sheet.

Grant income is recognized as revenue when earned.

Cash and cash equivalents – BioTime considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of credit risk - Financial instruments that potentially subject BioTime to significant concentrations of credit risk consist primarily of cash and cash equivalents. BioTime limits the amount of credit exposure of cash balances by maintaining its accounts in high credit quality financial institutions. Cash equivalent deposits with financial institutions may, at times, exceed federally issued limits; however, BioTime has not experienced any losses on such accounts.

Equipment - Equipment is stated at cost. Equipment is being depreciated using the straight-line method over a period of thirty-six to eighty-four months.

Deferred costs (other assets) - Certain costs incurred in obtaining the line of credit have been deferred and are being amortized over the term of the line of credit agreements.

Patent costs - Patent costs associated with obtaining patents on products being developed are expensed as general and administrative expenses when incurred. These costs totaled $103,204 and $126,618, for the years ended December 31, 2007 and 2006, respectively.

Research and development – BioTime complies with the accounting requirements of Statement of Financial Accounting Standards ("SFAS") No.2, Accounting for Research and Development Costs. Research and development costs are expensed when incurred and consist principally of salaries, payroll taxes, research and laboratory fees, hospital and consultant fees related to clinical trials, and BioTime's PentaLyte solution for use in human clinical trials.

Income Taxes - BioTime accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes, which prescribes the use of the asset and liability method whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized.

Stock-based Compensation - On January 1, 2006, BioTime adopted SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees including employee stock options based on estimated fair values. SFAS 123(R) supersedes BioTime's previous accounting using the intrinsic value method under Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" for periods beginning in fiscal 2006. In March 2005, the SEC issued SAB No. 107, "Valuation of Share-Based Payment Arrangements for Public Companies", which provides supplemental implementation guidance for SFAS 123(R). BioTime has applied the provisions of SAB 107 in its adoption of SFAS 123(R). Upon adoption of SFAS 123 (R), BioTime has continued to utilize the Black-Scholes Merton option pricing model which was previously used for BioTime's proforma disclosures under SFAS 123. BioTime's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by BioTime's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, BioTime's expected stock price volatility over the term of the awards, and the actual and the projected employee stock options exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S Treasury rates in effect during the corresponding period of grant. Because changes in the subjective assumptions can materially affect the estimated value, in management's opinion, the existing valuation models may not provide an accurate measure of the fair value of BioTime's employee stock options. Although the fair value of employee stock options is determined in accordance with SFAS 123(R) and SAB 107 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

Loss per share – BioTime complies with the accounting and reporting requirements of SFAS No. 128, "Earnings Per Share." Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted-average common shares outstanding for the period. Diluted net loss per share reflects the weighted-average common shares outstanding plus the potential effect of dilutive securities or contracts which are convertible to common shares such as options, warrants, convertible debt, and preferred stock (using the treasury stock method) and shares issuable in future periods, except in cases where the effect would be anti-dilutive. Diluted loss per share for the years ended December 31, 2007 and 2006 excludes any effect from 3,333,332 options and 7,847,867 warrants; 1,811,664 options and 7,943,314 warrants, respectively, as their inclusion would be antidilutive.

Fair value of financial instruments - The carrying amount of BioTime's financial instruments, consisting of cash, accounts receivable, and short-term payables, approximates their fair value due to their short-term maturity.

Reclassification – Certain prior year amounts have been reclassified to conform to the current year presentation.

Recently issued accounting standards – In July 2006, the Financial Accounting Standards Board issued Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 creates a single accounting and disclosure model for uncertain tax positions, provides guidance on the minimum threshold that a tax uncertainty is required to meet before it can be recognized in the financial statements and applies to all tax positions taken by a company; both those deemed to be routine as well as those for which there may be a high degree of uncertainty.

FIN 48 establishes a two-step approach for evaluating tax positions. The first step, recognition, occurs when a company concludes (based solely on the technical aspects of the tax matter) that a tax position is more likely than not to be sustained on examination by a taxing authority. The second step, measurement, is only considered after step one has been satisfied and measures any tax benefit at the largest amount that is deemed more likely than not to be realized upon ultimate settlement of the uncertainty. Tax positions that fail to qualify for initial recognition are recognized in the first subsequent interim period that they meet the more likely than not standard, when they are resolved through negotiation or litigation with the taxing authority or upon the expiration of the statute of limitations. Derecognition of a tax position previously recognized would occur when a company subsequently concludes that a tax position no longer meets the more likely than not threshold of being sustained. FIN 48 also significantly expands the financial statement disclosure requirements relating to uncertain tax positions. FIN 48 is effective for fiscal years beginning after December 15, 2006. Differences between the amounts recognized in the balance sheet prior to adoption and the amounts recognized in the balance sheet after adoption will be accounted for as a cumulative effect adjustment to the beginning balance of retained earnings. BioTime does not believe that the adoption of FIN 48 will have a material effect on its financial statements.

In September 2006, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157), which defines fair value, establishes a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. BioTime is currently evaluating the effect, if any, the adoption of SFAS No. 157 will have on its financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS 159 permits entities to choose to measure many financial instruments, and certain other items, at fair value. SFAS 159 applies to reporting periods beginning after November 15, 2007. BioTime is currently evaluating the effect, if any, that the adoption of SFAS 159 will have on its financial statements.

3. Lines of Credit

In March 2006, BioTime entered into a Revolving Line of Credit Agreement (the "Credit Agreement") with Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, investors in BioTime, under which BioTime could borrow up to $500,000 for working capital purposes at an interest rate of 10% per annum. In consideration for making the line of credit available, BioTime issued to the investors a total of 99,999 common shares which had a value of $38,000 on the date of issue. The line of credit is collateralized by a security interest in BioTime's right to receive royalty and other payments under the license agreement with Hospira.

In October 2007, the Credit Agreement was amended to increase the line of credit to $1,000,000, and to increase the interest rate to 12% per annum. The maturity date of the line of credit was extended to the earlier of (i) April 30, 2008 or (ii) when BioTime receives an aggregate of $2,000,000 through (A) the sale of capital stock, (B) the collection of licensing fees, signing fees, milestone fees, or similar fees in excess of $1,000,000 (C) funds borrowed from other lenders, or (D) any combination of sources under clauses (A) through (C). In consideration for amending the line of credit, BioTime issued to the investors a total of 200,000 common shares, which had a value of $106,000 on the date of issue.

BioTime also obtained a line of credit from American Express in August 2004, which allows for borrowings up to $43,600; at December 31, 2007, BioTime had drawn $34,937 against this line. Interest is paid monthly on borrowings at a total rate equal to the prime rate plus 3.99%; however, regardless of the prime rate, the interest rate payable will at no time be less than 9.49%.

BioTime also secured a line of credit from Advanta in November 2006, which allows for borrowings up to $35,000; at December 31, 2007, BioTime had drawn the entire $35,000 against this line. Interest is payable on borrowings at a Variable Rate Index, which will at no time be less than 8.25%.

4. Royalty Obligation

In December 2004, BioTime entered into an agreement with Summit Pharmaceuticals International Corporation ("Summit") to co-develop Hextend and PentaLyte for the Japanese market. Under the agreement, BioTime received $300,000 in December 2004, $450,000 in April 2005, and $150,000 in October 2005. The payments represent a partial reimbursement of BioTime's development cost of Hextend and PentaLyte. In June 2005, following BioTime's approval of Summit's business plan for Hextend, BioTime paid to Summit a one-time fee of $130,000 for their services in preparing the plan. The agreement states that revenues from Hextend and PentaLyte in Japan will be shared between BioTime and Summit as follows: BioTime 40% and Summit 60%. Additionally, BioTime will pay Summit 8% of all net royalties received from the sale of PentaLyte in the United States.

The accounting treatment of the payments from Summit falls under the guidance of Emerging Issues Task Force ("EITF") Issue No. 88-18, "Sales of Future Revenues." EITF 88-18 addresses the accounting treatment when an enterprise (BioTime) receives cash from an investor (Summit) and agrees to pay to the investor a specified percentage or amount of the revenue or a measure of income of a particular product line, business segment, trademark, patent, or contractual right. The Emerging Issues Task Force reached a consensus on six independent factors that would require reclassification of the proceeds as debt. BioTime met one of the factors: BioTime was determined to have had significant continuing involvement in the generation of the cash flows to the investor due to BioTime's supervision of the Phase II clinical trials of PentaLyte. As a result, BioTime initially recorded the net proceeds from Summit to date of $770,000 as long-term debt to comply with EITF 88-18 even though BioTime is not legally indebted to Summit for that amount.

In July 2005, Summit sublicensed the rights to Hextend in Japan to Maruishi. In consideration for the license, Maruishi agreed to pay Summit a series of milestone payments: Yen 70,000,000, (or $593,390 based on foreign currency conversion rates at the time) upon executing the agreement, and Yen 100,000,000 upon regulatory filing in Japan, and Yen 100,000,000 upon regulatory approval of Hextend in Japan. Consistent with the terms of the BioTime and Summit agreement, Summit paid 40% of that amount, or $237,356, to BioTime during October 2005. BioTime does not expect the regulatory filing and approval milestones to be attained for several years.

The initial accounting viewed the potential repayment of the $770,000 imputed debt to come only from the 8% share of US PentaLyte revenues generated by BioTime and paid to Summit. BioTime first became aware of the terms of the Maruishi and Summit agreement during the fourth quarter of 2005, prepared an estimate of the future cash flows, and determined that Summit would earn a majority of their return on investment from their agreement with Maruishi, and not the 8% of BioTime's U.S. PentaLyte sales. Considering this, the $770,000 was viewed as a royalty obligation which will be reduced by Summit's 8% share of BioTime's U.S. PentaLyte sales plus Summit's 60% share of Japanese revenue. Accordingly, BioTime recorded the entire amount paid by Maruishi to Summit for the sublicense of $593,390 as deferred revenue, to be amortized over the remaining life of the patent through 2019. BioTime's 40% share of this payment was collected in October 2005 and the remaining 60% share was recorded as a reduction of the long-term royalty obligation of BioTime to Summit. Interest on the long-term royalty obligation was accrued monthly using the effective interest method beginning October 2005, using a rate of 25.2% per annum, which BioTime has determined is the appropriate interest rate when the future cash flows from the transaction are considered.

In 2007, BioTime completed its Phase II trials of PentaLyte, however was unable to find a suitable licensing agreement for the product. At this time, BioTime has deemed the continuation of the clinical trials necessary to bring this product to market to be a significantly lower priority than it had been in the past. Correspondingly, it is less likely that proceeds from the 8% of PentaLyte US sales will be sufficient to pay down the Summit Royalty Obligation prior to the expiration of the patents. As a result of this change in accounting estimates, BioTime has reevaluated treatment of this transaction. The transaction no longer meets any of the factors that require it to fall under the guidance from EITF88-18. Consequently, BioTime has reclassified the royalty obligation to deferred revenue and is amortizing it over the remaining life of the underlying patents.

5. Shareholders' Deficit

During April 1998, BioTime entered into a financial advisory services agreement with Greenbelt, Corp., a corporation controlled by Alfred D. Kingsley and Gary K. Duberstein, who are also shareholders of BioTime. BioTime agreed to indemnify Greenbelt and its officers, affiliates, employees, agents, assignees, and controlling person from any liabilities arising out of or in connection with actions taken on BioTime's behalf under the agreement. The agreement was renewed annually through March 31, 2007. BioTime paid Greenbelt $45,000 in cash and issued 135,000 common shares for the twelve months ending March 31, 2006, and paid $90,000 in cash and issued 200,000 common shares for the twelve months ending March 31, 2007. Greenbelt permitted BioTime to defer paying certain cash fees until October 2007. In return for allowing the deferral, Greenbelt was issued an additional 60,000 common shares by BioTime.

Activity related to the Greenbelt agreement is presented in the table below:

	Balance included in Accounts Payable at January 1	Add: Cash-based expense accrued	Add: Stock-based expense accrued	Less: Cash payments	Less: Value of stock-based payments	Balance included in Accounts Payable at December 31,
2007	$108,000	$22,500	$62,500	$(0)	$(103,000)	$90,000
2006	$65,138	$78,750	$52,987	$(45,000)	$(43,875)	$108,000

BioTime, as part of rights offerings and other agreements, has issued warrants to purchase its common stock. Activity related to warrants in 2007 and 2006 is presented in the table below:

	Number of Shares	Per share Warrant price	Weighted Average Exercise Price
Outstanding, January 1, 2006	8,220,972	$ 1.47-8.14	$ 2.03
Exercised	(63)	2.00	2.00
Expired in 2006	(277,595)	1.47-8.14	2.70
Shares under warrants at December 31, 2006	7,943,314	$ 1.34-3.92	2.00
Expired in 2007	(95,447)	$ 1.34-3.92	2.17
Outstanding, December 31, 2007	7,847,867	$ 2.00	$ 2.00

At December 31, 2007, 7,847,867 warrants to purchase common stock with a weighted average exercise price of $2.00 and a weighted average remaining contractual life of 2.84 years were outstanding.

In March 2006, the board of directors approved an increase in the authorized number of common shares to 50,000,000 shares.

In October 2007, BioTime granted certain executives options to purchase 2,000,000 of BioTime's common shares (the "Options") under BioTime's 2002 Employee Stock Option Plan, as amended (the "2002 Plan"). The Options are paired with stock appreciation rights ("SARs") with respect to 1,302,030 shares. The exercise price of the Options and the SARs is $0.50 per share. The Options and SARs will vest at the rate of 1/60th of the number of Options or SARs granted at the end of each full month of employment.

The vested portion of the Option and SARs shall expire on the earliest of (A) seven (7) years from the date of grant, (B) three months after the executive ceases to be an employee of BioTime for any reason other than his death or disability, or (C) one year after he ceases to be an employee of BioTime due to his death or disability; provided that if he dies during the three month period described in clause (B), the expiration date of the vested portion of this Option shall be one year after the date of his death. In addition, if a SAR is exercised, the vested portion of the Option shall expire as to a number of shares for which the SAR was exercised, and the vested and unvested portion of the SAR shall expire when the shareholders of BioTime approve an amendment to the 2002 Plan increasing the number of common shares available under the 2002 Plan from 2,000,000 to 4,000,000 shares..

6. Stock Option Plans

During 1992, BioTime adopted the 1992 Stock Option Plan (the "1992 Plan"). Options granted under the 1992 Plan expire five to ten years from the date of grant and may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Option Committee. As of December 31, 2007, options to purchase 119,500 shares had been granted and were outstanding at exercise prices ranging from $3.00 to $11.75 under the 1992 Plan. At December 31, 2007, no options were available for future grants under the 1992 Plan.

During 2002, BioTime adopted the 2002 Plan, which was amended during December 2004 to reserve 2,000,000 common shares for issuance under options granted to eligible persons. During October 2007 the Board of Directors approved an amendment to the 2002 Plan that will permit the grant of options to purchase up to an additional 2,000,000 common shares. The 2007 amendment is subject to approval by BioTime's shareholders. No options may be granted under the 2002 Plan more than ten years after the date the 2002 Plan was adopted by the Board of Directors, and no options granted under the 2002 Plan may be exercised after the expiration of ten years from the date of grant. Under the 2002 Plan, options to purchase common shares may be granted to employees, directors and certain consultants at prices not less than the fair market value at date of grant for incentive stock options and not less than 85% of fair market value for other stock options. These options expire five to ten years from the date of grant and may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Compensation Committee. The 2002 Plan also permits BioTime to sell common shares to employees subject to vesting provisions under restricted stock agreements that entitle BioTime to repurchase unvested shares at the employee's cost upon the occurrence of specified events, such as termination of employment. BioTime may permit employees or consultants, but not executive officers or directors, who purchase stock under restricted stock purchase agreements to pay for their shares by delivering a promissory note that is secured by a pledge of their shares. Under the 2002 Plan, as of December 31, 2007, BioTime had granted to certain employees, consultants, and directors, options to purchase a total of 3,213,832 common shares at exercise prices ranging from $0.32 to $2.17 per share. The grant of 1, 213,832 options is subject to shareholder approval of the 2007 amendment of the 2002 Plan.

On January 1, 2006, BioTime adopted SFAS 123(R), which requires the measurement and recognition for all share-based payment awards made to BioTime's employees and directors including employee stock options. The following table summarizes stock-based compensation expense related to employee and director stock options awards for the years ended December 31, 2007 and 2006, which was allocated as follows:

	Year Ended December 31, 2007	2006
All stock-based compensation expense:		
Research and Development	$ —	$ 26,874
General and Administrative	48,058	87,106
Stock appreciation rights	13,151	
All stock-based compensation expense included in operating expense	61,209	113,980
Total stock-based compensation expense	$ 61,209	$ 113,980

BioTime adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of BioTime's fiscal year 2006. BioTime's financial statements as of and for the year ended December 31, 2006, reflect the impact of SFAS 123(R). As of December 31, 2007, total unrecognized compensation costs related to unvested stock options was $379,682, which is expected to be recognized as expense over a weighted average period of approximately 4.8 years.

For all applicable periods, the value of each employee and director stock option was estimated on the date of grant using the Black-Scholes Merton model for the purpose of the pro forma financial disclosures in accordance with SFAS 123.

The weighted-average estimated fair value of stock options granted during the years ended December 31, 2007 and 2006 was $0.20 and $0.16 per share, respectively, using the Black-Scholes Merton model with the following weighted-average assumptions:

	Year Ended December 31, 2007	Year Ended December 31, 2006
Expected lives in years	5	5
Risk free interest rates	4.38%	4.60%
Volatility	100%	89%
Dividend yield	0%	0%

For options granted prior to 2006 and valued in accordance with SFAS 123, the expected life and the expected volatility of the stock options were based upon historical data. Forfeitures of employee stock options were accounted for on an as-incurred basis.

General Option Information

A summary of all option activity under the 1992 and 2002 option plans for the years ended December 31, 2007 and 2006 is as follows:

	Options Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price
January 1, 2006	887,336	1,477,164	$ 3.31
Granted	(509,500)	509,500	0.32
Forfeited/expired	30,000	(175,000)	5.51
December 31, 2006	407,836	1,811,664	2.20
Granted	(40,000)	2,040,000	0.29
Forfeited/expired	328,332	(388,332)	3.05
December 31, 2007	696,168	3,463,332	$ 1.72

Additional information regarding options outstanding as of December 31, 2007 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life (yrs)	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price
$.32-$.34	484,500	4.77	$0.32	484,500	$0.32
.74-1.55	198,332	2.24	1.27	188,332	1.29
2.00-2.17	591,000	1.96	2.02	591,000	2.02
11.75	59,500	1.28	11.75	59,500	11.75
$0.32-$11.75	1,333,332	2.99	$1.72	1,323,332	$1.73

General Stock Appreciation Rights Information

On October 10, 2007, BioTime granted a total of 1,302,030 Stock Appreciation Rights ("SARs") to two new employees. The SARs have a weighted average exercise price of $0.50 per share, and are being amortized over five years. As of December 31, 2007, none of the SARs had expired or been forfeited.

7. Commitments and Contingencies

BioTime occupies approximately 5,244 square feet of office and laboratory space in Heritage Square in Emeryville, California under a five year lease. BioTime moved to this facility in May 2005. Monthly rent will increase by 3% each year during the initial five year term. If BioTime exercises its option to extend the lease, then monthly rent will be set at 95% of the fair market rent at that time. In addition to rent, BioTime will pay its pro rata share of operating expenses and real estate taxes for the building in which BioTime's space is located or for the Heritage Square project as a whole, as applicable, based upon the ratio that the number of square feet rented by BioTime bears to the total number of square feet in the building or project.

Rent expenses totaled $189,158 and $192,521 for the years ended December 31, 2007 and 2006, respectively. Remaining minimum annual lease payments under the lease are as follows:

Year	Minimum lease payments
2008	$ 135,857
2009	139,933
2010	59,022

Indemnification – Under BioTime's bylaws, BioTime has agreed to indemnify its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments that BioTime could be required to make under the indemnification provisions contained in BioTime's bylaws is unlimited. However, BioTime has a directors and officers liability insurance policy that limits its exposure and enables it to recover a portion of any future amounts paid. As a result of the insurance policy coverage, BioTime believes the estimated fair value of these indemnification agreements is minimal and no liabilities were recorded for these agreements as of December 31, 2007.

Under the license agreements with Hospira and CJ, BioTime will indemnify Abbott Laboratories (Hospira's predecessor), Hospira, and/or CJ for any cost or expense resulting from any third party claim or lawsuit arising from alleged patent infringement, as defined, by Abbott, Hospira, or CJ relating to actions covered by the applicable license agreement. Management believes that the possibility of payments under the indemnification clauses is remote. Therefore, BioTime has not recorded a provision for potential claims as of December 31, 2007. BioTime enters into indemnification provisions under (i) agreements with other companies in the ordinary course of business, typically with business partners, licensees, contractors, hospitals at which clinical studies are conducted, and landlords, and (ii) agreements with investors, underwriters, investment bankers, and financial advisers. Under these provisions, BioTime generally agrees to indemnify and hold harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of BioTime's activities or, in some cases, as a result of the indemnified party's activities under the agreement. These indemnification provisions often include indemnifications relating to representations made by BioTime with regard to intellectual property rights. These indemnification provisions generally survive termination of the underlying agreement. In some cases, BioTime has obtained liability insurance providing coverage that limits its exposure for indemnified matters. The maximum potential amount of future payments that BioTime could be required to make under these indemnification provisions is unlimited. BioTime has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, BioTime believes the estimated fair value of these agreements is minimal. Accordingly, BioTime has no liabilities recorded for these agreements as of December 31, 2007.

8. Income Taxes

The primary components of the net deferred tax asset are:

	Year Ended December 31, 2007
Deferred tax asset:	
Net operating loss carryforwards	$ 16,198,000
Research & development and other credits	1,797,000
Other, net	1,001,000
Total	18,996,000
Valuation allowance	(18,996,000)
Net deferred tax asset	$ -0-

Income taxes differed from the amounts computed by applying the U.S. federal income tax of 34% to pretax losses from operations as a result of the following:

Year Ended December 31,	**2007**	**2006**
Computed tax benefit at federal statutory rate	34%	34%
Permanent differences, primarily nondeductible interest due to write off of royalty obligation	(0)	(4%)
Losses for which no benefit has been recognized	(32%)	(39%)
State tax benefit, net of effect on federal income taxes	0%	6%
Research and development and other credits	2%	3%
	0%	0%

No tax benefit has been recorded through December 31, 2007 because of the net operating losses incurred and a full valuation allowance provided. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. BioTime established a 100% valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets.

As of December 31, 2007, BioTime has net operating loss carryforwards of approximately $45,350,000 for federal and $13,320,000 for state tax purposes, which expire through 2027. In addition, BioTime has tax credit carryforwards for federal and state tax purposes of $1,020,000 and $777,000, respectively, which expire through 2027.

Internal Revenue Code Section 382 places a limitation (the “Section 382 Limitation”) on the amount of taxable income that can be offset by net operating loss (“NOL”) carryforwards after a change in control (generally greater than 50% change in ownership within a three-year period) of a loss corporation. California has similar rules. Generally, after a control change, a loss corporation cannot deduct NOL carryforwards in excess of the Section 382 Limitation. Due to these “change in ownership” provisions, utilization of the NOL and tax credit carryforwards may be subject to an annual limitation regarding their utilization against taxable income in future periods.

9. Enterprise-wide Disclosures

Geographic Area Information

Revenues, including license fees and royalties, by geographic area are based on the country of domicile of the counterparty to the agreement.

Year ended December 31,	2007	2006
Revenues		
Domestic	$ 790,572	$ 993,554
Asia	255,549	168,461
Total revenues	$ 1,046,121	$ 1,162,015

All of BioTime's assets are located at its Emeryville, California facility.

Major Customers

BioTime has two major customers comprising significant amounts of total revenues as follows:

Year ended December 31,	2007	2006
% of Total Revenues		
Hospira	74%	80%
CJ Corp	10%	8%

10. Subsequent Events

In January 2008, BioTime signed a licensing agreement with the Wisconsin Alumni Research Foundation ("WARF") to 173 patents and patent applications filed internationally relating to human embryonic stem cell technology created by James Thomson at the University of Wisconsin-Madison. The agreement requires the payment of approximately $250,000 prior to January 2009.

In February 2008, BioTime received royalties in the amount of $308,900 from Hospira; this amount is based on sales of Hextend made by Hospira in the fourth quarter of 2007, and will be reflected in BioTime's consolidated financial statements for the first quarter of 2008.

On March 31, 2008, BioTime entered into an amendment to its Financial Adviser Agreement with Greenbelt Corp, renewing that agreement through December 31, 2008. Greenbelt has served as BioTime's financial adviser since 1998. Under the amendment, BioTime will pay Greenbelt a fee of $135,000 in cash and 300,000 common shares. The shares shall be issued as follows: 150,000 shares on April 1, 2008, and 75,000 shares on October 1, 2008, and January 2, 2009. The cash fee will be payable in three equal installments of $45,000 each on October 1, 2008, and January 2, 2009. BioTime may elect to defer until January 2, 2009 the cash payments due on July 1, 2008 and October 1, 2008, and if it does so, BioTime will issue to Greenbelt 30,000 additional common shares at the time the deferred cash payment is made.

The agreement will terminate on December 31, 2008, unless BioTime or Greenbelt terminates it on an earlier date. In the event of an early termination, BioTime will pay Greenbelt a pro rata portion of the cash and shares earned during the calendar quarter in which the agreement terminated, based upon the number of days elapsed.

In March 2008, BioTime entered into amendments to its Credit Agreement that increased the line of credit and extended the maturity date of the line of credit to November 15, 2008. The line of credit may mature prior to November 15, 2008 if BioTime receives an aggregate of $4,000,000 through (A) the sale of capital stock, (B) the collection of licensing fees, signing fees, milestone fees, or similar fees in excess of $2,500,000 under any present or future agreement pursuant to which BioTime grants one or more licenses to use its patents or technology, (C) funds borrowed from other lenders, or (D) any combination of sources under clauses (A) through (C).

The amendments permit BioTime to borrow up to $2,500,000, and as of April 2, 2008 BioTime had received loan commitments from lenders for $2,050,000. In consideration for the increased line of credit and later maturity date, BioTime agreed to issue to the lenders a total of 420,000 common shares during March and April 2008, which had a value of $158,800 on the dates of issue, and will issue up to 90,000 additional shares to the lenders if it receives commitments for the entire $2,500,000 million line of credit.

In April 2008, BioTime entered into a sublease of approximately 11,000 square feet of office and research laboratory spaced at 1301 Harbor Bay Parkway, in Alameda, California. BioTime plans to move its headquarters from its present Emeryville location to this new facility. The sublease will expire on November 30, 2010, but BioTime has an early termination right that permits it to terminate the sublease on July 31, 2008. Base monthly rent will be $22,000 during 2008, $22,600 during 2009, and $23,339.80 during 2010. In addition to base rent, BioTime will pay a pro rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the subleased premises are located.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 8A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

It is management's responsibility to establish and maintain adequate internal control over all financial reporting pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"). Our management, including our principal executive officer, our principal operations officer, and our principal financial officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of a date within ninety (90) days of the filing date of this Form 10-KSB annual report. Following this review and evaluation, management collectively determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to management, including our chief executive officer, our chief operations officer, and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-KSB that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), is a process designed by, or under the supervision of, our principal executive officer, our principal operations officer, and our principal financial officer, and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The scope of management's assessment of the effectiveness of internal control over financial reporting includes our consolidated subsidiary.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2007. Based on this assessment, management believes that, as of that date, our internal control over financial reporting was effective.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Item 8B. Other Information

During October 2007 we agreed to issue 200,000 common shares, and during March 2008 we agreed to issue 10,000 common shares, to our lenders under the terms of our Credit Agreement. In connection with the most recent amendment of our Credit Agreement, on March 31, 2008, we agreed to issue up to 500,000 additional common shares to our lenders. These shares were or will be issued in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

PART III

Item 9. Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance With Section 16(a) of the Exchange Act

Directors and Executive Officers

The names and ages of our directors and executive officers of BioTime are as follows:

Michael D. West, Ph.D., 54, became our Chief Executive Officer during October 2007, and has served on the Board of Directors since 2002. Dr. West is Adjunct Professor of Bioengineering at the University of California, Berkeley. Dr. West has extensive academic and business experience in age-related degenerative diseases, telomerase molecular biology and human embryonic stem cell research and development. Prior to becoming our Chief Executive Officer, Dr. West served as President and Chief Scientific Officer of Advanced Cell Technology, Inc., a company he founded in 1998, that is engaged in developing human stem cell technology for use in regenerative medicine. , Dr. West also founded Geron Corporation of Menlo Park, California, and from 1990 to 1998 he was a Director and Vice President, where he initiated and managed programs in telomerase diagnostics, oligonucleotide-based telomerase inhibition as anti-tumor therapy, and the cloning and use of telomerase in telomerase-mediated therapy wherein telomerase is utilized to immortalize human cells. From 1995 to 1998 he organized and managed the research between Geron and its academic collaborators James Thomson and John Gearhart that led to the first isolation of human embryonic stem and human embryonic germ cells. Dr. West received a B.S. Degree from Rensselaer Polytechnic Institute in 1976, an M.S. Degree in Biology from Andrews University in 1982, and a Ph.D. from Baylor College of Medicine in 1989 concentrating on the biology of cellular aging.

Hal Sternberg, Ph.D., 54, is our Vice President of Research, and has served on the Board of Directors since 1990. Dr. Sternberg was a visiting scientist and research Associate at the University of California at Berkeley from 1985-1988, where he supervised a team of researchers studying Alzheimer's Disease. Dr. Sternberg received his Ph.D. from the University of Maryland in Biochemistry in 1982.

Harold Waitz, Ph.D., 65, is our Vice President of Engineering and Regulatory Affairs, and has served on the Board of Directors since 1990. He received his Ph.D. in Biophysics and Medical Physics from the University of California at Berkeley in 1983.

Judith Segall, 54, is our Vice President of Technology and Secretary, and has served on the Board of Directors from 1990 through 1994, and from 1995 through the present date. Ms. Segall received a B.S. in Nutrition and Clinical Dietetics from the University of California at Berkeley in 1989.

Valeta Gregg, 54, joined the Board of Directors during October 2004. Ms. Gregg is Vice President and Assistant General Counsel, Patents of Regeneron Pharmaceuticals, Inc., a Tarrytown, New York based company engaged in the development of pharmaceutical products for the treatment of a number of serious medical conditions, including cancer, diseases of the eye, rheumatoid arthritis and other inflammatory conditions, allergies, asthma, and obesity. Prior to joining Regeneron in 2002, Ms. Gregg worked as a patent attorney, at Klauber & Jackson in Hackensack, New Jersey from 2001 to 2002, and for Novo Nordisk A/S and its United States subsidiary from 1996 to 2001, and for Fish & Richardson, P.C., Menlo Park, California from 1994 to 1996. Ms. Gregg received her law degree from University of Colorado School of Law in 1992 and received a Ph.D in Biochemistry from the University of Alberta in 1982.

Executive Officers

Michael West, Robert Peabody, Hal Sternberg, Harold Waitz, Judith Segall, and Steven Seinberg are the only executive officers of BioTime. From 2003 until Dr. West became Chief Executive Officer, Hal Sternberg, Harold Waitz, and Judith Segall served as members of the Office of the President. The members of the Office of the President collectively exercised the powers of the Chief Executive Officer.

Robert W. Peabody, CPA, 53, joined BioTime as Senior Vice President and Chief Operating Officer in October 2007. Prior to joining BioTime, Mr. Peabody served as Vice President-Grant Administration for Advanced Cell Technology, Inc., and also served on their Board of Directors from 1998 to 2006. Prior to joining ACT, Mr. Peabody spent 14 years as a Regional Controller for Ecolab, Inc., a Fortune 500 specialty chemical manufacturer and service company. Mr. Peabody, along with Dr. West, was a co-founder of Geron Corporation of Menlo Park, Ca. He has also been an audit manager for Ernst and Young where he was on the audit staff serving the firm's clients whose shares are publicly traded. Mr. Peabody received a Bachelor Degree in Business Administration from The University of Michigan and is a Certified Public Accountant.

Steven A. Seinberg, J.D., 41, became Chief Financial Officer and Treasurer during August 2001. Prior to assuming these positions, Mr. Seinberg worked for over five years as BioTime's Director of Financial and Legal Research, a position that involved, among other duties, contract modifications and management of our intellectual property portfolio. Mr. Seinberg received a J.D. from Hastings College of the Law in San Francisco in 1994.

There are no family relationships among our directors or officers.

Committees of the Board

The Board of Directors had an Audit Committee, a Compensation Committee and a Nominating Committee until October 2007, when Michael West became Chief Executive Officer and was no longer eligible to serve on those committees. The charters of each of those committees requires the members to be directors who are "independent" in accordance with Section 121(A) of the American Stock Exchange (AAMEX@) listing standards and Section 10A-3 under the Securities Exchange Act of 1934, as amended. Dr. West ceased to be an independent director when he became Chief Executive Officer, leaving those committees with only one member who qualifies as "independent."

The Board of Directors determined that Michael West was an audit committee financial expert within the meaning of Item 407(d)) of SEC Regulation S-K during his tenure on the committee, on the basis of Mr. West's experience as the President of Advanced Cell Technology, Inc. and as a founder of Geron, Inc. Mr. West has had oversight over the performance of the chief financial and accounting officers of those companies.

The Board of Directors intends to reinstate the Audit Committee at such time as we have a sufficient number of directors who qualify as “independent” in accordance with Section 121(A) of the American Stock Exchange (AAMEX@) listing standards and Section 10A-3 under the Securities Exchange Act of 1934, as amended.

A copy of the Audit Committee Charter has been posted on our internet website and can be found at www.biotimeinc.com.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires our directors and executive officers and persons who own more than ten percent (10%) of a registered class of our equity securities to file with the Securities and Exchange Commission (the “SEC”) initial reports of ownership and reports of changes in ownership of common shares and other BioTime equity securities. Officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all reports they file under Section 16(a).

To our knowledge, based solely on our review of the copies of such reports furnished to us, all Section 16(a) filing requirements applicable to our officers, directors, and greater than ten percent beneficial owners were complied with during the fiscal year ended December 31, 2007, except that Alfred D. Kingsley, Greenbelt Corp., and Gary K Duberstein filed a delinquent Form 4 during May 2007, Mr. Kingsley filed a delinquent Form 4 during October 2007, Robert Peabody filed a delinquent Form 3 during October 2007, and Michael West filed a delinquent Form 4 during October 2007.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, our principal financial officer and accounting officer, our other executive officers, and our directors. The purpose of the Code of Ethics is to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with or submit to the Securities and Exchange Commission and in our other public communications; (iii) compliance with applicable governmental rules and regulations, (iv) prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and (v) accountability for adherence to the Code. A copy of our Code of Ethics has been posted on our internet website and can be found at www.biotimeinc.com.

Item 10. Executive Compensation

During October 2007, we entered into an employment agreement with our Chief Executive Officer, Dr. Michael West, pursuant to which he is entitled to receive an annual salary of $250,000, an annual bonus equal to the lesser of (A) $65,000 or (B) the sum of 65% of Consulting Fees and 6.5% of Grant Funds we receive during each fiscal year; provided that (x) we obtained the grant that is the source of the Grant Funds during the term of his employment, (y) the grant that is the source of the Grant Funds is not a renewal, extension, modification, or novation of a grant (or a new grant to fund the continuation of a study funded by a prior grant from the same source) obtained us prior to his employment, and (z) the grant that is the source of the Grant Funds was not obtained by us substantially through the efforts of any consultant or independent contractor compensated by us for obtaining the grant. Grant Funds means money actually paid to us during a fiscal year as a research grant by any federal or state government agency or any not for profit non-government organization, and expressly excludes (1) license fees, (2) royalties, (3) Consulting Fees, (4) capital contributions to us or any of our subsidiaries, or any joint venture of any kind (regardless of the legal entity through which the joint venture is conducted) to which we are a party, and (5) any other payments received by us from a business or commercial enterprise for research and development of products or technology pursuant to a contract or agreement for the commercial development of a product or technology. Consulting Fees means money we receive under a contract that entitles us to receive a cash fee for providing scientific and technical advice to third parties concerning stem cells.

Dr. West was granted an option to purchase 1,500,000 common shares (the AOption@) under the 2002 Plan. The Option is paired with stock appreciation rights ("SARs") with respect to 976,500 shares. The exercise price of the Option and the SARs is $0.50. The Option and the SARs will vest (as thereby become exercisable) at the rate of 1/60th of the number of Option shares or SARs at the end of each full month of employment. Vesting will depend on Dr. West=s continued employment by us through the applicable vesting date, and will be subject to the terms and conditions of the 2002 Plan and a Stock Option Agreement consistent with the 2002 Plan and Dr. West's Employment Agreement. The unvested portion of the Option and the SARs shall not be exercisable.

The vested portion of the Option and the SARs shall expire on the earliest of (A) seven (7) years from the date of grant, (B) three months after Dr. West ceases to be employed by us for any reason other than his death or disability, or (C) one year after he ceases to be employed by us due to his death or disability; provided that if he dies during the three month period described in clause (B), the expiration date of the vested portion of the Option shall be one year after the date of his death. In addition, (X) if the SAR is exercised, the vested portion of the Option shall expire as to a number of shares for which the SAR was exercised, and (Y) the vested and unvested portion of the SARs shall expire when our shareholders approve an amendment to the 2002 Plan increasing the number of common shares available under the 2002 Plan from 2,000,000 to 4,000,000 shares. The Option and the SARs, respectively, shall not be exercisable after it has expired.

The SARs may not be exercised, in whole or in part, until the vested portion of the Option has been exercised in full. A vested SAR may be exercised by delivering a written notice to us specifying the number of SAR shares being exercised. Upon exercise of an SAR, Dr. West shall be entitled to receive a payment of cash per SAR share exercised equal to the amount by which the fair market value of a BioTime common share on the date of exercise exceeds the exercise price of the SAR. The fair market value of a BioTime common share shall be determined by the Board of Directors in the manner provided in the 2002 Plan. SARs may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised only by Dr. West during his lifetime.

In the event that Dr. West's employment is terminated for "cause," as defined in his Employment Agreement, or as a result of his death or disability, or his resignation, he will be entitled to receive payment for all unpaid salary, accrued but unpaid bonus, if any, and vacation accrued as of the date of his termination of employment.

If we terminate Dr. West's employment without "cause," he will be entitled to additional benefits, consisting of payment of either three months base salary, if he was employed by us for less than two years, or six months base salary if he was employed by us for at least two years. In addition, 50% of the then unvested shares subject to Dr. West's Option will vest if he was employed by us for at least two years. However, if a termination of Dr. West's employment without "cause" occurs within twelve months following a "Change in Control," Dr. West will be entitled to four months base salary if he was employed by us for less than two years, or twelve months base salary if he was been employed by us for at least two years; and 50% of the then unvested shares subject to Dr. West's Option will vest if he was been employed for less than two years, or one 100% of the then unvested shares subject to his Option if he was employed for at least two years.

"Change of Control" means (A) the acquisition of our voting securities by a person or an Affiliated Group entitling the holder to elect a majority of our directors; provided, that an increase in the amount of voting securities held by a person or Affiliated Group who on the date of the Employment Agreement owned beneficially owned (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder) more than 10% of our voting securities shall not constitute a Change of Control; and provided, further, that an acquisition of voting securities by one or more persons acting as an underwriter in connection with a sale or distribution of voting securities shall not constitute a Change of Control, (B) the sale of all or substantially all of our assets; or (C) a merger or consolidation in which we merge or consolidate into another corporation or entity in which our stockholders immediately before the merger or consolidation do not own, in the aggregate, voting securities of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity) entitling them, in the aggregate (and without regard to whether they constitute an Affiliated Group) to elect a majority of the directors or persons holding similar powers of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity). A Change of Control shall not be deemed to have occurred if all of the persons acquiring our voting securities or assets or merging or consolidating with us are one or more of our direct or indirect subsidiary or parent corporations. "Affiliated Group" means (A) a person and one or more other persons in control of, controlled by, or under common control with such person; and (B) two or more persons who, by written agreement among them, act in concert to acquire voting securities entitling them to elect a majority of our directors. "Person" includes both people and entities.

The following table summarizes certain information concerning the compensation paid during the past two fiscal years to each our Chief Executive Officer and the members of the Office of the President who collectively exercised the powers of the Chief Executive Officer during 2007:

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary	Bonus	Stock awards	Option awards	Nonequity incentive plan compensation	Nonqualified deferred compensation earnings	All other compensation	Total
Michael D. West Chief Executive Officer	2007	$ 62,500	$ --	$ --	$ 9,819	$ --	$ --	$ --	$ 72,319
Judith Segall	2007	$ 97,200	$ --	$ --	$ --	$ --	$ --	$ --	$ 97,200
Vice President – Operations Corporate Secretary	2006	$ 108,000	$ --	$ --	$ 10,913	$ --	$ --	$ --	$ 118,913
Hal Sternberg	2007	$ 90,000	$ --	$ --	$ --	$ --	$ --	$ --	$ 90,000
Vice President – Research	2006	$ 100,000	$ --	$ --	$ 10,913	$ --	$ --	$ --	$ 110,913
Harold Waitz	2007	$ 90,000	$ --	$ --	$ --	$ --	$ --	$ --	$ 90,000
Vice President- Regulatory Affairs & Engineering	2006	$ 100,000	$ --	$ --	$ 10,913	$ --	$ --	$ --	$ 110,913

On November 24, 2006, the Board of Directors granted Judith Segall, Harold Waitz, and Hal Sternberg options to purchase 80,000 common shares, each, at an exercise price of $0.32 per shares. Each option was granted under our 2002 Plan. The options will expire five years from the date of grant, or within three months after termination of the executive's employment, subject to certain exceptions in the event of death or disability. The exercise price of the options was equal to 150% of the closing price the common shares as reported on the Nasdaq OTCBB on November 22, 2006, the last trading day before the effective date of the grant.

Stock Options

The following table summarizes certain information concerning stock options held as of December 31, 2007 by our Chief Executive Officer and the members of the Office of the President who collectively exercised the powers of the Chief Executive Officer during 2007.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Michael West	20,000[1]		$1.55	March 30, 2008
	20,000[1]		$2.17	March 7, 2009
	20,000[1]		$1.26	March 20, 2010
	20,000[1]		$0.34	March 27, 2011
	20,000[1]		$0.74	June 1, 2014
	1,500,000[2]	1,450,000	$0.50	October 9, 2014
Judith Segall	50,000[3]		$2.00	May 31, 2009
	125,000[4]		$2.00	November 7, 2010
	80,000[5]		$0.32	November 23, 2011
Hal Sternberg	50,000[3]		$2.00	May 31, 2009
	80,000[5]		$0.32	November 23, 2011
Harold Waitz	50,000[3]		$2.00	May 31, 2009
	80,000[5]		$0.32	November 23, 2011

(1) These options were granted to Dr. West during his service as a non-employee director.

(2) These options become exercisable at the rate of 25,000 per month during the term of Dr. West's employment.

(3) 12,500 options became exercisable on June 1, 2004 and the remaining options became exercisable in three equal annual installments.

(4) 125,000 options became exercisable on November 8, 2005

(5) 80,000 options became exercisable on November 24, 2006

Compensation of Directors

During 2007, the two directors who were not then employees each received options to purchase 20,000 common shares exercisable at $0.74 per share, which was the closing price of the common shares reported on the OTCBB on April 30, 2007. The options granted to these directors vested and became exercisable in equal quarterly installments based on continued service on the Board of Directors. Directors and members of committees of the Board of Directors who are employees are not compensated for serving as directors or attending meetings of the Board or committees of the Board. Directors are entitled to reimbursements for their out-of-pocket expenses incurred in attending meetings of the Board or committees of the Board. Directors who are our employees are also entitled to receive compensation as employees.

The following table summarizes certain information concerning the compensation paid during the past fiscal year to each of the current members of the Board of Directors who were not our employees on the date the compensation was awarded. Dr. West became our Chief Executive Officer during October 2007.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid In Cash	Option Awards	Total
Michael West[1]	--	$ 11,446	$ 11,446
Valeta Gregg[2]	--	$ 11,446	$ 11,446

(1) At December 31, 2007 Michael West held options to purchase 1,600,000 common shares at exercise prices ranging from $0.34 to $2.17 per share, which includes options to purchase 1,500,000 common shares granted to him in his capacity as Chief Executive Officer.

(2) At December 31, 2007 Valeta Gregg held options to purchase 58,332 common shares at exercise prices ranging from $0.34 to $1.26 per share.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information as of March 14, 2008 concerning beneficial ownership of common shares by each shareholder known by us to be the beneficial owner of 5% or more of our common shares. Information concerning certain beneficial owners of more than 5% of the common shares is based upon information disclosed by such owners in their reports on Schedule 13D or Schedule 13G.

Security Ownership of Certain Beneficial Owners

	Number of Shares	Percent of Total
Alfred D. Kingsley[1] Gary K. Duberstein Greenbelt Corp. Greenway Partners, L.P. Greenhouse Partners, L.P. 150 E. 57th Street, Suite 24E New York, New York 10022	10,030,540	38.4%
Neal C. Bradsher[2] Broadwood Partners, L.P. Broadwood Capital, Inc. 724 Fifth Avenue, 9th Floor New York, NY 10019	3,071,106	12.6%
George Karfunkel [3] 59 Maiden Lane New York, New York 10038	2,392,041	9.8%

Cyndel & Co., Inc [4] Patrick Kolenik Huntington Laurel Partnership 36 Golf Lane Huntington, NY 11743 Cynthia Bayern Steven Bayern 26 West Broadway #1004 Long Beach, NY 11561	1,633,770	6.8%

---

(1) Includes 1,716,698 shares presently owned by Greenbelt Corp, 334,632 shares that may be acquired by Greenbelt Corp. upon the exercise of certain warrants, 527,942 shares owned by Greenway Partners, L.P., 448,121 shares that may be acquired by Greenway Partners, L.P. upon the exercise of certain warrants, 4,719,522 shares owned solely by Alfred D. Kingsley, 2,270,689 shares that may be acquired by Mr. Kingsley upon the exercise of warrants, 12,256 shares owned solely by Gary K. Duberstein, and 680 shares that may be acquired by Mr. Duberstein upon the exercise of certain warrants. Mr. Kingsley and Mr. Duberstein control Greenbelt Corp. and may be deemed to beneficially own the warrants and shares that Greenbelt Corp. beneficially owns. Greenhouse Partners, L.P. is the general partner of Greenway Partners, L.P., and Mr. Kingsley and Mr. Duberstein are the general partners of Greenhouse Partners, L.P. Greenhouse Partners, L.P., Mr. Kingsley, and Mr. Duberstein may be deemed to beneficially own the shares that Greenway Partners, L.P. owns. Mr. Duberstein disclaims beneficial ownership of the shares and warrants owned solely by Mr. Kingsley, and Mr. Kingsley disclaims beneficial ownership of the shares owned solely by Mr. Duberstein.

(2) Includes 1,650,805 shares owned by Broadwood Partners, L.P., 1,377,393 shares that may be acquired by Broadwood Partners, L.P upon the exercise of certain warrants, 37,358 shares owned by Neal C. Bradsher, and 5,550 shares that may be acquired by Mr. Bradsher upon the exercise of certain warrants. Broadwood Capital, Inc. is the general partner of Broadwood Partners, L.P., and Mr. Bradsher is the President of Broadwood Capital, Inc. Mr. Bradsher and Broadwood Capital, Inc. may be deemed to beneficially own the shares that Broadwood Partners, L.P. owns.

(3) Includes 1,379,878 shares that maybe acquired upon the exercise of certain warrants.

(4) Includes 104,762 shares owned by Cyndel & Co., Inc., 135,714 shares that Cyndel maybe acquire upon the exercise of certain warrants, 40,000 shares owned by partnership of which Cynthia Bayern is a general partner, 95,000 shares that Dr. Bayern may acquire upon the exercise of certain warrants, 180,000 shares owned by Steven Bayern and 200,000 shares that Steven Bayern may acquire upon the exercise of certain warrants, 222,897shares owned by Huntington Laurel Partnership, 220,297 shares that Huntington Laurel Partnership may be acquire upon the exercise of certain warrants, 205,100 shares owned by Patrick Kolenik, 55,000 shares owned by Mr. Kolenik’s wife jointly with a third party, and 175,000 shares that Mr. Kolenik may acquire upon the exercise of certain warrants. Steven Bayern and Cynthia Bayern are husband and wife and each may be deemed to beneficially own the shares beneficially owned by the other. Mr. Bayern and Mr. Kolenik are the shareholders, officers and directors of Cyndel and may be deemed to beneficially own the shares that Cyndel owns. Mr. Bayern and Mr. Kolenik are the members of the general partner of Huntington Laurel Partnership and may be deemed to beneficially own the shares owned by that partnership.

Security Ownership Of Management

The following table sets forth information as of March 14, 2008 concerning beneficial ownership of common shares by each member of the Board of Directors, certain executive officers, and all officers and directors as a group.

	Number of Shares	Percent of Total
Michael D. West[(1)]	275,000	1.2%
Judith Segall[(2)]	712,669	3.0%
Hal Sternberg[(3)]	410,201	1.8%
Harold D. Waitz[(4)]	338,625	1.5%
Valeta Gregg[(5)]	58,333	*
All officers and directors as a group (7 persons)[(6)]	1,958,160	8.2%

* Less than 1%

(1) Includes 275,000 shares that may be acquired upon the exercise of certain stock options that are presently exercisable or that may become exercisable within 6 days. Excludes 1,325,000 shares that may be acquired upon the exercise of certain stock options that are not presently exercisable and that will not become exercisable within 60 days.

(2) Includes 255,000 shares that may be acquired upon the exercise of certain stock options, and 45,337 shares that may be acquired upon the exercise of certain warrants.

(3) Includes 130,000 shares that may be acquired upon the exercise of certain options and 25,931 shares that may be acquired upon the exercise of certain warrants

(4) Includes 2,952 shares held for the benefit of Dr. Waitz's children, 130,000 shares that may be acquired by Dr. Waitz upon the exercise of certain stock options, 38,379 shares that may be acquired by Dr. Waitz upon the exercise of certain warrants (including 720 warrants held for the benefit of Dr. Waitz's children).

(5) Includes 58,332 shares that may be acquired upon the exercise of certain options.

(6) Includes 1,121,312 shares that may be acquired upon the exercise of certain options and warrants. Excludes certain shares that may be acquired upon the exercise of certain options that are not presently exercisable and will not become exercisable within 60 days.

Item 12. Certain Relationships and Related Transactions , and Director Independence

Certain Transactions

During April 1998, we entered into a financial advisory services agreement with Greenbelt Corp., a corporation controlled by Alfred D. Kingsley and Gary K. Duberstein, who are also BioTime shareholders. We agreed to indemnify Greenbelt and its officers, affiliates, employees, agents, assignees, and controlling person from any liabilities arising out of or in connection with actions taken on our behalf under the agreement. The agreement was renewed annually through March 31, 2007. We paid Greenbelt $45,000 cash and issued 135,000 common shares for the twelve months ending March 31, 2006, and we paid $90,000 in cash and issued 200,000 common shares for services rendered for the twelve months ending March 31, 2007. Greenbelt permitted us to defer paying certain cash fees until October 2007. In return for allowing the deferral, we issued Greenbelt an additional 60,000 common shares. We have agreed to file a registration statement, at our expense, to register Greenbelt's shares for sale under the Securities Act of 1933, as amended, upon Greenbelt's request.

During April 2006, we entered into a Revolving Line of Credit Agreement (the "Credit Agreement") with Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel under which we could borrow up to $500,000 for working capital purposes at an interest rate of 10% per annum. In consideration for making the line of credit available, we issued to the lenders a total of 99,999 common shares.

In October 2007, the Credit Agreement was amended to increase the line of credit to $1,000,000, to increase the interest rate to 12% per annum, and to extend the maturity date to April 30, 2008. The loan payable to Cyndel & Co., Inc. was paid in full, and Broadwood Partners, LP joined the lender group. In consideration for extending the maturity date of the new line of credit, we issued to the lenders a total of 200,000 common shares.

The Credit Agreement was amended again during March 2008 to further increase the amount of the line of credit and extend the maturity date. See "Management's Discussion and Analysis or Plan of Operation—Liquidity and Capital Resources" and Note 3 and Note 10 to our Financial Statements.

Director Independence

Valeta Gregg is the only member of the Board of Directors qualifies as "independent" in accordance with Section 121(A) of the American Stock Exchange (AAMEX@) listing standards and Section 10A-3 under the Securities Exchange Act of 1934, as amended. The other directors, Michael D. West, Judith Segall, Hal Sternberg, and Harold Waitz do not qualify as "independent" because they are our full time employees and executive officers.

Ms. Gregg served on the Audit Committee, the Nominating Committee and the Compensation Committee during 2007. The only compensation or remuneration that we have provided to Ms. Gregg during her tenure as a director has been compensation as a non-employee director. Ms. Gregg and the members of her family have not participated in any transaction with us that would disqualify her as an "independent" director under the standard described above and in the charters to the committees of the Board of Directors on which she served.

Item 13. Exhibits.

(a-1) Financial Statements.

The following financial statements of BioTime, Inc. are filed in the Form 10-K:

Notes to Financial Statements

(a-2) Financial Statement Schedules

All schedules are omitted because the required information is inapplicable or the information is presented in the financial statements or the notes thereto.

(a-3) Exhibits.

Exhibit Numbers	Description
3.1	Articles of Incorporation.†
3.2	Amendment of Articles of Incorporation.***
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
4.2	Form of Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company++
4.3	Form of Amendment to Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company. +++
4.4	Form of Warrant+++
10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg.+
10.2	Intellectual Property Agreement between BioTime, Inc. and Harold Waitz.+
10.3	Intellectual Property Agreement between BioTime, Inc. and Judith Segall.+
10.4	Intellectual Property Agreement between BioTime, Inc. and Steven Seinberg.*
10.5	Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+
10.6	Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+
10.7	2002 Stock Option Plan, as amended.##
10.8	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).###
10.9	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).^
10.10	Exclusive License Agreement between BioTime, Inc. and CJ Corp.**

10.11	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation.‡
10.12	Lease dated as of May 4, 2005 between BioTime, Inc. and Hollis R& D Associates ‡‡
10.13	Addendum to Hextend and PentaLyte Collaboration Agreement Between BioTime Inc. And Summit Pharmaceuticals International Corporation‡‡‡
10.14	Amendment to Exclusive License Agreement Between BioTime Inc. and Hospira, Inc.††
10.15	Hextend and PentaLyte China License Agreement Between BioTime, Inc. and Summit Pharmaceuticals International Corporation.†††
10.16	Revolving Credit Line Agreement between BioTime, Inc, Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, dated April 12, 2006.††††
10.17	Security Agreement executed by BioTime, Inc., dated April 12, 2006.††††
10.18	Form of Revolving Credit Note of BioTime, Inc. in the principal amount of $166,666.67 dated April 12, 2006.††††
10.19	First Amended and Restated Revolving Line of Credit Agreement, dated October 17, 2007. ####
10.20	Form of Amended and Restated Revolving Credit Note. ####
10.21	Form of Revolving Credit Note. ####
10.22	First Amended and Restated Security Agreement, dated October 17, 2007. ####
10.23	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Michael D. West.++++
10.24	Commercial License and Option Agreement between BioTime and Wisconsin Alumni Research Foundation.****
10.25	Second Amended and Restated Revolving Line of Credit Agreement, dated February 15, 2008.‡‡‡‡
10.26	Form of Amended and Restated Revolving Credit Note.‡‡‡‡
10.27	Second Amended and Restated Security Agreement, dated February 15, 2008.‡‡‡‡
10.28	Third Amended and Restated Revolving Line of Credit Agreement, March 31, 2008. ~
10.29	Third Amended and Restated Security Agreement, dated March 31, 2008. ~
10.30	Sublease Agreement between BioTime, Inc. and Avigen, Inc.++++
23.1	Consent of Rothstein, Kass & Company, P.C.++++
31	Rule 13a-14(a)/15d-14(a) Certification++++
32	Section 1350 Certification++++

†Incorporated by reference to BioTime's Form 10-K for the fiscal year ended June 30, 1998.

+ Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively.

Incorporated by reference to Registration Statement on Form S-1, File Number 33-48717 and Post-Effective Amendment No. 1 thereto filed with the Securities and Exchange Commission on June 22, 1992, and August 27, 1992, respectively.

++ Incorporated by reference to Registration Statement on Form S-2, File Number 333-109442, filed with the Securities and Exchange Commission on October 3, 2003, and Amendment No.1 thereto filed with the Securities and Exchange Commission on November 13, 2003.

+++Incorporated by reference to Registration Statement on Form S-2, File Number 333-128083, filed with the Securities and Exchange Commission on September 2, 2005.

Incorporated by reference to Registration Statement on Form S-8, File Number 333-101651 filed with the Securities and Exchange Commission on December 4, 2002 and Registration Statement on Form S-8, File Number 333-122844 filed with the Securities and Exchange Commission on February 23, 2005.

Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

^ Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

* Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2001.

** Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

‡ Incorporated by reference to BioTime's Form 8-K, filed December 30, 2004

‡‡ Incorporated by reference to Post-Effective Amendment No. 3 to Registration Statement on Form S-2 File Number 333-109442, filed with the Securities and Exchange Commission on May 24, 2005

‡‡‡ Incorporated by reference to BioTime's Form 8-K, filed December 20, 2005

†† Incorporated by reference to BioTime's Form 8-K, filed January 13, 2006

††† Incorporated by reference to BioTime's Form 8-K, filed March 30, 2006

†††† Incorporated by reference to BioTime's Form 10-K For the year ended December 31, 2005

*** Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2006.

**** Incorporated by reference to BioTime's Form 8-K, filed January 9, 2008.

‡‡‡‡ Incorporated by reference to BioTime's Form 8-K, filed March 10, 2008.

~ Incorporated by reference to BioTime's Form 8-K filed April 4, 2008.

++++Filed herewith

Item 14. Principal Accountant Fees and Services

Rothstein, Kass and Company ("RKCO") audited our annual financial statements for the fiscal year ended December 31, 2007. We first engaged RKCO as our auditors in February 2007. BDO Seidman, LLP ("BDO") audited our annual financial statements for the fiscal year ended December 31, 2005, reviewed our financial statements included in our quarterly reports on Form 10-QSB for the first three quarters of 2006, and reissued their report on our fiscal year 2005 financial statements in conjunction with the filing of our 2006 10-KSB.

Audit Fees. RKCO billed us $95,000 in 2007 for the audit of our annual financial statements and for the review of our financial statements included in our quarterly reports on Form 10-QSB.

Audit-Related Fees. BDO billed us $20,466 for audit-related fees during the fiscal year ended December 31 2007. These fees were incurred in connection with the resissuance of BDO's report on our fiscal year 2005 financial statements in conjunction with the filing of our 2006 10-KSB.

Tax Fees. RKCO billed us $6,000 for review and preparation of U.S. federal, state, and local tax returns during the fiscal year ended December 31, 2007. BDO billed us $7,000 for review and preparation of U.S. federal, state, and local tax returns during the fiscal year ended December 31, 2006.

Other Fees. There were no other fees charged to us by RKCO or BDO during the fiscal years ended December 31, 2006 and 2007.

The prior approval of the Board of Directors is required for the engagement of our auditors to perform any non-audit services for us. Other than de minimis services incidental to audit services, non-audit services shall generally be limited to tax services such as advice and planning and financial due diligence services. All fees for such non-audit services must be approved by the Board of Directors, except to the extent otherwise permitted by applicable SEC regulations.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-KSB to be signed on its behalf by the undersigned, thereunto duly authorized on the 11th day of April, 2008.

BIOTIME, INC.

By: /s/Michael D. West

Michael D. West, Ph.D., Chief Executive Officer

Signature	Title	Date
/s/Michael D. West Michael D. West, Ph.D.	Chief Executive Officer and Director	April 11, 2008
/s/Judith Segall Judith Segall	Vice President -Operations and Director	April 11, 2008
/s/Hal Sternberg Hal Sternberg, Ph.D.	Vice President-Research and Director	April 11, 2008
/s/Harold D. Waitz Harold D. Waitz, Ph.D.	Vice President-Regulatory Affairs and Director	April 11, 2008
/s/Steven A. Seinberg Steven A. Seinberg	Chief Financial Officer (Principal Financial and Accounting Officer)	April 11, 2008
/s/Valeta Gregg Valeta Gregg, Ph.D.	Director	April 11, 2008

Exhibit Numbers	Description
3.1	Articles of Incorporation.†
3.2	Amendment of Articles of Incorporation.***
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
4.2	Form of Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company++
4.3	Form of Amendment to Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company. +++
4.4	Form of Warrant+++
10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg.+
10.2	Intellectual Property Agreement between BioTime, Inc. and Harold Waitz.+
10.3	Intellectual Property Agreement between BioTime, Inc. and Judith Segall.+
10.4	Intellectual Property Agreement between BioTime, Inc. and Steven Seinberg.*
10.5	Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+
10.6	Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+
10.7	2002 Stock Option Plan, as amended.##
10.8	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).###
10.9	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).^
10.10	Exclusive License Agreement between BioTime, Inc. and CJ Corp.**
10.11	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation.‡

10.12	Lease dated as of May 4, 2005 between BioTime, Inc. and Hollis R& D Associates ‡‡
10.13	Addendum to Hextend and PentaLyte Collaboration Agreement Between BioTime Inc. And Summit Pharmaceuticals International Corporation‡‡‡
10.14	Amendment to Exclusive License Agreement Between BioTime Inc. and Hospira, Inc.††
10.15	Hextend and PentaLyte China License Agreement Between BioTime, Inc. and Summit Pharmaceuticals International Corporation.†††
10.16	Revolving Credit Line Agreement between BioTime, Inc, Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, dated April 12, 2006.††††
10.17	Security Agreement executed by BioTime, Inc., dated April 12, 2006.††††
10.18	Form of Revolving Credit Note of BioTime, Inc. in the principal amount of $166,666.67 dated April 12, 2006.††††
10.19	First Amended and Restated Revolving Line of Credit Agreement, dated October 17, 2007. ####
10.20	Form of Amended and Restated Revolving Credit Note. ####
10.21	Form of Revolving Credit Note. ####
10.22	First Amended and Restated Security Agreement, dated October 17, 2007. ####
10.23	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Michael D. West.++++
10.24	Commercial License and Option Agreement between BioTime and Wisconsin Alumni Research Foundation.****
10.25	Second Amended and Restated Revolving Line of Credit Agreement, dated February 15, 2008.‡‡‡‡
10.26	Form of Amended and Restated Revolving Credit Note.‡‡‡‡
10.27	Second Amended and Restated Security Agreement, dated February 15, 2008.‡‡‡‡
10.28	Third Amended and Restated Revolving Line of Credit Agreement, March 31, 2008. ~
10.29	Third Amended and Restated Security Agreement, dated March 31, 2008. ~
10.30	Sublease Agreement between BioTime, Inc. and Avigen, Inc.++++
23.1	Consent of Rothstein, Kass & Company, P.C.++++
31	Rule 13a-14(a)/15d-14(a) Certification++++
32	Section 1350 Certification++++

† Incorporated by reference to BioTime's Form 10-K for the fiscal year ended June 30, 1998.

+ Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively.

Incorporated by reference to Registration Statement on Form S-1, File Number 33-48717 and Post-Effective Amendment No. 1 thereto filed with the Securities and Exchange Commission on June 22, 1992, and August 27, 1992, respectively.

++ Incorporated by reference to Registration Statement on Form S-2, File Number 333-109442, filed with the Securities and Exchange Commission on October 3, 2003, and Amendment No.1 thereto filed with the Securities and Exchange Commission on November 13, 2003.

+++Incorporated by reference to Registration Statement on Form S-2, File Number 333-128083, filed with the Securities and Exchange Commission on September 2, 2005.

Incorporated by reference to Registration Statement on Form S-8, File Number 333-101651 filed with the Securities and Exchange Commission on December 4, 2002 and Registration Statement on Form S-8, File Number 333-122844 filed with the Securities and Exchange Commission on February 23, 2005.

Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

^ Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

* Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2001.

** Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

‡ Incorporated by reference to BioTime's Form 8-K, filed December 30, 2004

‡‡ Incorporated by reference to Post-Effective Amendment No. 3 to Registration Statement on Form S-2 File Number 333-109442, filed with the Securities and Exchange Commission on May 24, 2005

‡‡‡ Incorporated by reference to BioTime's Form 8-K, filed December 20, 2005

†† Incorporated by reference to BioTime's Form 8-K, filed January 13, 2006

††† Incorporated by reference to BioTime's Form 8-K, filed March 30, 2006

†††† Incorporated by reference to BioTime's Form 10-K For the year ended December 31, 2005

*** Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2006.

**** Incorporated by reference to BioTime's Form 8-K, filed January 9, 2008.

‡‡‡‡ Incorporated by reference to BioTime's Form 8-K, filed March 10, 2008.

~ Incorporated by reference to BioTime's Form 8-K filed April 4, 2008.

++++Filed herewith

Exhibit 10.23

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made October 10, 2007, by and between BioTime, Inc. (the "Company"), and Michael D. West ("Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to employ Executive, and Executive is willing to accept such employment, all on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Engagement

(a) Position and Duties. The Company agrees to employ Executive in the position of Chief Executive Officer. Executive shall perform the duties and functions as are normally carried out by a Chief Executive Officer of a developer of pharmaceutical or medical products of a size comparable to the Company that has a class equity securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, and as the Board of Directors of the Company (the "Board of Directors") shall from time to time reasonably determine. Without limiting the generality of the immediately preceding sentence, Executive shall expand the scope of the Company's research and development program into the field of human stem cell research to the extent that the Company has or obtains sufficient capital for such purpose, except to the extent that the Board of Directors determines that the Company should abandon, forego, or limit stem cell research and development. Executive shall devote his best efforts, skills and abilities, on a full-time basis, exclusively to the Company's business pursuant to, and in accordance with, reasonable business policies and procedures, as fixed from time to time by the Board of Directors of the Company. Executive covenants and agrees that he will faithfully adhere to and fulfill such policies as are established from time to time by the Board of Directors.

(b) No Conflicting Obligations. Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement or that would prohibit him, contractually or otherwise, from performing his duties as Chief Executive Officer of the Company.

(c) No Unauthorized Use of Third Party Intellectual Property. Executive represents and warrants that he will not use or disclose, in connection with his employment by the Company, any patents, trade secrets, confidential information, or other proprietary information or intellectual property as to which any other person has any right, title or interest, except to the extent that the Company holds a valid license or other written permission for such use from the owner(s) thereof. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

2. Compensation

(a) ***Salary and Bonuses***. During the term of this Agreement, the Company shall pay to the Executive:

(i) *Annual Salary*. The Company shall pay Executive an annual salary of two hundred fifty thousand dollars ($250,000.00) the ("Annual Salary"). Executive=s salary shall be paid in equal bi-monthly installments, consistent with the Company=s regular salary payment practices. Executive=s salary may be adjusted from time-to-time by the Company without affecting this Agreement.

(ii) *Bonus*. In addition to his Annual Salary, Executive shall be entitled to receive an annual bonus equal to the lesser of (A) sixty-five thousand dollars ($65,000.00) or (B) the sum of 65% of Consulting Fees and 6.5% of Grant Funds received by the Company during each fiscal year; provided that (x) the grant that is the source of the Grant Funds was obtained by the Company during the term of Executive=s employment by the Company, (y) the grant that is the source of the Grant Funds is not a renewal, extension, modification, or novation of a grant (or a new grant to fund the continuation of a study funded by a prior grant from the same source) obtained by the Company prior to Executive=s employment by the Company, and (z) the grant that is the source of the Grant Funds was not obtained by the Company substantially through the efforts of any consultant or independent contractor compensated by the Company for obtaining the grant. The bonus shall be paid on a monthly basis, subject to the Company's receipt of the funds from which the bonus it to be paid.

(A) Grant Funds means money actually paid to the Company during a fiscal year as a research grant by any federal or state government agency or any not for profit non-government organization, and expressly excludes (1) license fees, (2) royalties, (3) Consulting Fees, (4) capital contributions to the Company or any subsidiary of the Company, or any joint venture of any kind (regardless of the legal entity through which the joint venture is conducted) to which the Company is a party, and (5) any other payments received by the Company by a business or commercial enterprise for research and development of products or technology pursuant to a contract or agreement for the commercial development of a product or technology.

(B) Consulting Fees means money actually received by the Company under a contract that entitles the Company to receive a cash fee for providing scientific and technical advice to third parties concerning stem cells.

(b) ***Expense Reimbursements***. The Company shall reimburse Executive for reasonable travel and other business expenses incurred by Executive in the performance of his duties hereunder, subject to the Company's policies and procedures in effect from time to time, and provided that Executive submits supporting vouchers.

(c) ***Benefit Plans.*** Executive shall be eligible (to the extent he qualifies) to participate in any retirement, pension, life, health, accident and disability insurance, stock option plan or other similar employee benefit plans which may be adopted by the Company (or any other member of a consolidated group of which the Company is a part) for its executive officers or other employees.

(d) *Stock Options/SARs*. The Company will grant Executive an option to purchase 1,500,000 of the Company=s common shares (the AOption@) under the Company=s 2002 Employee Stock Option Plan (the APlan@). The Option shall be paired with a stock appreciation right ("SAR") with respect to 976,500 shares that may be exercised only as provided in this Agreement.

(i) The exercise price of the Option and the SAR will be the greater of $0.50 per share and the Fair Market Value of the Company=s common shares on the date of grant determined in accordance with the Plan. The Option and the SAR will vest (as thereby become exercisable) as follows: 1/60th of the number of Option shares will vest at the end of each full month of employment. Vesting will depend on Executive=s continued employment with the Company through the applicable vesting date, and will be subject to the terms and conditions of the Plan and a Stock Option Agreement consistent with the Plan and this paragraph. The unvested portion of the Option and the SARs shall not be exercisable.

(ii) The vested portion of the Option and the SAR shall expire on the earliest of (A) seven (7) years from the date of grant, (B) three months after Executive ceases to be an employee of the Company for any reason other than Executive=s death or Disability (as defined below), or (C) one year after Executive ceases to be an employee of the Company due to his death or Disability; provided that if Executive dies during the three month period described in clause (B) of this paragraph, the expiration date of the vested portion of the Option shall be one year after the date of his death. In addition, (X) if the SAR is exercised, the vested portion of the Option shall expire as to a number of shares for which the SAR was exercised, and (Y) the vested and unvested portion of the SAR shall expire when the shareholders of the Company approve an amendment to the Plan described below. The Option and the SAR, respectively, shall not be exercisable after it has expired.

(iii) Except as specifically set forth in this Section, Executive=s rights under the Plan, or any other stock option plan later adopted by the Company, shall be governed solely by the terms of the Plan, or the later adopted stock option plan.

(iv) The SAR may not be exercised, in whole or in part, until the vested portion of the Option has been exercised in full. A vested SAR may be exercised by the Executive by delivering a written notice to the Company specifying the number of SAR shares being exercised. Upon exercise of an SAR, Executive shall be entitled to receive a payment of cash per SAR share exercised equal to the amount by which the fair market value of a Company common share on the date of exercise exceeds the exercise price of the SAR. The fair market value of a Company common share shall be determined by the Board of Directors in the manner provided in the Plan. The amount payable

to Executive upon exercise of an SAR shall be subject to all applicable, federal, state, and local income tax withholdings, FICA and similar state withholdings, and any other applicable payroll tax withholding. SARs may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Executive, only by the Executive.

(v) On the date of this Agreement, the number of shares available for the grant of options under the Plan, as approved by the shareholders of the Company, is less than 1,500,000. The Board of Directors has approved an amendment to the Plan that would increase the number of shares available for the exercise of options; however, the amendment is subject to approval by the shareholders of the Company. The Company will submit the Plan amendment to its shareholders for approval at its next annual meeting of shareholders, and the Board of Directors will recommend that the shareholders approve the amendment. The Board of Directors has reserved 523,377 shares under the Plan, as previously approved by the shareholders, for the Option granted to Executive.

(e) ***Vacation; Sick Leave***. Executive shall be entitled to three weeks of vacation without reduction in compensation, during each calendar year. Such vacation shall be taken at such time as is consistent with the needs and policies of the Company. All vacation days and sick leave days shall accrue based upon days of service. Executive shall also be entitled to leave from work, without reduction in compensation for ten days during each calendar year, due to illness subject to the policies and procedures of the Company, and subject to the provisions of this Agreement governing termination due to disability, sickness or illness. The Company may, from time to time, adopt policies governing the disposition of unused vacation days and sick leave days remaining at the end of the Company's fiscal year; which policies may govern whether unused vacation days or sick leave days will be paid, lost, or carried over into subsequent fiscal years.

3. Competitive Activities. During the term of Executive=s employment with the Company and for three years thereafter, Executive shall not, for himself or any third party, directly or indirectly employ, solicit for employment or recommend for employment any person employed by the Company. During the term of Executive=s employment, he shall not, directly or indirectly as an employee, contractor, officer, director, member, partner, agent, or equity owner, engage in any activity or business that competes or could reasonably be expected to compete with the business of the Company. Executive acknowledges that there is a substantial likelihood that the activities described in this Section would (a) involve the unauthorized use or disclosure of the Company=s Confidential Information and that use or disclosure would be extremely difficult to detect, and (b) result in substantial competitive harm to the Company's business. Executive has accepted the limitations of this Section as a reasonably practicable and unrestrictive means of preventing such use or disclosure of Confidential Information and preventing such competitive harm.

4. Inventions/Intellectual Property/Proprietary Information

(a) ***Inventions and Discoveries Belong to the Company***. Any and all inventions, discoveries, improvements or intellectual property which Executive may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, apparatus, or methods employed, manufactured, constructed or researched by the Company shall be the sole and exclusive property of the Company. The obligations provided for by this Agreement, except for the requirements as to disclosure in Section, do not apply to any rights Executive may have acquired in connection with an invention, discovery, improvement or intellectual property for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on the Executive=s own time and (a) which at the time of conception or reduction to practice does not relate directly or indirectly to the business of the Company or to the Company=s actual or demonstrable anticipated research or development, or (b) which does not result from any work performed by Executive for the Company. The parties understand and agree that this limitation is intended to be consistent with California Labor Code, Section 2870, a copy of which is attached as Exhibit A. If Executive wishes to clarify that something created by him prior to his employment by the Company that relates to the Company=s actual or proposed business is not within the scope of this Agreement, he has listed it on Appendix B in a manner that does not violate any third party rights. To the extent allowed by law, the rights assigned by Executive to the Company includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as Amoral rights,@ Aartist=s rights,@ Adroit moral,@ or the like (collectively AMoral Rights@). To the extent Executive retains any such Moral Rights under applicable law, he hereby ratifies and consents to any action that may be taken with respect to such Moral Rights by or authorized by the Company and agrees not to assert any Moral Rights with respect thereto. Executive shall confirm in writing any such ratifications, consents and agreements from time to time as requested by the Company.

(b) ***Disclosure of Inventions and Discoveries.*** Executive agrees to disclose promptly to the Company all improvements, discoveries, or inventions which Executive may make solely, jointly, or commonly with others, and to assign as appropriate such improvements, discoveries, inventions or intellectual property to the Company, where the rights are the property of the Company. Executive agrees to execute and sign any and all applications, assignments, or other instruments which the Company may deem necessary in order to enable the Company, at its expense, to apply for, prosecute, and obtain patents of the United States or foreign countries for the improvements, discoveries, inventions or intellectual property, or in order to assign or convey to or vest in the Company the sole and exclusive right, title, and interest in and to said improvements, discoveries, inventions, or patents. Executive hereby irrevocably designates and appoints the Company as Executive's agent and attorney-in-fact, coupled with an interest and with full power of substitution, to act for and in Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of this paragraph with the same legal force and effect as if executed by Executive. This paragraph is applicable

whether or not the invention, discovery, improvement or intellectual property was made under the circumstances described in paragraph (a) of this Section. Executive agrees to make such disclosures understanding that they will be received in confidence and that, among other things, they are for the purpose of determining whether or not rights to the related invention, discovery, improvement, or intellectual property is the property of the Company.

(c) ***Confidential and Proprietary Information.*** During his employment, Executive will have access to the Company's trade secrets and confidential information. Confidential Information means all information and ideas, in any form, relating in any manner to matters such as: the Company=s products; formulas; technology and know-how; inventions; clinical trial plans and data; business plans; marketing plans; the identity, expertise and compensation of employees and contractors; systems, procedures, and manuals; customers; suppliers; joint venture partners; research collaborators; licensees; and financial information. Confidential Information also shall include any information of any kind, whether belonging to the Company or any third party, that the Company has agreed to keep secret or confidential under the terms of any agreement with any third party. Confidential Information does not include: (i) information that is or becomes publicly known through lawful means other than unauthorized disclosure by Executive; (ii) information that was rightfully in Executive=s possession prior to his employment with the Company and was not assigned to the Company or was not disclosed to Executive in his capacity as a director or other fiduciary of the Company; or (iii) information disclosed to Executive, after the termination of his employment by the Company, without a confidential restriction by a third party who rightfully possesses the information and did not obtain it, either directly or indirectly, from the Company, and who is not subject to an obligation to keep such information confidential for the benefit of the Company or any third party with whom the Company has a contractual relationship. Executive understands and agrees that all Confidential Information shall be kept confidential by Executive both during and after his employment by the Company. Executive further agrees that he will not, without the prior written approval by the Company, disclose any Confidential Information, or use any Confidential Information in any way, either during the term of his employment or at any time thereafter, except as required by the Company in the course of his employment.

5. Termination of Employment. Executive understands and agrees that his employment has no specific term. This Agreement, and the employment relationship, are "at will" and may be terminated by either party with or without cause upon written notice to the other. Executive agrees to give the Company thirty (30) days advance written notice of his intent to terminate his employment with the Company. Except as otherwise agreed in writing or as otherwise provided in this Agreement, upon termination of Executive's employment, the Company shall have no further obligation to Executive by way of compensation or otherwise as expressly provided in this Agreement.

(a) ***Separation Benefits***. Upon termination of Executive=s employment with the Company for any reason, Executive will receive the severance benefits set forth below, but

Executive will not be entitled to any other compensation, award or damages with respect to his employment or termination of employment.

(i) *Termination for Cause, Death, Disability, or Resignation*. In the event of Executive=s termination for Cause, or termination as a result of his death or Disability, or his Resignation, Executive will be entitled to receive payment for all unpaid salary, accrued but unpaid bonus, if any, and vacation accrued as of the date of his termination of employment. Executive will not be entitled to any cash severance benefits or additional vesting of any Company stock options or other equity or cash awards.

(ii) *Termination Without Cause*. In the event of Executive=s termination without Cause, he will be entitled to (A) the benefits set forth in paragraph (a)(i) of this Section, (B) payment in an amount equal to either (1) three months base salary if Executive has been employed by the Company for less than two years, or (2) six months base salary if Executive has been employed by the Company for at least two years, which in either case may be paid in a lump sum or, at the election of the Company, in installments consistent with the payment of Executive=s salary while employed by the Company, subject to such payroll deductions and withholdings as are required by law, and (C) accelerated vesting of fifty percent (50%) of the then unvested shares subject to the Option if Executive has been employed by the Company for at least two years. The elimination of Executive's position or a material reduction in his assigned duties or related salary shall be considered termination without Cause.

(iii) *Change of Control*. In the event the Company (or any successor in interest to the Company that has assumed the Company=s obligation under this Agreement) terminates Executive=s employment without Cause within twelve (12) months following a Change in Control, in lieu of the benefits set forth in paragraph (a)(ii) of this Section, Executive will be entitled to (A) the benefits set forth in paragraph (a)(i) of this Section, (B) a lump sum payment in an amount equal to either (1) four months base salary if Executive has been employed by the Company for less than two years, or (2) twelve months base salary if Executive has been employed by the Company for at least two years, subject to such payroll deductions and withholding as are required by law; and (C) accelerated vesting of either (1) fifty percent (50%) of the then unvested shares subject to the Option if Executive has been employed by the Company for less than two years, or (2) one hundred percent (100%) of the then unvested shares subject to the Option if Executive has been employed by the Company for at least two years.

(b) ***Release.*** Any other provision of this Agreement notwithstanding, paragraphs (a)(ii) and (a)(iii) of this Section shall not apply unless the Executive (i) has executed a general release of all claims (in a form prescribed by the Company) and (ii) has returned all property of the Company in the Executive=s possession.

(c) ***Continuation of Certain Benefits***. In the event of the termination of Executive's employment for any reason other than his death, Executive's benefits will be continued under the Company=s then existing benefit plans and policies for so long as provided

under the terms of such plans and policies and as required by applicable law. If Executive elects to continue his health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (ACOBRA@) following the termination of his employment, then the Company shall pay the Executive's monthly premium under COBRA until the earlier of (i) the expiration of the Executive=s continuation coverage under COBRA, and (ii) the date when the Executive receives substantially equivalent health insurance coverage in connection with new employment or self-employment.

(d) ***Definitions***. For purposes of this Section, the following definitions shall apply:

(i) "Affiliated Group" means (A) a Person and one or more other Persons in control of, controlled by, or under common control with such Person; and (B) two or more Persons who, by written agreement among them, act in concert to acquire Voting Securities entitling them to elect a majority of the directors of the Company.

(ii) "Cause" means: (A) the failure to properly perform Executive=s job responsibilities, as determined reasonably and in good faith by the Board of Directors; (B) commission of any act of fraud, gross misconduct or dishonesty with respect to the Company; (C) conviction of, or plea of guilty or Ano contest@ to, any felony, or a crime involving moral turpitude; (D) breach of any provision of this Agreement or any provision of any proprietary information and inventions agreement with the Company; (E) failure to follow the lawful directions of the Board of Directors; (F) chronic alcohol or drug abuse, (G) obtaining in connection with any transaction in which the Company or any of its subsidiaries or affiliates is a party to a material undisclosed financial benefit for himself or for any member of his immediate family or for any corporation, partnership, limited liability company, or trust in which he or any member of his immediate family owns a material financial interest; or (H) harassing or discriminating against, or participating or assisting in the harassment of or discrimination against, any employee of the Company (or any of any of subsidiary or affiliate of the Company) based upon gender, race, religion, ethnicity, or nationality.

(iii) "Change of Control" means (A) the acquisition of Voting Securities of the Company by a Person or an Affiliated Group entitling the holder thereof to elect a majority of the directors of the Company; provided, that an increase in the amount of Voting Securities held by a Person or Affiliated Group who on the date of this Agreement owned beneficially owned (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder) more than 10% of the Voting Securities shall not constitute a Change of Control; and provided, further, that an acquisition of Voting Securities by one or more Persons acting as an underwriter in connection with a sale or distribution of such Voting Securities shall not constitute a Change of Control under this clause (A); (B) the sale of all or substantially all of the assets of the Company; or (C) a merger or consolidation of the Company with or into another corporation or entity in which the stockholders of the Company immediately before such merger or consolidation do not own, in the aggregate, Voting Securities

of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity) entitling them, in the aggregate (and without regard to whether they constitute an Affiliated Group) to elect a majority of the directors or persons holding similar powers of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity); provided, however, that in no event shall any transaction described in clauses (A), (B) or (C) be a Change of Control if all of the Persons acquiring Voting Securities or assets of the Company or merging or consolidating with the Company are one or more direct or indirect subsidiary or parent corporations of the Company.

(iv) "Disability" shall mean Executive=s inability to perform the essential functions of his job responsibilities for a period of one hundred eighty (180) consecutive days or one hundred eighty (180) days in the aggregate in any twelve (12) month period.

(v) "Person" means any natural person or any corporation, partnership, limited liability company, trust, unincorporated business association or other entity.

(vi) "Voting Securities" means shares of capital stock or other equity securities entitling the holder thereof to regularly vote for the election of directors (or for person performing a similar function if the issuer is not a corporation), but does not include the power to vote upon the happening of some condition or event which has not yet occurred.

6. Turnover of Property and Documents on Termination. Executive agrees that on or before termination of his employment, he will return to the Company all equipment and other property belonging to the Company, and all originals and copies of Confidential Information (in any and all media and formats, and including any document or other item containing Confidential Information) in Executive's possession or control, and all of the following (in any and all media and formats, and whether or not constituting or containing Confidential Information) in Executive's possession or control: (a) lists and sources of customers; (b) proposals or drafts of proposals for any research grant, research or development project or program, marketing plan, licensing arrangement, or other arrangement with any third party; (c) reports, job or laboratory notes, specifications, and drawings pertaining to the Company's research, development, products, patents, and technology; and (d) any and all inventions or intellectual property developed by Executive during the course of employment.

7. Arbitration. Except for injunctive proceedings against unauthorized disclosure of confidential information, any and all claims or controversies between the Company and Executive, including but not limited to (a) those involving the construction or application of any of the terms, provisions, or conditions of this Agreement; (b) all contract or tort claims of any kind; and (c) any claim based on any federal, state or local law, statute, regulation or ordinance, including claims for unlawful discrimination or harassment, shall be settled by arbitration in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered by

any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California. Unless the parties mutually agree otherwise, the arbitrator shall be a retired judge selected from a panel provided by the American Arbitration Association, or the Judicial Arbitration and Mediation Service (JAMS). The Company shall pay the arbitrators fees and costs. Each party shall pay for its own costs and attorneys= fees, if any. However, if any party prevails on a statutory claim which affords the prevailing party attorneys= fees, the arbitrator may award reasonable attorneys= fees and costs to the prevailing party.

EXECUTIVE UNDERSTANDS AND AGREES THAT THIS AGREEMENT TO ARBITRATE CONSTITUTES A WAIVER OF HIS RIGHT TO A TRIAL BY JURY OF ANY MATTERS COVERED BY THIS AGREEMENT TO ARBITRATE.

8. **Severability**. In the event that any of the provisions of this Agreement shall be held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement. In the event that any provision relating to the time period of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period such court deems reasonable and enforceable, then the time period of restriction deemed reasonable and enforceable by the court shall become and shall thereafter be the maximum time period.

9. **Agreement Read and Understood**. Executive acknowledges that he has carefully read the terms of this Agreement, that he has had an opportunity to consult with an attorney or other representative of his own choosing regarding this Agreement, that he understands the terms of this Agreement, and that he is entering this agreement of his own free will.

10. **Complete Agreement, Modification**. This Agreement is the complete agreement between the parties on the subjects contained herein and supersedes all previous correspondence, promises, representations, and agreements, if any, either written or oral. No provision of this Agreement may be modified, amended, or waived except by a written document signed both by the Company and Executive.

11. **Governing Law.** This Agreement shall be construed and enforced according to the laws of the State of California.

12. **Assignability**. This Agreement, and the rights and obligations of the parties under this Agreement, may not be assigned by Executive. The Company may assign any of its rights and obligations under this Agreement to any successor or surviving corporation, limited liability company, or other entity resulting from a merger, consolidation, sale of assets, sale of stock, sale of membership interests, or other reorganization, upon condition that the assignee shall assume, either expressly or by operation of law, all of the Company's obligations under this Agreement.

13. **Survival**. This Section 13 and the covenants and agreements contained in Sections 4 and 6 of this Agreement shall survive termination of this Agreement and Executive's employment.

14. **Notices**. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or sent by next business day air courier service, or personally delivered to the party to whom it is to be given at the address of such party set forth on the signature page of this Agreement (or to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 14).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EXECUTIVE:

/s/ Michael D. West
Michael D. West

COMPANY:

BIOTIME, INC.

By: /s/ Hal Sternberg

Title: V.P./Office of the President

Address: 6121 Hollis Street
Emeryville, California 94608

APPENDIX A

California Labor Code Section 2870.

Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer=s equipment, supplies, facilities, or trade secret information except for those inventions that either:

(i) Relate at the time of conception or reduction to practice of the invention to the employer=s business, or actual or demonstrably anticipated research or development of the employer; or

(ii) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

APPENDIX B

PRIOR MATTERS

None

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "**Sublease**"), dated March 20, 2008 for reference purposes only, is entered into by and between Avigen, Inc., a Delaware corporation ("**Sublandlord**"), and BioTime, Inc., a California corporation ("**Subtenant**").

RECITALS

A. Sublandlord leases certain premises consisting of approximately 67,482 square feet in a building, located at 1301 Harbor Bay Parkway, Alameda, California, pursuant to that certain Office Lease dated as of November 2, 2000, between Lincoln-RECP Empire OPCO, a Delaware limited liability company, as landlord (the "**Original Master Landlord**") and Sublandlord, as tenant, as amended by that certain First Amendment to Lease Agreement dated as of December 1, 2000, that certain Second Amendment to Lease Agreement dated as of February 13, 2001 and that certain letter agreement dated as of January 26, 2004 (collectively, as further amended or otherwise modified from time to time, the "**Master Lease**"), a copy of which is attached as ***Exhibit A***, as more particularly described therein (the "**Premises**"). Capitalized terms used but not defined herein have the same meanings given in the Master Lease.

B. Subsequently, Original Master Landlord sold and assigned all of its right, title and interest in and to the Master Lease to ARE-Harbor Bay No. 4, llc, a Delaware limited liability company, who in turn sold and assigned all of its right, title and interest in and to the Master Lease to SKS Harbor Bay Associates, LLC, a Delaware limited liability company ("**Master Landlord**").

C. Sublandlord desires to sublease to Subtenant, and Subtenant desires to sublease from Sublandlord a portion of the Premises consisting of approximately 11,000 rentable square feet, and more particularly shown on the layout attached at ***Exhibit B*** hereto ("**Sublease Premises**") upon the terms and conditions provided for herein.

Now, Therefore, in consideration of the mutual covenants and conditions contained herein, Sublandlord and Subtenant covenant and agree as follows:

AGREEMENT

1. SUBLEASE PREMISES. On and subject to the terms and conditions below, Sublandlord hereby leases to Subtenant, and Subtenant hereby leases from Sublandlord, the Sublease Premises. In addition, Subtenant shall be entitled to share nonexclusive use of the restrooms and lobby areas (the "**Sublease Common Areas**") identified on ***Exhibit B***.

2. TERM. The term of this Sublease (the "**Term**") shall commence on April 1, 2008 (the "**Commencement Date**"), provided Sublandlord has theretofore obtained the consent of Master Landlord, and shall expire November 30, 2010, unless sooner terminated pursuant to any provision hereof.

3. POSSESSION; EARLY POSSESSION.

(a) If for any reason Sublandlord cannot deliver possession of the Sublease Premises to Subtenant on the Commencement Date due to reasons beyond Sublandlord's reasonable control, Sublandlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Sublease or the obligations of Subtenant hereunder or extend the term hereof, provided that no rent shall be due hereunder until possession of the Sublease Premises has been delivered to Subtenant. Sublandlord shall use commercially reasonable efforts to obtain Master Landlord's written consent to this Sublease. Notwithstanding the foregoing, if Sublandlord cannot obtain the consent of Master Landlord to this Sublease within thirty (30) days after execution of this Sublease by Sublandlord and Subtenant, then either Sublandlord or Subtenant may terminate this Sublease by giving written notice thereof to the other.

(b) Subject to Master Landlord's consent and approval of this Sublease, Subtenant shall be entitled to commence installation of Subtenant's furniture, fixtures and equipment and occupy the Sublease Premises for its business purposes at any time prior to the Commencement Date; provided, however, that (i) Subtenant shall not unreasonably interfere with or disrupt any work being performed by Sublandlord in the Sublease Premises during such early occupancy, and (ii) prior to any such entry, Subtenant shall provide Sublandlord and Master Landlord with proof of Subtenant's insurance as required hereunder. Any entry by Subtenant onto the Sublease Premises prior to the Commencement Date shall be upon and subject to all of the terms of this Sublease (including Subtenant's obligations regarding indemnity and insurance) except those regarding the obligation to pay Rent (as defined below), which shall commence on the Rent Commencement Date. Subtenant agrees that Sublandlord shall not be liable in any way for any injury, loss or damage which may occur to any of Subtenant's property placed upon or installed in the Sublease Premises prior to the Commencement Date, the same being at Subtenant's sole risk, and Subtenant shall be liable for all injury, loss or damage to persons or property arising as a result of such entry into the Sublease Premises by Subtenant or its agents, contractors, employees and representatives.

4. RENT.

(a) Rent. Commencing on April 1, 2008 (the "**Rent Commencement Date**") and continuing throughout the term of this Sublease, Subtenant shall pay monthly rent consisting of Base Rent and Additional Rent (as defined below) (collectively, "**Rent**") to Sublandlord in the following amounts:

(i) Base Rent. Except to the extent provided in Section 4(c) below, Subtenant shall pay to Sublandlord monthly base rent ("**Base Rent**") on the first (1st) day of each calendar month as follows:

Period	Amount
From the Rent Commencement Date through December 31, 2008	$ 22,000.00
January 1, 2009 – December 31, 2009	$ 22,660.00
January 1, 2010 – November 30, 2010	$ 23,339.80

(ii) Additional Rent. In addition to Base Rent, Subtenant shall also pay to Sublandlord on the first (1st) day of each calendar month an amount equal to eighteen percent (18%) of the estimated amount of "Tenant's Share" of "Direct Expenses" (as defined in the Master Lease) ("**Master Lease Charges**"). Subtenant shall also pay eighteen percent (18%) of other amounts of Additional Rent due to Master Landlord under the Master Lease (unless related exclusively to the Premises retained by Sublandlord), which shall be payable to Sublandlord as and when payments are due from Sublandlord pursuant to the Master Lease, but at least five (5) business days prior to the date Sublandlord must pay such amounts to Master Landlord ("**Additional Charges**"). Notwithstanding the foregoing, except for recurring monthly installments of Master Lease Charges which shall be due as provided above, in no event shall payment be due less than ten (10) business days after receipt of written invoice by Subtenant. "**Additional Rent**" is hereby defined as Master Lease Charges, Additional Charges, Direct Costs and all other amounts owing by Subtenant hereunder.

(iii) Direct Costs. From and after the Commencement Date, Subtenant shall further pay to Sublandlord on the first (1st) day of each calendar month, as Additional Rent, an amount estimated by Sublandlord to be the monthly amount of any costs and expenses applicable to the Sublease Premises which are paid directly by Sublandlord, including, but not limited to, utilities, personal property taxes and real property taxes, as well as eighteen percent (18%) of the reasonable cost incurred by Sublandlord to clean and maintain the Sublease Common Areas ("**Direct Costs**"). At any time, Sublandlord or Subtenant may cause, at Subtenant's expense, any utilities to be separately metered or charged directly to Subtenant by the provider.

(iv) Subtenant's Right to Review Direct Costs.

(A) Sublandlord's Direct Cost Statement. No less often than annually, Sublandlord shall provide Subtenant with a consolidated statement setting forth the total amount of the estimated payments made by Subtenant in the previous year and the actual costs allocated to Subtenant pursuant to this Sublease. If the total estimated payments made for the year are insufficient to meet the costs allocated to Subtenant, then Subtenant shall pay to Sublandlord such deficit within thirty (30) days after receipt by Subtenant of notice thereof. If Subtenant is due a refund for the period, then Sublandlord shall pay such refund to Subtenant within (30) days after determination thereof. The provisions of this Section 4(a)(iv) shall survive the termination of the Sublease.

(B) Subtenant's Right to Audit Direct Costs. Not more often than once each calendar year, Subtenant, upon thirty (30) days advance written notice thereof to Sublandlord, at Subtenant's sole cost and expense, may retain an independent Certified Public Accountant reasonably acceptable to Sublandlord, to review and audit Sublandlord's books and records with regard to the Direct Costs for the Sublease Premises. If Sublandlord and Subtenant determine that Subtenant overpaid its share of any Direct Costs, Sublandlord shall refund to Subtenant the amount of such overpayment within thirty (30) days. If Sublandlord and Subtenant determine that Subtenant underpaid its share of Direct Costs, Subtenant shall pay to Sublandlord the amount of such deficiency within thirty (30) days. If Sublandlord and Subtenant determine that Subtenant overpaid its share of Direct Costs by more than five percent (5%) (after the annual reconciliation has occurred as provided in Section 4(a)(iv)(A) above), Sublandlord shall reimburse Subtenant for the reasonable actual costs of Subtenant's audit not to exceed Five Thousand Dollars ($5,000.00).

(v) Exclusions. Notwithstanding the foregoing, in the event any amounts payable by Sublandlord to Master Landlord are (A) due to Subtenant's breach of any provision of the Master Lease or this Sublease, (B) due to Subtenant's negligence or willful misconduct, or (C) are for the sole benefit of Subtenant, then such amounts shall not be prorated between Sublandlord and Subtenant and shall be the sole responsibility of Subtenant.

(b) Payment of Rent. If the Commencement Date does not fall on the first day of a calendar month, Rent for the first month shall be prorated on a daily basis based upon a calendar month. Rent shall be payable to Sublandlord in lawful money of the United States, in advance, without prior notice, demand, or offset, on or before the first day of each calendar month during the term hereof. All Rent shall be paid to Sublandlord at the address specified for notices to Sublandlord in Section 14 below.

(c) Initial Rent. Notwithstanding any provision of this Sublease to the contrary, upon execution of this Sublease, Subtenant shall deliver to Sublandlord the sum of One Hundred Thousand Dollars ($100,000.00), representing the initial four (4) months' Base Rent, Master Lease Charges and Direct Costs. In the event that Subtenant does not exercise the termination right set forth in Section 5 below, Subtenant shall pay to Sublandlord the sum of Thirty-Eight Thousand Six Hundred and 00/100 Dollars ($38,600.00) (the "**Catch-up Payment**") on or before August 1, 2008. In the event that the Sublease is duly terminated in accordance with the provisions of Section 5, below, Subtenant will not be required to pay the Catch-up Payment to Sublandlord.

(d) Abatement. In the event of any casualty or condemnation affecting the Sublease Premises, Rent payable by Subtenant shall be abated hereunder for the portion of the Sublease Premises so affected, but only to the extent that Rent under the Master Lease for such portion of the Sublease Premises is abated, and Subtenant waives any right to terminate this Sublease in connection with such casualty or condemnation except to the extent the Master Lease is also terminated as to the Premises or as expressly provided in Section 26(a) below.

5. **Termination Option**. Subtenant shall have the right terminate this Sublease by giving written notice to Sublandlord on or before July 15, 2008 (the "**Notice Date**"), in which case this Sublease shall terminate as of July 31, 2008, and Subtenant shall surrender the Sublease Premises to Sublandlord in the condition required by this Sublease on or before such date. If Subtenant fails to deliver such written notice on or before the Notice Date, Subtenant shall have no further right to terminate this Sublease except as expressly set forth in this Sublease.

6. **Security Deposit**. Provided that Subtenant has not exercised its right to terminate this Sublease, on or before the Notice Date, Subtenant shall deposit with Sublandlord the sum of Fifty Thousand Dollars ($50,000.00) as a security deposit ("**Security Deposit**"). Subtenant hereby grants to Sublandlord a security interest in the Security Deposit, including, but not limited to, replenishments thereof. If Subtenant fails to pay Rent or other charges when due under this Sublease, or fails to perform any of its other obligations hereunder, Sublandlord may use or apply all or any portion of the Security Deposit for the payment of any Rent or other amount then due hereunder and unpaid, for the payment of any other sum for which Sublandlord may become obligated by reason of Subtenant's default or breach, or for any loss or damage sustained by Sublandlord as a result of Subtenant's default or breach. If Sublandlord so uses any portion of the Security Deposit, Subtenant shall restore the Security Deposit to the full amount originally deposited within ten (10) business days after Sublandlord's written demand. Subtenant hereby waives any restrictions on the uses to which the Security Deposit may be put that is contained in California Civil Code Section 1950.7 or any successor statute. Sublandlord shall not be required to keep the Security Deposit separate from its general accounts, and shall have no obligation or liability for payment of interest on the Security Deposit. The Security Deposit, or so much thereof as had not theretofore been applied by Sublandlord, shall be returned to Subtenant within thirty (30) days of the expiration or earlier termination of this Sublease, provided Subtenant has vacated the Sublease Premises in the condition required under the terms of this Sublease.

7. **Assignment and Subletting**. Subtenant may not assign, sublet, transfer, pledge, hypothecate or otherwise encumber the Sublease Premises, in whole or in part, or permit the use or occupancy of the Sublease Premises by anyone other than Subtenant , unless Subtenant has obtained Master Landlord's consent in accordance with Article 14 of the Master Lease and Sublandlord's consent, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Subtenant may sublease a portion of the Subleased Premises to Embryome Sciences, Inc. ("**Embryome**") without the consent of Sublandlord or Master Landlord. Regardless of Sublandlord's consent, no subletting or assignment to Embryome or any other party shall release Subtenant of its obligations hereunder. Any rent or other consideration payable to Subtenant pursuant to any sublease or assignment permitted by this paragraph which is in excess of the Rent payable to Sublandlord pursuant hereto ("**Sublease Bonus Rent**") shall be divided equally between Sublandlord and Subtenant**,** after payment to Master Landlord of any "Transfer Premium" required to be paid under the Master Lease and deduction of the following actual and reasonable expenses paid to unaffiliated third-parties: (i) brokerage and marketing fees; (ii) legal fees in connection with execution of the assignment or sublease; and (iii) cost to demise the Sublease Premises. All such Sublease Bonus Rent shall be determined on a dollars per square foot basis, by aggregating all subrents received by Subtenant and dividing such amount by the total number of square feet of subleased space and subtracting from such amount the Rent per square foot payable by Subtenant for such space.

8. **Condition of Sublease Premises**.

(a) Except as expressly set forth herein, Subtenant agrees that (i) Sublandlord has made no representations or warranties of any kind or nature whatsoever respecting the Sublease Premises, their condition or suitability for Subtenant's use; and (ii) Subtenant agrees to accept the Sublease Premises "as is, where is," with all faults, without any obligation on the part of Sublandlord to modify, improve or otherwise prepare the Sublease Premises for Subtenant's occupancy. To the knowledge of Sublandlord's manager of facilities, all structural elements of the Sublease Premises and all piping, and wiring above the ceilings or otherwise intruding into the Sublease Premises that are servicing other tenants are operating in a good and workmanlike manner and are in material compliance with all applicable statutes, ordinances and regulations.

(b) Sublandlord has not made an independent investigation of the Premises or determination with respect to the physical and environmental condition of the Premises including, without limitation, the existence of any underground tanks, pumps, piping, toxic or hazardous substances on the Premises. No investigation has been made by Sublandlord to ensure compliance with the "Americans With Disabilities Act" ("**ADA**"). ADA may require a variety of changes to the Sublease Premises, including potential removal of barriers to access by disabled persons and provision of auxiliary aids and services for hearing, vision or speech impaired persons. Subtenant shall rely solely on its own investigations and/or that of a licensed professional specializing in the areas referenced in this Section º8. Notwithstanding the foregoing, Sublandlord represents and warrants that (i) its corporate counsel has not received any notice from a governmental authority indicating that the Sublease Premises are in violation of any law pertaining to the Sublease Premises; and (ii) the Sublease Premises are not subject to any enforcement or correction order(s) issued by any governmental authority.

9. **Use**. Subtenant may use the Sublease Premises for general office purposes and approved biotechnology laboratory use, as allowed in the Master Lease and this Sublease, and for no other purpose. Subtenant shall promptly comply with all applicable statutes, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the term of this Sublease governing, affecting and regulating the Sublease Premises, including, but not limited to, the use thereof. Subtenant shall not use or permit the use of the Sublease Premises in a manner that will create waste or a nuisance, interfere with or disturb other tenants in the Building or violate the provisions of the Master Lease. Subtenant acknowledges and agrees that the operation and use of the Sublease Premises may require that Subtenant apply for and receive licenses and/or permits from various federal, state and local governments, and Subtenant covenants and agrees to apply for and receive such licenses and/or permits as are required. Subtenant shall provide to Sublandlord copies of any such licenses and/or permits to the extent applicable to the Sublease Premises. Subtenant acknowledges, agrees and covenants that its occupancy, operation and use of such Sublease Premises shall be in accordance with: (a) all applicable state and federal regulations; (b) all licenses and permits that either Subtenant or Sublandlord has received or receives in the future respecting such Sublease Premises; and (c) all policies and procedures Sublandlord has reasonably promulgated respecting such Sublease Premises.

10. **Furniture and Equipment**. During the term of this Sublease, Subtenant shall have the exclusive right to use the modular work stations, furniture and equipment identified on ***Exhibit C*** hereto ("**Furniture and Equipment**"). Subtenant shall accept such Furniture and Equipment in its "as-is" condition without any representation or warranty by Sublandlord. Subtenant's insurance as required under this Sublease shall include an all risk property insurance policy for the Furniture and Equipment for its full replacement value, and Subtenant shall maintain the Furniture and Equipment during the term hereof in at least the same condition it was in as of the Commencement Date, normal wear and tear excepted. Provided Subtenant has not terminated this Sublease as provided in Section 4 above, Subtenant shall purchase the Furniture and Equipment at a total cost of Seventy-One Thousand Nine Hundred Ninety-Five Dollars ($71,995.00) (including tax). Commencing August 1, 2008, Subtenant shall pay Two Thousand Five Hundred Seventy-One and 26/100 Dollars ($2,571.26) per month (each an "**Equipment Payment**") to Sublandlord until full payment for the Furniture and Equipment is made to Sublandlord. Sublandlord shall transfer title to the Furniture and Equipment to Subtenant upon receipt of the full amount of the Equipment Cost pursuant to a written Bill of Sale in a form reasonably acceptable to Subtenant. If at the expiration or earlier termination of this Sublease, Subtenant has not paid to Sublandlord the entire amount of the Furniture and Equipment Cost, Subtenant shall at Subtenant's option (i) return the Furniture and Equipment to Sublandlord in the same condition received, ordinary wear and tear excepted, or (ii) pay Sublandlord the remainder of the Equipment Payment and remove the Furniture and Equipment from the Sublease Premises, in which case Sublandlord shall transfer title thereto to Subtenant pursuant to a written Bill of Sale in a form reasonably acceptable to Subtenant.

11. INCORPORATION OF MASTER LEASE; MAINTENANCE AND REPAIR.

(a) All of the terms and provisions of the Master Lease, except as expressly modified in this Sublease or as provided in subsections (b), (c) and (d) below, are incorporated into and made a part of this Sublease, and the rights and obligations of the parties under the Master Lease are hereby imposed upon the parties hereto with respect to the Sublease Premises, the Sublandlord being substituted for the Landlord in the Master Lease, the Subtenant being substituted for the Tenant in the Master Lease provided, however, that the term "Landlord" in the following Paragraphs of the Master Lease (i) shall mean Master Landlord, not Sublandlord: 6.1 (Standard Tenant Services) excepting the last paragraph; 6.4 (Additional Services); 6.5 (Alternate Electric Service of Provider); 7.2 (Maintenance by Landlord); 7.3 (Landlord's Repairs and Maintenance Obligations); 8.3 (Landlord's Property); 14 (Assignment and Subletting); 18 (Subordination); 23 (Parking); the first two sentences of 24.8 (Signs); 24.27 (Building Name and Signage); and 26 (Americans with Disabilities Act), and (ii) shall mean both Master Landlord and Sublandlord: 5 (Use); 6.2 (Interruption of Use); 7.4 (Tenant's Failure to Perform Repairs and Maintenance Obligations); 8.1 (Landlord's Consent to Alterations); 8.2 (Manner of Construction); 9 (Covenant Against Liens); 10 (Indemnification and Insurance); 17 (Estoppel Certificates); 21 (Compliance with Law); 22 (Entries by Landlord); 24.30 (Landlord Renovations); 27.3 (Tenant's Environmental Obligations); 27.4 (Environmental Indemnity); 27.5 (Survival); 27.6 (Exculpation); and 28 (Financial Statements). It is further understood that where reference is made in the Master Lease to the "Premises," the same shall mean the Sublease Premises as defined herein; where reference is made to the "Commencement Date," the same shall mean the Commencement Date as defined herein; and where reference is made to the "Lease," the same shall mean this Sublease. The parties specifically agree that any provisions relating to any construction obligations of "Landlord" under the Master Lease with respect to construction that occurred or was to have occurred prior to the Commencement Date hereof, are hereby deleted. Sublandlord shall not be liable to Subtenant for any failure by Master Landlord to perform its obligations under the Master Lease, nor shall such failure by Master Landlord excuse performance by Subtenant of its obligations hereunder; provided, however, that Sublandlord shall use its commercially reasonable efforts to cause Master Landlord to perform its obligations under the Master Lease. Anything in the Master Lease to the contrary notwithstanding, no personal liability shall at any time be asserted or enforceable by Subtenant against Sublandlord's stockholders, directors, officers or partners on account of any of Sublandlord's obligations or actions under this Sublease.

(b) The following Paragraphs of the Master Lease are expressly excluded and not incorporated herein: 1.1 (Real Property, Building, Premises and Complex); 2 (Lease Term); 3 (Base Rent); 4.1 (Additional Rent); 4.4 (Calculation and Payment of Additional Rent); the second sentence of Section 8.1 (regarding roof penetration); 11 (Damage and Destruction); 12 (Condemnation); 13 (Quiet Enjoyment); 20 (Security Deposit and Letter of Credit); the third, fourth and fifth sentences of Article 24.8 (Tenant's Signs); 24.25 (Brokers); 24.28 (Building Directory); Exhibit A, Exhibit C, and the Summary of Basic Lease Information.

(c) Except as provided in paragraphs (d) and (e) of this Section, Subtenant hereby assumes and agrees to perform for Sublandlord's benefit, during the term of this Sublease, all of Sublandlord's obligations with respect to the Sublease Premises under the Master Lease, except as otherwise provided herein. In connection with the foregoing, Sublandlord hereby assigns to Subtenant Sublandlord's rights under any artisan's, mechanic's, builder's, materialman's, manufacturer's and other warranties and guaranties to the extent the same relate exclusively to the Sublease Premises and pertain to any matter which Subtenant is obligated to repair or maintain hereunder. Subtenant shall not commit or permit to be committed any act or omission which violates any term or condition of the Master Lease. Notwithstanding anything to the contrary contained herein, this Sublease shall be subject and subordinate to all of the terms of the Master Lease and Master Landlord shall have all rights in respect of the Master Lease and the Premises as set forth therein.

(d) Subject to Subtenant's obligation under Section 4(a)(iii) to reimburse Sublandlord, in the form of Additional Rent, for the Direct Costs, Sublandlord shall use commercially reasonable efforts to provide to Subtenant the following services on a 24 hour per day, 365 day per day basis: (i) heating, ventilation or air-conditioning ("**HVAC**") service and supplies, maintenance or repairs related to the same; (ii) electrical power and service, supplies, maintenance or repairs related to the same; (iii) water and sewer; and (iv) plumbing service and supplies, maintenance or repairs related to the same; provided, however, in no event shall any failure or interruption of such services be deemed an actual or constructive eviction of Subtenant, entitle Subtenant to any reduction of Rent or result in any liability of Sublandlord to Subtenant except to the extent caused by the gross negligence or willful misconduct of Sublandlord. If Subtenant elects to use Sublandlord's janitorial service provider, Subtenant shall coordinate such service, at Subtenant's cost and with no liability to Sublandlord. In the event that Sublandlord fails to maintain the HVAC equipment in a reasonable manner within a reasonable time not to exceed two (2) business days after Subtenant provides written notice of such failure to Sublandlord, subject to receipt of Master Landlord's prior consent to access the roof as provided in Section 7.1 of the Second Amendment to the Master Lease, Subtenant may access the roof in order to repair such HVAC equipment.

(e) Subject to Subtenant's obligation under Section 4(a)(iii) to reimburse Sublandlord, in the form of Additional Rent, for the Direct Costs, Sublandlord agrees to repair and maintain all items required to be maintained and repaired by the Tenant under the Master Lease; provided, however, that Subtenant shall bear all costs of repairing any damage (excluding ordinary wear and tear) caused by the acts of Subtenant and its employees, agents, invitees, and contractors.

12. **INSURANCE**. Subtenant shall be responsible for compliance with the insurance provisions of the Master Lease, provided, however, any required property insurance as set forth in Section 10.3.2 of the Master Lease shall be required only in connection with the Sublease Premises and Subtenants' property located therein. Such insurance shall insure the performance by Subtenant of its indemnification obligations hereunder and shall name Master Landlord and Sublandlord as additional insureds. All insurance required under this Sublease shall contain an endorsement requiring thirty (30) days' written notice from the insurance company to Subtenant and Sublandlord before cancellation or change in the coverage, insureds or amount of any policy. Subtenant shall provide Sublandlord with certificates of insurance evidencing such coverage prior to the commencement of this Sublease.

13. **DEFAULT**. In addition to defaults contained in Section 19 of the Master Lease, failure of Subtenant to make any payment of Rent when due hereunder shall constitute an event of default hereunder. If Subtenant's default causes Sublandlord to default under the Master Lease, Subtenant shall defend, indemnify and hold Sublandlord harmless from all damages, costs (including reasonable attorneys' fees), liability, expenses or claims to the extent caused by such default.

14. **NOTICES**. The addresses specified in the Master Lease for receipt of notices to each of the parties are deleted and replaced with the following:

To Sublandlord at:	Avigen, Inc. 1301 Harbor Bay Parkway Alameda, California 94502 Attention: Chief Executive Officer
To Subtenant at:	BioTime, Inc. 1301 Harbor Bay Parkway Alameda, California 94502 Attention: Chief Executive Officer
with a copy to:	Richard S. Soroko, Esq. Lippenberger, Thompson, Welch, Soroko & Gilbert LLP 201 Tamal Vista Blvd Corte Madera, California 94925
After Commencement Date:	At the Sublease Premises

15. **SUBLANDLORD'S OBLIGATIONS**.

(a) To the extent that the provision of any services or the performance of any maintenance or any other act respecting the Sublease Premises, the Premises or Building is the responsibility of Master Landlord (collectively, "**Master Landlord Obligations**"), upon Subtenant's request, Sublandlord shall make reasonable efforts to cause Master Landlord to perform such Master Landlord Obligations; provided, however, that in no event shall Sublandlord be liable to Subtenant for any liability, loss or damage whatsoever in the event that Master Landlord should fail to perform the same, nor shall Subtenant be entitled to withhold the payment of Rent or terminate this Sublease. It is expressly understood that the services and repairs which are incorporated herein by reference, including, but not limited to, the maintenance of all of the fire protection and life/safety systems, the roof and roof coverings, exterior painting, exterior window cleaning, exterior lighting, parking areas, pavement, landscaping, sprinkler systems, sidewalks, driveways and curbs, as well as maintenance of Project common areas and structural portions of the floors, foundations and exterior and interior load bearing walls and the structural portions of the roof, will in fact be furnished by Master Landlord and not by Sublandlord. In addition, Sublandlord shall not be liable for any maintenance, restoration (following casualty or destruction) or repairs in or to the Building or the Sublease Premises, other than its obligation hereunder to use reasonable efforts to cause Master Landlord to perform its obligations under the Master Lease; provided, however, that if Sublandlord fails to use reasonable effort to cause Master Landlord to perform within ten (10) business days after receipt of written notice of such failure from Subtenant, Sublandlord agrees that Subtenant may, at Subtenant's election, exercise such rights as Sublandlord may have to enforce or seek the enforcement of Master Landlord's obligations under the Master Lease to the extent such obligations of Master Landlord affect the Sublease Premises, all at Subtenant's expense.

(b) Except as otherwise provided herein, Sublandlord shall have no other obligations to Subtenant with respect to the Sublease Premises or the performance of the Master Landlord Obligations.

16. **Early Termination of Sublease**. Except as expressly set forth in this Section 15, if the Master Lease should terminate prior to the expiration of this Sublease, Sublandlord shall have no liability to Subtenant on account of such termination unless said termination was a result of default by Sublandlord. To the extent that the Master Lease grants Sublandlord any discretionary right to terminate the Master Lease, whether due to casualty, condemnation, or otherwise, Sublandlord shall be entitled to exercise or not exercise such right in its complete and absolute discretion.

17. **Consent of Master Landlord and Sublandlord**. If Subtenant desires to take any action which requires the consent or approval of Sublandlord pursuant to the terms of this Sublease, prior to taking such action, including, without limitation, making any alterations, then, notwithstanding anything to the contrary herein, (a) Sublandlord shall have the same rights of approval or disapproval as Master Landlord has under the Master Lease, and (b) Subtenant shall not take any such action until it obtains the consent of Sublandlord and Master Landlord, as may be required under this Sublease or the Master Lease. This Sublease shall not be effective unless and until any required written consent of the Master Landlord shall have been obtained.

18. **Indemnity**. Subtenant shall indemnify, defend, protect, and hold Sublandlord and Master Landlord harmless from and against all actions, claims, demands, costs liabilities, losses, reasonable attorneys' fees, damages, penalties, and expenses (collectively, "**Claims**") which may be brought or made against Sublandlord or which Sublandlord may pay or incur to the extent caused by (i) a breach of this Sublease by Subtenant, (ii) any violation of law by Subtenant or its employees, agents, contractors or invitees (collectively, "**Agents**") relating to the use or occupancy of the Sublease Premises, (iii) any act or omission by Subtenant or its Agents resulting in contamination of any part or all of the Premises by Hazardous Materials, or (iv) the negligence or willful misconduct of Subtenant or its Agents.

19. **Brokers**. Each party hereto represents and warrants that it has dealt with no broker in connection with this Sublease and the transactions contemplated herein. Each party shall indemnify, protect, defend and hold the other party harmless from all costs and expenses (including reasonable attorneys' fees) arising from or relating to a breach of the foregoing representation and warranty.

20. **Parking.** Subtenant shall be entitled to eighteen percent (18%) of the parking rights granted to Sublandlord pursuant to the Master Lease.

21. **Financial Statements**. Subtenant shall deliver to Sublandlord a copy of each quarterly report on Form 10-Q and annual report on Form 10-K ("**SEC Reports**") filed by Subtenant with the Securities and Exchange Commission (the "**SEC**") under the Securities Exchange Act of 1934, as amended. Such SEC Reports shall be delivered to Sublandlord within ten (10) business days after filing with the SEC.

22. **Surrender of Sublease Premises**. In lieu of any obligation or liability set forth in the Master Lease, upon the termination of the Sublease, Subtenant shall surrender the Sublease Premises to Sublandlord free of hazardous materials introduced, discharged, released or placed on the Sublease Premises by Subtenant, broom-clean and in as good a condition as on the Commencement Date, ordinary wear and tear excepted, and except for any repairs or maintenance required to be performed by Sublandlord. In addition, Subtenant shall remove any alterations, additions and improvements constructed or installed by Subtenant (whether or not made with Sublandlord's consent), prior to the termination of the Sublease and restore the Sublease Premises to its prior condition, ordinary wear and tear excepted, repairing all damage caused by or related to any such removal, all at Subtenant's expense. Any property of Subtenant not removed hereunder shall be deemed, at Sublandlord's option, to be abandoned by Subtenant and Sublandlord may store such property in Subtenant's name at Subtenant's expense, and/or dispose of the same in any manner permitted by law.

23. **No Third Party Rights**. The benefit of the provisions of this Sublease is expressly limited to Sublandlord and Subtenant and their respective permitted successors and assigns. Under no circumstances will any third party be construed to have any rights as a third party beneficiary with respect to any of said provisions.

24. **Quiet Enjoyment**. Subtenant shall peacefully have, hold and enjoy the Sublease Premises, subject to the terms and conditions of this Sublease and subject to the Master Lease, provided that Subtenant pays all rent and performs all of Subtenant's covenants and agreements contained herein.

25. **Counterparts; Entire Agreement; Amendment**. This Sublease may be signed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one agreement. This Sublease represents the entire agreement of Sublandlord and Subtenant with respect to the subject matter hereof. This Sublease may not be amended except by a written instrument executed by both parties hereto.

26. DAMAGE AND DESTRUCTION.

(a) Termination of Master Lease. If the Sublease Premises is damaged or destroyed and Master Landlord or Sublandlord exercises any option either may have to terminate the Master Lease, if any, this Sublease shall terminate as of the date of the casualty. In the event of any such termination by Sublandlord, Sublandlord shall use good faith efforts, at no cost to Sublandlord, to assist Subtenant to enter into a direct lease with Master Landlord (at Master Landlord's sole discretion) if Subtenant so desires. If the Master Lease imposes any repair or restoration obligation on Sublandlord, Subtenant shall be responsible for all such obligations as they relate to the Sublease Premises. In the event that after a damage or destruction of the Sublease Premises, where the time estimated to restore the Sublease Premises exceeds 180 days, Subtenant and Sublandlord shall each have the right to terminate this Sublease on written notice to given to the other party within thirty (30) days after determination of the amount of time to restore the Sublease Premises, which termination shall be effective as of the date of the casualty.

(b) Continuation of Sublease. If the Master Lease or this Sublease is not terminated following any damage or destruction as provided in subsection (a) above, this Sublease shall remain in full force and effect, and Rent shall be abated in accordance with Section 4(d) of this Sublease.

27. EMINENT DOMAIN. If all or any part of the Sublease Premises is condemned by eminent domain, inversely condemned or sold in lieu of condemnation, for any public or a quasi-public use or purpose, this Sublease may be terminated as of the date of title vesting in such proceeding by Sublandlord, without first obtaining the consent of Subtenant.

28. ESTOPPEL CERTIFICATES. Subtenant or Sublandlord, within ten (10) business days of each request by the other to do so, shall each execute and deliver to the other estoppel certificate(s), (i) certifying that this Sublease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Sublease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to its knowledge, any uncured defaults on the part of the other party hereunder, or stating the nature of defaults if such exist, and (iii) evidencing the status of the Sublease, as may be reasonably required either by a prospective or actual lender making a loan to Sublandlord or Subtenant

29. SIGNAGE. Subtenant shall be entitled, at its sole cost and expense, to one (1) identification sign outside of the Sublease Premises on the floor on which the Sublease Premises are located. The location, quality, design, style, lighting and size of such sign shall be consistent with the Master Landlord's Building standard signage program and shall be subject to Master Landlord's prior written approval, in accordance with the terms of the Master Lease and Sublandlord's approval, not to be unreasonably withheld, conditioned or delayed. Upon the expiration or earlier termination of this Sublease, Subtenant shall be responsible, at its sole cost and expense, for the removal of its signage and the repair of all damage to the Building caused by such removal. Except for such identification sign, Subtenant may not install any signs on the exterior or roof of the Building or the Common Areas of the Building, the Complex or the Real Property without the approval of the Master Landlord and Sublandlord. Any signs, window coverings, or blinds (even if the same are located behind the Master Landlord approved window coverings for the Building), or other items visible from the exterior of the Sublease Premises or Building are subject to the prior approval of Master Landlord, in its sole and absolute discretion.

In Witness Whereof, the parties have executed this Sublease as of the date first written above.

SUBLANDLORD: AVIGEN, INC.,
a Delaware corporation

By: /s/ Andrew A. Sauter
Name: Andrew A. Sauter
Title: Chief Financial Officer

SUBTENANT: BIOTIME, INC.,
a California corporation

By: /s/ Robert W. Peabody
Name: Robert W. Peabody
Title: Sr.V.P. & COO

EXHIBIT A

MASTER LEASE

OFFICE LEASE

PARKWAY CENTER

ALAMEDA, CALIFORNIA

LINCOLN-RECP EMPIRE OPCO, LLC,

A DELAWARE LIMITED LIABILITY COMPANY

AS LANDLORD,

AND

AVIGEN, INC.,

A DELAWARE CORPORATION

AS TENANT

TABLE OF CONTENTS

EXHIBITS

PARKWAY CENTER
SUMMARY OF BASIC LEASE INFORMATION

This Summary of Basic Lease Information ("SUMMARY") is hereby incorporated into and made a part of the attached Office Lease. Each reference in the Office Lease to any term of this Summary shall have the meaning as set forth in this Summary for such term. In the event of a conflict between the terms of this Summary and the Office Lease, the terms of the Office Lease shall prevail. Any capitalized terms used Summary and not otherwise defined herein shall have the meaning as set forth in the Office Lease.

TERMS OF LEASE (References are to the Office Lease)		DESCRIPTION
1.	DATE:	November 2, 2000
2	LANDLORD:	LINCOLN-RECP EMPIRE OPCO, LLC, a Delaware limited liability company
3.	ADDRESS OF LANDLORD'S AGENT (SECTION 24.19):	Legacy Partners Commercial, Inc., 101 Lincoln Centre Drive Foster City, California 94404 Attn: Mack Laney, Sr. Vice President Operations with a copy to: Legacy Partners Commercial, Inc., 1411 Harbor Bay Parkway, Suite 1000 Alameda, California 94502 Attn: Property Manager
4.	TENANT:	AVIGEN, INC., a Delaware corporation
5.	ADDRESS OF TENANT: (SECTION 24.19):	1301 Harbor Bay Parkway Alameda, California 94502 Attention: Thomas J. Paulson (Prior to Lease Commencement Date) and 1301 Harbor Bay Parkway Alameda, California 94502 Attention: Thomas J. Paulson (After Lease Commencement Date)
6.	PREMISES, BUILDING AND COMPLEX (ARTICLE 1):	
	6.1 PREMISES:	Subject to Article 2, approximately 67,482 rentable square feet of space located on the first and second floors of the Building, as set forth in Exhibit A attached hereto.
	6.2 BUILDING: rentable square feet.	Approximately 67,482 rentable square feet.
	6.3 COMPLEX:	Parkway Center; Approximately 463,860
	6.4 PREMISES ADDRESS:	1301 Harbor Bay Parkway Alameda, California 94502 Floor(s) upon which the Premises are located: First and Second
7.	TERM:	
	7.1 LEASE TERM:	Ten (10) years and Zero (0) months.
	7.2 LEASE COMMENCEMENT DATE:	December 1, 2000
	7.3 LEASE EXPIRATION DATE:	The last day of the Term of the Lease shall be November 30, 2010, subject to the provisions of Article 2.
	7.4 AMENDMENT TO LEASE:	Landlord and Tenant shall confirm the Lease Commencement Date and Lease Expiration Date in an Amendment to Lease (Exhibit "C"), which may be required to be executed pursuant to Article 2 of the Office Lease.

8. BASE RENT (ARTICLE 3):

TERM	SQUARE FEET	ANNUAL RENTAL RATE PER RENTABLE SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT
12/1/00 -- 11/30/01	34,537	$ 24.00	$ 69,074.00
12/1/01 -- 11/30/02	34,537	$ 24.72	$ 71,146.22
12/1/02 -- 12/31/02	34,537	$ 25.44	$ 73,218.44
1/1/03 -- 11/30/03	67,482	$ 25.44	$ 143,061.84
12/1/03 -- 11/30/04	67,482	$ 26.28	$ 147,785.58
12/1/04 -- 11/30/05	67,482	$ 27.00	$ 151,834.50
12/1/05 -- 11/30/06	67,482	$ 27.84	$ 156,558.24
12/1/06 -- 11/30/07	67,482	$ 28.68	$ 161,281.98
12/1/07 -- 11/30/08	67,482	$ 29.52	$ 166,005.72
12/1/08 -- 11/30/09	67,482	$ 30.36	$ 170,729.46
12/1/09 -- 11/30/10	67,482	$ 31.32	$ 176,128.02

Base Rent for the "Remaining Premises" (as defined in Article 2 below) shall be payable from the "RP Commencement Date" (as defined in Article 2 below) through December 31, 2002, in accordance with the following schedule:

TERM	REMAINING PREMISES SQUARE FEET	REMAINING PREMISES --ANNUAL RENTAL RATE PER RENTABLE SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT
10/1/01 -- 5/31/02	32,945	$ 18.24	$ 50,076.40
6/1/02 -- 12/31/02	32,945	$ 19.08	$ 52,382.55

	ADVANCE RENT (SECTION 3.1):	Sixty-nine Thousand Seventy-four Dollars ($69,074.00)
9.	ADDITIONAL RENT (ARTICLE 4):	
	9.1 BASE YEAR FOR TENANT'S SHARE OF DIRECT EXPENSES	Calendar year 2001
	9.3 TENANT'S SHARE OF DIRECT EXPENSES FOR THE PREMISES	100% of the Building. 14.55% of the Complex.
10.	SECURITY DEPOSIT (ARTICLE 20):	One Hundred Fifty Thousand Dollars ($150,000.00)
11.	PARKING (ARTICLE 23):	One hundred fourteen (114) unreserved parking spaces, subject to adjustment per Article 23
12.	BROKERS (SECTION 24.35):	Aegis Realty Partners for Tenant Cushman Realty Corporation for Landlord
13.	EXHIBITS:	A through E, inclusive and attached hereto.

PARKWAY CENTER

OFFICE LEASE

This Office Lease, which includes the preceding Summary attached hereto and incorporated herein by this reference (the Office Lease and Summary to be known sometimes collectively hereafter as the "Lease"), dated as of the date set forth in Section 1 of the Summary, is made by and between LINCOLN-RECP EMPIRE OPCO, LLC, a Delaware limited liability company ("Landlord"), and AVIGEN, INC., a Delaware corporation ("Tenant").

ARTICLE 1 - REAL PROPERTY, BUILDING, PREMISES AND COMPLEX

1.1 REAL PROPERTY, BUILDING, PREMISES AND COMPLEX. Upon and subject to the terms, covenants and conditions hereinafter set forth in this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 6 of the Summary (the "Premises"), which Premises are part of the building (the "Building") specified in Section 6 of the Summary, and, as applicable, which Building is part of the Complex ("Complex") specified in Section 6 of the Summary. The outline of the floor plan of the Premises is set forth in Exhibit A attached hereto. The Building, the Building's parking facility ("Building Parking Facility"), any outside plaza areas, land and other improvements surrounding the Building which are designated from time to time by Landlord as "Common Areas" appurtenant to or servicing the Building and/or the Complex, and the land upon which any of the foregoing are situated, are herein sometimes collectively referred to as the "Real Property." Landlord and Tenant hereby agree that for purposes of this Lease, as of the Lease Date, the rentable square footage area of the Premises, the Building, and the Complex shall be deemed to be the number of rentable square feet specified in Section 6 of the Summary which number of rentable square feet for the Premises includes an apportionment made by Landlord of a pro rata share of the core of the Building, corridors, lobbies and other portions of the "Common Areas" within the Building attributable to the Premises being leased by Tenant hereunder. Tenant is hereby granted the right to the non-exclusive use of the common corridors and hallways, stairwells, elevators, restrooms and other public or common areas located on the Real Property (the "Common Areas"); provided, however, that the manner in which such public and Common Areas are maintained and operated shall be at the sole discretion of Landlord (but in a good condition, comparable to the condition of other comparable buildings in the vicinity of the Complex) and the use thereof shall be subject to such reasonable rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to make alterations or additions to or to change the location of elements of the Real Property and the Common Areas thereof, subject to the condition that exercise of any of such rights shall not unreasonably interfere with Tenant's use of the Premises, or decrease the number of Tenant's parking spaces below the minimum number set forth herein. Tenant hereby acknowledges and agrees that Landlord has informed Tenant that, as of the date hereof, Landlord presently owns five (5) of the eight (8) buildings situated within the Complex.

1.2 CONDITION OF PREMISES. No representations or warranties of any kind, express or implied, respecting the condition of the Premises, Building, Complex or Real Property have been made by Landlord or any agent of Landlord to Tenant, except as expressly set forth herein. Tenant acknowledges that it has had an opportunity to thoroughly inspect the condition of the Premises, and Tenant accepts the Premises in the existing "AS IS" condition on the date hereof. Tenant acknowledges and agrees that neither Landlord nor any of Landlord's agents, representatives or employees has made any representations as to the suitability, fitness or condition of the Premises for the conduct of Tenant's business or for any other purpose. Any exception to the foregoing provisions must be made by express written agreement by both parties. Notwithstanding anything to the contrary in this Lease, Landlord warrants that on the commencement of the term hereof, the Premises shall be "broom-clean" and the Building and the Systems and Equipment, shall be in good working order, condition, and repair, and free from material defects.

ARTICLE 2 - LEASE TERM

The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent or any obligations to maintain, repair or comply with laws. The term of this Lease (the "Lease Term") shall be as specified in Section 7.1 of the Summary and shall commence on the date (the "Lease Commencement Date") specified in Section 7.2 of the Summary, and shall terminate on the date (the "Lease Expiration Date") set forth in Section 7.3 of the Summary, unless this Lease is sooner terminated as hereinafter provided. Notwithstanding the foregoing, Tenant hereby acknowledges that as of the Lease Date, the Premises are presently being occupied by RESOURCE/PHOENIX, INC., a California corporation (the "Existing Tenant") under a sublease from PEOPLESOFT USA, INC., a Delaware corporation ("PeopleSoft"). Landlord's delivery to Tenant of possession of the Premises by the Lease Commencement Date is contingent upon (i) Landlord entering into lease termination agreements with the Existing Tenant and with PeopleSoft satisfactory to Landlord, and (ii) the Existing Tenant vacating the Premises and surrendering possession thereof to Landlord by the Lease Commencement Date; provided that Landlord shall use commercially reasonable efforts to enter into such lease termination agreements and cause Existing Tenant to vacate the Premises and surrender possession thereof to Landlord by the Lease Commencement Date. Landlord anticipates that Landlord will be able to deliver approximately 34,537 rentable square feet of the Premises on the ground floor of the Building (the "Initial Premises") to Tenant on or about the Lease Commencement Date; the balance of the Premises on the second floor of the Building comprising approximately 32,945 rentable square feet (the "Remaining Premises") is anticipated to be delivered to Tenant on or about October 1, 2001 (the "RP Commencement Date"). If Landlord, for any reason whatsoever, cannot deliver possession of the Initial Premises to Tenant on the Lease Commencement Date, Landlord shall not be subject to any liability nor shall the validity of the Lease be affected; provided, the Term of this Lease and the obligation to pay Rent or any obligations to maintain, repair or comply with laws shall commence on the date possession is actually tendered to Tenant and the Lease Expiration Date shall be extended commensurately. If Landlord, for any reason, cannot deliver possession of the Remaining Premises to Tenant on the RP Commencement Date (in the condition that exists on the day after the Existing Tenant vacates the Remaining Premises) without any improvements, alterations, repairs, refurbishment or other modifications being made thereto (except as may be necessary to satisfy the requirements of Section 1.2 above), Landlord shall not be subject to any liability nor shall the validity of this Lease be affected; provided the RP Commencement Date shall be extended commensurately by the period of time Landlord is delayed in so delivering possession of the Remaining Premises to Tenant without any improvements, alterations, repairs, refurbishment or other modifications being made thereto. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term, provided that the last Lease Year shall end on the Lease Expiration Date. If the Lease Commencement Date, the RP Commencement Date and/or the Lease Expiration Date of this Lease is other than the Lease Commencement Date, the RP Commencement Date and/or Lease Expiration Date specified in Section 7 of the Summary, then at any time during the Lease Term, Landlord may deliver to Tenant an Amendment to Lease in substantially the form as set forth in Exhibit C, attached hereto, wherein the parties shall specify the actual Lease Commencement Date, RP Commencement Date, Lease Expiration Date and the dates on which Tenant is to commence paying Rent for the Initial Premises and the Remaining Premises, respectively, and which document Tenant shall execute and return to Landlord within five (5) days of receipt thereof. The word "Lease Term" whenever used herein refers to the initial term of this Lease and any valid extension(s) thereof. Notwithstanding the definition of Premises set forth in Section 6.1 of the Summary, the Premises as used herein shall only refer to that portion of the Building which has been delivered to Tenant.

ARTICLE 3 - BASE RENT

3.1 INITIAL PREMISES RENT COMMENCEMENT DATE. Tenant shall pay, without notice or demand, to Landlord or Landlord's agent at the management office of the Complex, or at such other place as Landlord may from time to time designate in writing, in currency or a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("Base Rent") as set forth in Section 8 of the Summary, payable in equal monthly installments as specified in Section 8 of the Summary as and when required pursuant to the terms of this Article 3 and thereafter in advance on or before the first day of each and every month during the Lease Term, without any abatement, setoff or deduction whatsoever, except as expressly set forth herein. Tenant's obligation to commence payment of Base Rent for the Initial Premises shall commence on the Lease Commencement Date. The Base Rent for the first full month of the Lease Term (the "Advance Rent"), as set forth in Section 8 of the Summary, shall be paid at the time of Tenant's execution of this Lease. The Base Rent for any fractional part of a calendar month at the commencement or termination of the Lease Term shall be a prorated amount of the Base Rent for a full calendar month based upon the number of days of such month. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

ARTICLE 4 - ADDITIONAL RENT

4.1 ADDITIONAL RENT. For the period commencing on the Lease Commencement Date and continuing through December 31, 2001 Tenant shall not be required to pay "Direct Expenses", as defined in Section 4.3.3 of this Lease. Commencing January 1, 2002, and continuing throughout the balance of the Lease Term, Tenant shall pay as additional rent the "Tenant's Share", as defined in Section 4.3.8, of Direct Expenses, which are in excess of the amount of Direct Expenses incurred during the "Base Year," as that term is defined in Section 4.3.1 of this Lease. Such additional rent, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease (including, without limitation, pursuant to Article 6), shall be hereinafter collectively referred to as the "Additional Rent." The Base Rent and Additional Rent are herein collectively referred to as the "Rent." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner, time and place as the Base Rent. Without limitation on other obligations of Tenant which shall survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 which is properly attributable to the Lease Term shall survive the expiration or earlier termination of the Lease Term.

4.2 [INTENTIONALLY DELETED.]

4.3 DEFINITIONS. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.3.1 "Base Year" shall mean the calendar year set forth in

Section 9.1 of the Summary.

4.3.2 "Calendar Year" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.3.3 "Direct Expenses" shall mean "Operating Expenses" and "Tax Expenses."

4.3.4 "Expense Year" shall mean each Calendar Year, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive-month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted by Landlord for any Expense Year involved in any such change; provided further that any such change shall not increase in the aggregate the amount of Direct Expenses payable by Tenant throughout the Lease Term.

4.3.5 "Operating Expenses" shall mean all expenses, costs and amounts of every kind and nature which Landlord shall pay during any Expense Year in excess of the amount of said expenses for the Base Year because of or in connection with the ownership, management, maintenance, repair, replacement, restoration or operation of the Building, Complex and Real Property, including, without limitation, any amounts paid for: (i) the cost of supplying all utilities (subject to the provisions of Section 6.7), the cost of operating, maintaining, repairing, renovating and managing the utility systems, mechanical systems, sanitary and storm drainage systems, any elevator systems and all other "Systems and Equipment" (as defined in Section 4.3.6 of this Lease), and the cost of supplies and equipment and maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections, and the cost of contesting the validity or applicability of any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with implementation and operation of any transportation system management program or similar program required by any governmental authority; (iii) the cost of insurance carried by Landlord, in such amounts as Landlord may reasonably determine or as may be required by any mortgagees or the lessor of any underlying or ground lease affecting the Real Property, the Complex and/or the Building, including any commercially reasonable deductibles; (iv) the cost of landscaping, relamping, supplies, tools, equipment and materials, and all fees, charges and other costs (including consulting fees, legal fees and accounting fees) incurred in connection with the management, operation, repair and maintenance of the Building, the Complex and Real Property; (v) the cost of parking area repair, restoration, and maintenance; (vi) any equipment rental agreements or management agreements (including the cost of any management fee and the fair rental value of any office space provided thereunder); (vii) wages, salaries and other compensation and benefits of all persons directly engaged (whether or not 100% of such person's efforts are devoted to this Building, Complex and Real Property, provided that only the portion attributable to this Building, Complex and Real Property shall be included in Operating Expenses) in the operation, management, maintenance or security of the Building, the Complex and the Real Property, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; (viii) payments under any easement, license, operating agreement, declaration, restrictive covenant, underlying or ground lease (excluding rent), or instrument pertaining to the sharing of costs by the Building, Complex or Real Property; (ix) the cost of janitorial service, alarm and security service (if any security service is provided by Landlord), window cleaning, trash removal, replacement of wall and floor coverings, ceiling tiles and fixtures in lobbies, corridors, restrooms and other common or public areas or facilities, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (x) any and all levies, charges, fees and/or assessments payable to any applicable owner's association and/or condominium association with respect to the Complex; (xi) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Building, Complex and Real Property; and (xii) the cost of any capital improvements or other costs (I) which are intended as a labor-saving device or to effect other economies in the operation or maintenance of the Building, Complex and Real Property, to the extent that the same result in savings, and (II) made to the Building, Complex or Real Property after the Lease Commencement Date that are required under any governmental law or regulation adopted subsequent to the Commencement Date, or (III) which are reasonably determined by Landlord to be in the best interests of the Building, the Complex and/or the Real Property; provided, however, that if any such cost described in (I), (II) or (III) above, is a capital expenditure, such cost shall be amortized (including interest on the unamortized cost) over its estimated useful life as Landlord shall reasonably determine, which estimated useful life shall be comparable to that used by landlords of comparable buildings in the vicinity of the Complex. If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance

thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Building or the Complex is not fully occupied during all or a portion of any Expense Year (including the Base Year), Landlord shall make an appropriate adjustment to the variable components of Operating Expenses for such year or applicable portion thereof, employing sound accounting and management principles, to determine the amount of Operating Expenses that would have been paid had the Building and/or the Complex been fully occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year, or applicable portion thereof. Landlord shall have the right, from time to time, to equitably allocate some or all of the Operating Expenses among different tenants of the Building and/or the Complex (the "Cost Pools"). Such Cost Pools may include, without limitation, the office space tenants and retail space tenants of the Building and/or the Complex. Notwithstanding anything to the contrary set forth in this Lease, solely for the purpose of calculating the amount of the Operating Expenses attributable to the Base Year, the term Operating Expenses shall exclude any costs of any capital improvements or expenditures (including all costs of a capital nature in any manner arising from the deregulation of utilities)and any market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages.

Notwithstanding the foregoing, Operating Expenses shall not, however, include: (A) costs of leasing commissions, attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building or the Complex; (B) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space; (C) costs incurred due to the actual violation by Landlord of the terms and conditions of any lease of space in the Building or the Complex; (D) costs of overhead or profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in or in connection with the Building or the Complex to the extent the same exceeds the costs of overhead and profit increment included in the costs of such services which could be obtained from third parties on a competitive basis; (E) except as otherwise specifically provided in this Section 4.3.5, costs of interest on debt or amortization on any mortgages, and rent payable under any ground lease of the Complex and/or Real Property; (F) The cost of any service sold to any tenant (including Tenant) or other occupant for which Landlord is entitled to be reimbursed as an additional charge or rental over and above the basic rent and escalations payable under the lease with that tenant; (G) Costs of a capital nature, except as expressly provided in subsection (xii) above; (H) unless due to any fault or breach by Tenant, any costs, fines, or penalties incurred due to violations by Landlord of any governmental rule or authority, this Lease or any other lease in the Property, or due to Landlord's gross negligence or willful misconduct; (I) Management costs to the extent they exceed 5% of Rent; (J) The cost of correcting any building code or other violations which were violations prior to the Commencement Date; and (K) Costs associated with the investigation and/or remediation of Hazardous Materials (hereafter defined) present in, on or about any portion of the Project, unless such costs and expenses are the responsibility of Tenant as provided in Section 27 hereof, in which event such costs and expenses shall be paid solely by Tenant in accordance with the provisions of Section 27 hereof. Additionally, in no event shall Operating Expenses for any calendar year (or portion thereof) be less than the component of Operating Expenses comprising a portion of the Base Year.

4.3.6 "Systems and Equipment" shall mean any plant, machinery, transformers, duct work, cable, wires, and other equipment, facilities, and systems designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment which serve the Building in whole or in part.

4.3.7 "Tax Expenses" shall mean all federal, state, county, or local governmental or municipal taxes, fees, assessments, charges or other impositions of every kind and nature, whether general, supplemental, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit assessments, fees and taxes, child care subsidies, fees and/or assessments, job training subsidies, fees and/or assessments, open space fees and/or assessments, housing subsidies and/or housing fund fees or assessments, public art fees and/or assessments, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Real Property), which Landlord shall pay during any Expense Year because of or in connection with the ownership, leasing and operation of the Complex and Real Property or Landlord's interest therein.

4.3.7.1 Tax Expenses shall include, without limitation:

(i) Any tax on Landlord's rent, right to rent or other income from the Complex and/or the Real Property or as against Landlord's business of leasing any of the Complex or the Real Property;

(ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("Proposition 13") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies, and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for purposes of this Lease;

(iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof;

(iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises; and

(v) Any reasonable expenses incurred by Landlord in attempting to protest, reduce or minimize Tax Expenses.

4.3.7.2 In no event shall the Tax Expenses for any Expense Year be less than the amount of Tax Expenses for the Base Year.

4.3.7.3 Notwithstanding anything to the contrary contained in this Section 4.3.7, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state net income taxes, and other taxes to the extent applicable to Landlord's net income (as opposed to rents, receipts or income attributable to operations at the Building, Complex or Real Property), (ii) any items included as Operating Expenses, (iii) any costs, fines or penalties payable by Landlord as a result of any delinquent payment of a Tex Expense, unless due to a fault or breach by Tenant, and (iv) any items paid by Tenant under Section 4.5 of this Lease.

4.3.8 "Tenant's Share" shall mean the percentage(s) set forth in

Section 9.3 of the Summary. The Tenant's Share for the Building was calculated by multiplying the number of rentable square feet of the Premises by 100 and dividing the product by the total rentable square feet in the Building. In the event either the rentable square feet of the Premises and/or the total rentable square feet of the Building is changed, the Tenant's Share for the Building shall be appropriately adjusted, and, as to the Expense Year in which such change occurs, the Tenant's Share for the Building for such year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share for the Building was in effect. The Tenant's Share for the Complex was calculated by multiplying the number of rentable square feet of the Premises by 100 and dividing the product by the total rentable square feet in the Complex. In the event either the rentable square feet of the Building and/or the total rentable square feet of the Complex is changed, the Tenant's Share for the Complex shall be appropriately adjusted, and, as to the Expense Year in which such change occurs, the Tenant's Share for the Complex for such year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share for the Complex was in effect. Landlord represents that the rentable square footage of the Premises, Building and Complex were all measured by the same methodology.

4.4 CALCULATION AND PAYMENT OF ADDITIONAL RENT.

4.4.1 CALCULATION OF EXCESS. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds Tenant's Share of Direct Expenses for the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.2, below, and as Additional Rent, an amount equal to the excess (the "Excess").

4.4.2 STATEMENT OF ACTUAL DIRECT EXPENSES AND PAYMENT BY TENANT.

4.4.2.1 Landlord shall endeavor to give to Tenant on or before the first day of the sixth month following the end of each Calendar Year, a statement (the "Statement") which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount, if any, of any Excess. Upon receipt of the Statement for each Expense Year ending during the Lease Term, if an Excess is present, Tenant shall pay, with its next installment of Base Rent due, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Excess," as that term is defined in Section 4.4.3 of this Lease. In the event that the amount paid by Tenant during such Expense Year as an Estimated Excess exceeds the actual Direct Expenses, Landlord shall remit such difference to Tenant within thirty (30) days. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice or prevent Landlord from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of the Direct Expenses for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall immediately pay to Landlord an amount as calculated pursuant to the provisions of Section 4.4.1 of this Lease, and any overpayment by Tenant shall be returned to Tenant within thirty (30) days.

4.4.2.2 After delivery to Landlord of at least thirty (30) days' prior written notice, Tenant, at its sole cost and expense through any accountant designated by it, shall have the right to examine and/or audit the books and records evidencing such costs and expenses for the previous one (1) calendar year, during Landlord's reasonable business hours but not more frequently than once during any calendar year. Any such accounting firm designated by Tenant may not be compensated on a contingency fee basis. The results of any such audit (and any negotiations between the parties related thereto) shall be maintained strictly confidential by Tenant and its accounting firm and shall not be disclosed, published or otherwise disseminated to any other party other than to Landlord and its authorized agents. Landlord and Tenant each shall use its best efforts to cooperate in such negotiations and to promptly resolve any discrepancies between Landlord and Tenant in the accounting of such costs and expenses. If through such audit it is conclusively determined that there is a discrepancy of more than seven percent (7%) of the total expenses, then Landlord shall reimburse Tenant for Tenant's reasonable out-of-pocket accounting costs and expenses incurred by Tenant in performing such audit. However, if through such audit it is conclusively determined that there is a discrepancy of seven percent (7%) or less, then Tenant shall reimburse Landlord for the reasonable out-of-pocket costs and expenses incurred by Landlord in connection with such audit.

4.4.2.3 The provisions of this Section 4.4.2 shall survive the expiration or earlier termination of the Lease Term.

4.4.3 STATEMENT OF ESTIMATED DIRECT EXPENSES. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "Estimate Statement") which shall set forth Landlord's reasonable estimate (the "Estimate") of what the total amount of Direct Expenses for the then-current Expense Year, beginning with calendar year 2002, shall be and the estimated Excess (the "Estimated Excess") as calculated by comparing Tenant's Share of Direct Expenses, which shall be based upon the Estimate, to Tenant's Share of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4. Commencing January 1, 2002, if pursuant to the Estimate Statement an Estimated Excess is calculated for the then-current Expense Year, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.3). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year to the month of such payment, both months inclusive, and shall have twelve (12) as its denominator. Until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 TAXES AND OTHER CHARGES FOR WHICH TENANT IS DIRECTLY RESPONSIBLE. Tenant shall reimburse Landlord upon demand for any and all taxes or assessments required to be paid by Landlord (except to the extent included in Tax Expenses by Landlord), excluding state, local and federal personal or corporate income taxes measured by the net income of Landlord from all sources, and estate and inheritance taxes, whether or not now customary or within the contemplation of the parties hereto, when:

4.5.1 Said taxes are measured by or reasonably attributable to the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or by the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, to the extent the cost or value of such leasehold improvements exceeds the cost or value of a building standard build-out as determined by Landlord regardless of whether title to such improvements shall be vested in Tenant or Landlord;

4.5.2 Said taxes are assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Complex and Real Property (including the Building Parking Facility); or

4.5.3 Said taxes are assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 LATE CHARGES. If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee by the due date therefor, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the amount due plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder, at law and/or in equity and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid by the date that they are due shall thereafter bear interest until paid at a rate (the "Interest Rate") equal to the lesser of (i) the "Prime Rate" or "Reference Rate" announced from time to time by the Bank of America (or such reasonable comparable national banking institution as selected by Landlord in the event Bank of America ceases to exist or publish a Prime Rate or Reference Rate), plus four percent (4%), or (ii) the highest rate permitted by applicable law. If a late charge or other charge becomes payable for any three (3) installments of Rent within any twelve (12) month period, then Landlord, at Landlord's sole option, can either require the Rent be paid quarterly in advance, or be paid monthly in advance by cashier's check or by electronic funds transfer.

ARTICLE 5 - USE OF PREMISES

Tenant shall use the Premises solely for general office purposes consistent with the character of the Building of a high quality nature and approved biotechnology laboratory use, to the extent permitted by the City of Alameda and all governmental authorities having jurisdiction thereof, and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever. Tenant further covenants and agrees that it shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of Exhibit D, attached hereto, or in violation of the laws of the United States of America, the state in which the Building is located, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Building. Tenant shall not violate any provisions of any ground or underlying leases, now or hereafter affecting the Building, Complex and/or Real Property. Tenant shall also not violate any documents, matters or instruments, including without limitation, any declarations of covenants, conditions and restrictions, and any supplements thereto, each of which has been or hereafter is recorded in any official or public records with respect to the Premises, Building, Complex and/or Real Property, or any portion thereof. Tenant agrees to, and does hereby, assume full and complete responsibility to ensure that the Premises are adequate to fully meet the needs and requirements of Tenant's intended operations of its business within the Premises, and Tenant's use of the Premises and that same are in compliance with all applicable Laws throughout the Lease Term. Additionally, Tenant shall be solely responsible for the payment of all costs, fees and expenses associated with any modifications, improvements or Alterations to the Premises, the Building, the Common Areas, the Complex and/or the Real Property occasioned by the enactment of, or changes to, any Laws arising from Tenant's particular use of the Premises or Alterations, improvements or additions made to the Premises regardless of when such Laws became effective. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of Landlord, other tenants or occupants of the Building, other buildings in the Complex, or other persons or businesses in the area, or injure or annoy other tenants or use or allow the Premises to be used for any unlawful or objectionable purpose, as determined by Landlord, in its reasonable discretion. Tenant shall not cause, maintain or permit any private or public nuisance in, on or about the Premises, Building, Common Areas, Complex and/or Real Property, including, but not limited to, any offensive odors, noises, fumes or vibrations. Tenant shall not damage or deface or otherwise commit or suffer to be committed any waste in, upon or about the Premises. Tenant shall not place or store, nor permit any other person or entity to place or store, any property, equipment, materials, supplies, personal property or any other items or goods outside of the Premises for any period of time. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building, without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. In all circumstances Tenant shall not interfere with radio or television broadcasting or reception or other telecommunications broadcasting or reception from or in the Building or elsewhere. Tenant shall place no loads upon the floors, walls, or ceilings of the Premises in excess of the average pounds of live load per square foot floor area specified for the Building by the applicable Uniform Building Code or which may damage the Building or outside areas, with the partitions to be considered a part of the live load. Landlord reserves the right to prescribe the weight and position of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute properly the weight thereof. Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other space in the Building shall be so installed, maintained and used by Tenant as to eliminate such vibration or noise. Tenant shall be responsible for all structural engineering required to determine structural load. Landlord shall not be responsible for any damage or liability for any of such events. Tenant hereby acknowledges and agrees that Landlord has informed Tenant that noise produced by aircraft used at the Metropolitan Oakland International Airport (the "Airport") which adjoins the Complex may be heard at the Premises. Tenant further acknowledges and agrees that Landlord has informed Tenant that the Premises are subject to a recorded noise easement and release pursuant to which the owners of the Airport are released from any claims or lawsuits for damages by any persons or entities using the Complex (including without limitation, Tenant) with respect to airport operations, including without limitation, aircraft related noise. Tenant shall, and hereby agrees to, indemnify, defend, protect, and hold harmless the Landlord Parties (hereafter defined in Article 10) from and against all liabilities, damages, claims, losses, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, any claims made by Tenant, any employee, agent or invitee of Tenant, or any person claiming by or through Tenant with respect to such airport operations, including without limitation, aircraft related noise.

ARTICLE 6 - SERVICES AND UTILITIES

6.1 STANDARD TENANT SERVICES. Landlord shall provide the following services on all days during the Lease Term, unless otherwise stated below.

6.1.1 Subject to reasonable changes implemented by Landlord and to all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating and air conditioning when necessary for normal comfort for normal office use in the Premises, from Monday through Friday, during the period from 8:00 a.m. to 6:00 p.m., except for the date of observation of New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and other locally or nationally recognized holidays (collectively, the "Holidays").

6.1.2 Landlord shall provide adequate electrical wiring and facilities and power for normal general office use as reasonably determined by Landlord. Tenant shall bear the cost of replacement of lamps, starters and ballasts for lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes, and for laboratory use to the extent that such does not exceed the quantity that would be used for normal office use.

6.1.4 Landlord shall provide janitorial services five (5) days per week, except the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with other comparable buildings in the vicinity of the Building.

6.1.5 Landlord shall provide non-exclusive automatic passenger elevator service at all times.

6.1.6 Landlord shall provide non-exclusive freight elevator service subject to scheduling by Landlord.

6.2 OVERSTANDARD TENANT USE. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than building standard lights in the Premises, which may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of Section 6.1 of this Lease. If Tenant uses water or heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, or if Tenant's consumption of electricity shall exceed six (6) watts per usable square foot of the Premises, calculated on an annualized basis for the hours described in Section 6.1.1 above, Tenant shall pay to Landlord, within ten (10) days after billing, the cost of such excess consumption, the cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption, and the cost of the increased wear and tear on existing equipment caused by such excess consumption; and Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, within ten (10) days after demand, including the cost of such additional metering devices. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, (i) Tenant shall give Landlord such prior notice, as Landlord shall from time to time establish as appropriate, of Tenant's desired use, (ii) Landlord shall supply such utilities to Tenant at such hourly cost to Tenant as Landlord shall from time to time reasonably establish, based on Landlord's actual costs therefor, and (iii) Tenant shall pay such cost within ten (10) days after billing.

6.3 INTERRUPTION OF USE. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building after reasonable effort to do so, by any accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Notwithstanding the foregoing, if an interruption or cessation of utilities results from the gross negligence or willful misconduct of Landlord, or its employees, agents and contractors, and not due to any fault or breach by Tenant, and the Premises are not usable by Tenant for the conduct of Tenant's business as a result thereof, Base Rent and applicable Direct Expenses not actually incurred up to that point by Tenant shall be abated for the period which commences five (5) business days after the date Tenant gives to Landlord notice of such interruption until such utilities are restored.

6.4 ADDITIONAL SERVICES. Tenant shall provide Landlord the right of first offer with respect to any additional services which may be required by Tenant, including, without limitation, locksmithing, lamp replacement, additional janitorial service, and additional repairs and maintenance, provided that Tenant shall pay to Landlord upon billing, the sum of all costs to Landlord of such additional services plus an administration fee not to exceed five percent (5%) of such costs. Charges for any utilities or service for which Tenant is required to pay from time to time hereunder, shall be deemed Additional Rent hereunder and shall be billed on a monthly basis.

6.5 ALTERNATE ELECTRIC SERVICE PROVIDER. Notwithstanding anything to the contrary contained herein, if permitted by applicable Laws, Landlord shall have the right at any time and from time to time during the Term of this Lease to either contract for service from a different company or companies (each such company shall be referred to herein as an "Alternate Service Provider") other than the company or companies presently providing electricity service for the Building, the Complex or the Real Property (the "Electric Service Provider") or continue to contract for service from the Electric Service Provider, at Landlord's sole discretion. Tenant hereby agrees to cooperate with Landlord, the Electric Service Provider, and any Alternate Service Provider at all times and, as reasonably necessary, shall allow Landlord, the Electric Service Provider, and any Alternate Service Provider reasonable access to the Building's electric lines, feeders, risers, wiring, and any other machinery within the Premises.

6.6 OFFICE AND COMMUNICATIONS SERVICES.

6.6.1 Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("Provider"). Tenant shall be permitted to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Tenant shall also be permitted to obtain office and communications services from any other reputable person or entity in the business of providing the same (herein called an "Alternate Provider"), provided that Landlord shall not be required thereby to make any alterations in or to any part of the Building or the use of any facilities or equipment of the Building, and provided further that no such services provided by an Alternate Provider, or any equipment or facilities used or to be used in connection therewith shall be incompatible in any respect with, or shall interfere with or otherwise impair or adversely affect, the operation, reliability or quality of the Building systems or any services, equipment or facilities used or operated by Provider or any other tenant in the Building.

6.6.2 Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, whether provided by Provider or any Alternate Provider, or the quality, reliability or suitability thereof; (ii) neither Provider nor any Alternate Provider is acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider or any Alternate Provider or their agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider or any Alternate Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder. Without limiting the generality of the foregoing, no default or failure of Provider or any Alternate Provider with respect to any such services, equipment, facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of Rent or Additional Rent or any other payment required to be made by Tenant hereunder, or constitute any actual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

6.7 UTILITIES FOR LABORATORY SPACE. In the event Tenant constructs a laboratory within the Premises, Tenant shall cause such laboratory to be separately metered and shall pay the utility companies directly for the cost of any utilities. In the event Tenant pays the utility companies directly for the cost of any utilities, costs for such utilities shall not be included in Direct Expenses.

ARTICLE 7 - REPAIRS

7.1 TENANT'S REPAIRS. Subject to Landlord's repair obligations set forth in Sections 7.2, 11.1, and 12 below, Tenant shall, at Tenant's own expense, keep and maintain the Premises, including all improvements, fixtures and furnishings therein, in good and safe order, repair and condition at all times during the Lease Term, which repair obligations shall include, without limitation, the obligation to promptly and adequately repair all damage to the Premises and replace or repair all damaged or broken fixtures and appurtenances; provided, however, that, at Landlord's option if Tenant fails to make such repairs, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a percentage of the cost thereof (to be uniformly established for the Building) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith upon being billed for same, not to exceed five percent (5%) of the cost thereof.

7.2 LANDLORD'S REPAIRS. Anything contained in Section 7.1 above to the contrary notwithstanding, and subject to the provisions of Articles 11 and 12 of this Lease, Landlord shall repair and maintain the structural portions of the Building, roof (structure and membrane), foundation, and Systems and Equipment including without limitation the basic plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord (but not including any non-base building facilities installed by or on behalf of Tenant); provided, however, if such maintenance and repairs are caused in part or in whole by the act, neglect, fault of or omission of any duty by Tenant or its agents, servants, contractors, assignees, subtenants, employees or invitees, Tenant shall pay to Landlord as additional rent, the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs, or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. There shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Complex, the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant hereby waives and releases its right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code; or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8 - ADDITIONS AND ALTERATIONS

8.1 LANDLORD'S CONSENT TO ALTERATIONS. Tenant may not make any improvements, alterations, additions or changes to the Premises (collectively, the "Alterations") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned, or delayed by Landlord; provided, however, Landlord may withhold its consent in its sole and absolute discretion with respect to any Alterations which may affect the structural components of the Building. Subject to section 8.2 below, Landlord hereby expressly grants to Tenant the right to make roof penetrations in connection with Tenant's alterations or improvements, subject to obtaining the prior written consent of Landlord as to the location and manner of installation of any such roof penetration, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall pay for all overhead, general conditions, fees and other costs and expenses of the Alterations, and shall pay to Landlord a Landlord supervision fee of five percent (5%) of the cost of the Alterations.

8.2 MANNER OF CONSTRUCTION.

8.2.1 Landlord may impose, as a condition of its consent to all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, materials, suppliers, mechanics and materialmen approved by Landlord (which shall not be unreasonably withheld, conditioned, or delayed); provided, however, Landlord may impose such requirements as Landlord may determine, in its sole and absolute discretion, with respect to any work affecting the structural components of the Building, Systems, Roof and/or Equipment (including designating specific contractors to perform such work). Tenant shall construct such Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and pursuant to a valid building permit, mechanical permit, electrical permit and all other permits (as applicable), issued by the city in which the Building is located, and in conformance with Landlord's reasonable construction rules and regulations. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental or quasi-governmental agencies or authorities. All work with respect to any Alterations must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period of work. In performing the work of any such Alterations, Tenant shall have the work performed in such manner as not to obstruct or materially impair access to the Building or the Common Areas for any other tenant of the Building, and as not to obstruct the business of Landlord or other tenants in the Building, or interfere with the labor force working in the Building. If Tenant makes any Alterations, Tenant agrees to carry "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction and completion of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations the cost of which exceed $100,000 and naming Landlord as a co-obligee. Upon completion of any Alterations, Tenant shall (i) cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, (ii) deliver to the Building management office a reproducible copy of the "as built" drawings of the Alterations, (iii) deliver to Landlord a true and complete copy of the recorded Notice of Completion, and (iv) deliver to Landlord evidence of payment, contractors' affidavits and full and final waivers of all liens for labor, services or materials.

8.2.2 Any Alterations that require any penetration of the Roof shall only be permitted to the extent permitted by the City of Alameda and all agencies and governmental authorities having jurisdiction thereof. The location and size of any roof-top equipment shall be subject to Landlord's approval, not to unreasonably withheld, and which best promotes the safety, aesthetics and efficiency of any roof-top equipment; provided, all of the roof-top equipment and any modifications thereto or placement thereof shall be (i) at Tenant's sole cost and expense, (ii) contained visually within the roof screen, (iii) installed and operated to Landlord's reasonable specifications, and (iv) installed, maintained, operated and removed in accordance with all Development Documents, Recorded Matters, Rules and Regulations, applicable Laws, and the provisions of Section 10 of this Lease. For purposes hereof, any such equipment shall be construed as part of the Tenant's Property and shall be removed by Tenant at the expiration or earlier termination of this Lease in accordance with the provisions of this Lease. All modifications to the Building, including the Roof, if any, shall be reasonably approved by Landlord prior to commencement of any work with respect to the Equipment. Tenant shall restore the Roof and any other portion of the Building affected by any roof-top equipment to its original condition, excepting ordinary wear and tear and/or damage or destruction due to fire or other casualty not caused directly or indirectly by Tenant, its agents, employees, contractors or the Equipment or any part thereof. Notwithstanding anything to the contrary contained herein, Tenant may not assign, lease, rent, sublet or otherwise transfer any of its interest in the Roof or any roof-top equipment except together with the remainder of all of the Premises as more particularly set forth in Section 14. Each of the other provisions of this Lease shall be applicable to any roof-top equipment and the use of the Roof by Tenant, including without limitation, Sections 11 and 12 of this Lease. Any roof-top equipment shall comply with all rules and regulations of any agencies having jurisdiction thereof. In addition, Tenant shall be solely responsible for insuring any roof-top equipment, and Landlord shall have no responsibility therefor. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord and the other Indemnitees from and against any and all claims, demands, liabilities, damages, judgments, losses, penalties, costs and expenses (including reasonable attorneys' fees) Landlord may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of any roof-top equipment or any portion thereof, including without limitation, the cost of repairs and replacements to the roof of the Building occasioned by the installation, maintenance, repairs and removal of any roof-top equipment.

8.3 LANDLORD'S PROPERTY. All Alterations, improvements, fixtures (other than Tenant's trade fixtures) and/or equipment which may be installed or placed in or about the Premises, and all signs installed in, on or about the Premises, from time to time, shall be at the sole cost of Tenant and shall, upon expiration or earlier termination of this Lease, become the property of Landlord. Furthermore, Landlord may require that Tenant remove any sign, equipment, trade fixture, improvement or Alteration upon the expiration or early termination of the Lease Term, and repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any sign, equipment, trade fixture, improvement or Alteration, Landlord may do so and may charge the cost thereof to Tenant.

ARTICLE 9 - COVENANT AGAINST LIENS

Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Real Property, Complex, Building or Premises, and any and all liens and encumbrances created by Tenant shall attach to Tenant's interest only. Landlord shall have the right at all times to post and keep posted on the Premises any notice which it deems necessary for protection from such liens. Tenant covenants and agrees not to suffer or permit any lien of suppliers, mechanics or materialmen or others to be placed against the Real Property, the Complex, the Building or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Tenant or the Premises, and, in case of any such lien attaching or notice of any lien, Tenant covenants and agrees to cause it to be immediately released and removed of record. Notwithstanding anything to the contrary set forth in this Lease, if any such lien is not released and removed on or before fifteen (15) days following the date notice of such lien is delivered by Landlord to Tenant, Landlord, at its sole option, may immediately take all action necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with such lien shall be deemed Additional Rent under this Lease and shall immediately be due and payable by Tenant.

ARTICLE 10 - INDEMNIFICATION AND INSURANCE

10.1 INDEMNIFICATION AND WAIVER. Tenant's obligations pursuant to this Article 10 shall apply, throughout the Lease Term, to both the Initial Premises and the Remaining Premises. Unless due to Landlord's gross negligence, willful misconduct or a breach by Landlord hereunder, Tenant hereby assumes all risk of damage to property and injury to persons, in, on, or about the Premises from any cause whatsoever and agrees that Landlord, and its members, submembers, partners and subpartners, and their respective officers, agents, property managers, employees, and independent contractors (collectively, "Landlord Parties") shall not be liable for, and are hereby released from any responsibility for, any damage to property or injury to persons or resulting from the loss of use thereof, which damage or injury is sustained by Tenant or by other persons claiming through Tenant. Tenant shall, and hereby agrees to, indemnify, defend, protect, and hold harmless the Landlord Parties from and against all liabilities, damages, claims, losses, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, (i) the use of the Premises, Building, Complex and/or Real Property by Tenant or by the contractors, agents, employees, licensees, invitees, subtenants, and assigns of Tenant or any such person (collectively, the "Tenant's Representatives"), (ii) the conduct of Tenant's business, (iii) from any activity, work or thing done, permitted or suffered by Tenant in or about the Premises, (iv) in any way connected with the Premises or with the installation, placement and removal of Alterations, improvements, fixtures, personal property and/or equipment in, on or about the Premises, including, but not limited to, any liability for injury to person or property of Tenant, Tenant's Representatives, or third party persons, and/or (v) Tenant's failure to perform any covenant or obligation of Tenant under this Lease; provided, however, the terms of the foregoing indemnity shall not apply to the gross negligence, willful misconduct, or breach of this Lease of Landlord. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease.

10.2 TENANT'S COMPLIANCE WITH LANDLORD'S FIRE AND CASUALTY INSURANCE. Tenant shall, at Tenant's expense, comply as to the Premises with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies, then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body relating specifically to Tenant's use or occupancy.

10.3 TENANT'S INSURANCE. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage arising out of Tenant's operations, assumed liabilities or use of the Premises, including a Broad Form Commercial General Liability endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property	$3,000,000 each occurrence;
Damage Liability	$3,000,000 annual aggregate
Personal Injury Liability	$3,000,000 each occurrence;
	$3,000,000 annual aggregate

10.3.2 Physical Damage Insurance covering (i) all office furniture, trade fixtures, office equipment, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) Tenant's Alterations, including any Alterations which Landlord permits to be installed above the ceiling of the Premises or below the floor of the Premises, and (iii) all other improvements, alterations and additions to the Premises, including any improvements, alterations or additions installed at Tenant's request above the ceiling of the Premises or below the floor of the Premises. Such insurance shall be written on an "all risk" or "special form" of physical loss or damage basis, for the full replacement cost value new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage coverage.

10.3.3 FORM OF POLICIES. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, and any other party it so specifies, as an additional insured; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-:X in A.M. Best's Rating Guide or which is otherwise acceptable to Landlord, licensed to do business in the state in which the Building is located, and domiciled in the United States; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance required of Tenant; (v) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee or ground or underlying lessor of Landlord; and (vi) contain a cross-liability endorsement or severability of interest clause acceptable to Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. If Tenant shall fail to procure such insurance, or to deliver such policies or certificate, within such time periods, Landlord may, at its option, in addition to all of its other rights and remedies under this Lease, and without regard to any notice and cure periods set forth in Section 19.1, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent within ten (10) days after delivery of bills therefor.

10.4 SUBROGATION. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance carried by Landlord and Tenant, respectively, is not invalidated thereby. As long as such waivers of subrogation are contained in their respective insurance policies, Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is insured under policies of insurance for fire and all risk coverage, theft, public liability, or other similar insurance.

10.5 ADDITIONAL INSURANCE OBLIGATIONS. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10, and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord from time to time.

ARTICLE 11 - DAMAGE AND DESTRUCTION

11.1 REPAIR OF DAMAGE TO PREMISES BY LANDLORD. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas of the Building serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other provisions of this Article 11, restore the Base, Shell, and Core of the Premises and such Common Areas. Such restoration shall be to substantially the same condition of the Base, Shell, and Core of the Premises and Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building, or the lessor of a ground or underlying lease with respect to the Real Property, the Complex and/or the Building, or any other modifications to the Common Areas deemed desirable by Landlord, provided access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Notwithstanding any other provision of this Lease, upon the occurrence of any damage to the Premises, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease, and Landlord shall repair any injury or damage to the alterations installed in the Premises (to the extent of insurance proceeds therefor actually collected by Landlord) and shall return such alterations to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's repair of the damage. In connection with such repairs and replacements, Tenant shall, prior to the commencement of construction, submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided, however, if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and if such damage is not the result of the negligence (active or passive) or willful misconduct of Tenant or any of Tenant's Representatives, Landlord shall allow Tenant a proportionate abatement of Base Rent and Tenant's Share of Direct Expenses to the extent Landlord is reimbursed from the proceeds of rental interruption insurance purchased by Landlord as part of Operating Expenses, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof.

11.2 LANDLORD'S OPTION TO REPAIR. Notwithstanding the provisions of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises and/or Building and instead terminate this Lease by notifying Tenant in writing of such termination within ninety (90) days after the date of damage, such notice to include a termination date giving Tenant ninety (90) days to vacate the Premises, but Landlord may so elect only if the Building shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) repairs cannot reasonably be completed within one hundred eighty (180) days of the date of damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or ground or underlying lessor with respect to the Real Property, the Complex and/or the Building shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground or underlying lease, as the case may be; or (iii) the damage is not fully covered, except for deductible amounts, by Landlord's insurance policies. In addition, if the Premises or the Building is destroyed or damaged to any substantial extent during the last twelve (12) months of the Lease Term, then notwithstanding anything contained in this Article 11, Landlord shall have the option to terminate this Lease by giving written notice to Tenant of the exercise of such option within ninety (90) days after such damage or destruction, in which event this Lease shall cease and terminate as of the date of such notice. Notwithstanding anything to the contrary contained herein: (i) if Tenant's use of the Premises is substantially impaired for a period of more than one hundred eighty (180) days after the date of a casualty, or during the last six (6) months of the Term, then Tenant shall have the right to terminate this Lease by written notice to Landlord at any time thereafter up until the completion of the restoration, and (ii) if this Lease is terminated by either Landlord or Tenant due to a casualty, then Tenant shall not be required to pay for any insurance deductibles as part of Landlord's insurance cost or otherwise. Upon any such termination of this Lease pursuant to this Section 11.2, Tenant shall pay the Base Rent and Additional Rent, properly apportioned up to such date of termination, and both parties hereto shall thereafter be freed and discharged of all further obligations hereunder, except as provided for in the provisions of this Lease which by their terms survive the expiration or earlier termination of the Lease Term.

11.3 WAIVER OF STATUTORY PROVISIONS. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building, the Complex or any other portion of the Real Property, and any statute or regulation of the state in which the Building is located, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code (or under any similar law, statute, or ordinance now or hereafter in effect), with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building, the Complex or any other portion of the Real Property.

ARTICLE 12 - CONDEMNATION

12.1 PERMANENT TAKING. If the whole or any part of the Premises or Building shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises or Building, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease upon ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking, condemnation, reconfiguration, vacation, deed or other instrument. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, Tenant shall have the option to terminate this Lease upon ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking. Landlord shall be entitled to receive the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses or loss of business by reason of such condemnation so long as such claim does not diminish the award available to Landlord, its ground lessor with respect to the Real Property or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. If neither party elects to terminate this Lease, Landlord shall, if necessary, promptly proceed to restore the Premises or the Building to substantially its same condition prior to such partial condemnation, allowing for the reasonable effects of such condemnation, and a proportionate allowance shall be made to Tenant, as solely determined by Landlord, for the Rent corresponding to the time during which, and to the part of the Premises of which, Tenant is deprived on account of such partial condemnation and restoration. Landlord shall not be required to spend funds for restoration in excess of the amount received by Landlord as compensation awarded. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure (or under any similar law, statute, or ordinance now or hereafter in effect).

12.2 TEMPORARY TAKING. Notwithstanding anything to the contrary contained in this Article 12, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 13 - COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by Landlord or any successor or assign of Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 14 - ASSIGNMENT AND SUBLETTING

14.1 TRANSFERS. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment or other such foregoing transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or permit the use of the Premises by any persons other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "Transferee"). If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "Transfer Notice") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "Subject Space"), (iii) all of the terms of the proposed Transfer, the name and address of the proposed Transferee, and a copy of all existing and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, member, partner or owner thereof, and (v) such other information as Landlord may reasonably require. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and if not cured within ten (10) days following notice, shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord shall grant consent, Tenant shall pay, as additional rent hereunder, a fee in the amount of Five Hundred Dollars ($500.00) plus Landlord's reasonable legal fees incurred by Landlord, within thirty (30) days after written request by Landlord.

14.2 LANDLORD'S CONSENT. Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. The parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transfer will result in more than a reasonable and safe number of occupants per floor within the Subject Space;

14.2.5 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under the Transfer on the date consent is requested;

14.2.6 The proposed Transfer would cause Landlord to be in violation of another lease or agreement to which Landlord is a party, or would give an occupant of the Building a right to cancel its lease;

14.2.7 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant;

14.2.8 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Building at the time of the request for consent, (ii) is negotiating with Landlord to lease space in the Building at such time, or (iii) has negotiated with Landlord during the twelve (12)-month period immediately preceding the Transfer Notice; or

14.2.9 The Transfer occurs during the period from the Lease Commencement Date until the date of at least ninety-five percent (95%) of the rentable square feet of the Building is leased, and the rent charged by Tenant to such Transferee during the term of such Transfer, calculated using a present value analysis, is less than ninety-five percent (95%) of the rent being quoted by Landlord, at the time of such Transfer, for comparable space in the Building for a comparable term, calculated using a present value system.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within three (3) months after Landlord's consent, but not later than the expiration of said three-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease).

14.3 TRANSFER PREMIUM. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "Transfer Premium" shall mean seventy-five percent (75%) of all rent, additional rent or other consideration payable by such Transferee in excess of the Rent and Additional Rent payable by Tenant under this Lease on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant in connection with the Transfer (the "Subleasing Costs"). "Transfer Premium" shall also include, but not be limited to, key money and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer.

14.4 LANDLORD'S OPTION AS TO SUBJECT SPACE. Notwithstanding anything to the contrary contained in this Article 14, if the Subject Space shall comprise all or substantially all of a full floor of the Premises, or more, and if the proposed Transfer would commence at any time on or after November 1, 2003, Landlord shall have the option, by giving written notice to Tenant within thirty

(30) days after receipt of any Transfer Notice, to recapture the Subject Space. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer. If this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to the provisions of the last paragraph of Section 14.2 of this Lease.

14.5 EFFECT OF TRANSFER. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, and (iv) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from liability under this Lease. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency and Landlord's costs of such audit. No assignment or subletting shall affect the continuing primary liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease. Any and all options, first rights of refusal, tenant improvement allowances and other similar rights granted to Tenant in this Lease, if any, shall only be assignable by Tenant as part of this Lease.

14.6 ADDITIONAL TRANSFERS. For purposes of this Lease, the term "Transfer" shall also include (i) if Tenant is a partnership or limited liability company, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners or members, or transfer of twenty-five percent (25%) or more of partnership or members interests, within a twelve (12)-month period, or the dissolution of the partnership or limited liability company without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant, (B) the sale or other transfer of more than an aggregate of fifty percent (50%) of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of more than an aggregate of fifty percent (50%) of the value of the unencumbered assets of Tenant within a twelve (12) month period.

14.7 PERMITTED TRANSFERS. Notwithstanding anything to the contrary contained in this Lease, Tenant may assign this Lease or sublet the Premises, or any portion thereof, without Landlord's consent, to any entity which controls, is controlled by, or is under common control with Tenant; to any entity which results from a merger of, reorganization of, or consolidation with Tenant; to any entity engaged in a joint venture with Tenant; or to any entity which acquires substantially all of the stock or assets of Tenant, as a going concern, with respect to the business that is being conducted in the Premises (hereinafter each a "Permitted Transfer"). In addition, a sale or transfer of the capital stock of Tenant shall be deemed a Permitted Transfer if (1) such sale or transfer occurs in connection with any bona fide financing or capitalization for the benefit of Tenant, or (2) Tenant is or becomes a publicly traded corporation. Landlord shall have no right to terminate the Lease in connection with, and shall have no right to any sums or other economic consideration resulting from any Permitted Transfer. Additionally, any rights that are personal to Tenant shall also accrue to any Permitted Transferee.

ARTICLE 15 - SURRENDER; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 SURRENDER OF PREMISES. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises.

15.2 REMOVAL OF TENANT PROPERTY BY TENANT. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16 - HOLDING OVER

If Tenant holds over after the expiration of the Lease Term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable at a monthly rate equal to (a) one hundred twenty-five percent (125%) for the first two full months of any such holding over, and after that (b) two hundred percent (200%), in each case of the (i) the greater of Base Rent applicable during the last rental period of the Lease Term under this Lease (ii) the fair market rental rate of the Premises as of the commencement of such holdover period. Such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein. Landlord hereby expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

ARTICLE 17 - ESTOPPEL CERTIFICATES

Within ten (10) days following a request in writing by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit E, attached hereto (or such other form as may be required by any prospective mortgagee or purchaser of the Building, Complex or Real Property, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord, Landlord's mortgagee or prospective mortgagee, or a prospective purchaser. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Failure of Tenant to timely execute and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18 - SUBORDINATION

This Lease is subject and subordinate to all present and future ground or underlying leases of the Real Property and to the lien of any mortgages or trust deeds, now or hereafter in force against the Real Property, the Complex and the Building, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages or trust deeds, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage, or if any ground or underlying lease is terminated, to attorn, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale, or to the lessor of such ground or underlying lease, as the case may be, if so requested to do so by such purchaser or lessor, and to recognize such purchaser or lessor as the lessor under this Lease. Tenant shall, within five (5) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases; provided, such mortgagee, ground lessor or similar parties agree therein not to disturb Tenant's use, occupancy or quiet enjoyment of the Premises so long as Tenant is not in default (beyond applicable notice and cure periods, if any) of the terms and provisions of this Lease. Tenant hereby irrevocably authorizes Landlord to execute and deliver in the name of Tenant any such instrument or instruments if Tenant fails to do so, provided that such authorization shall in no way relieve Tenant from the obligation of executing such instruments of subordination or superiority. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19 - TENANT'S DEFAULTS; LANDLORD'S REMEDIES

19.1 EVENTS OF DEFAULT BY TENANT. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent. The occurrence of any of the following shall constitute a material default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, provided, however, that for only the first two instances in any 12-month period, any such failure shall not be a default until such failure shall have continued for a period in excess of two (2) business days; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for fifteen (15) days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor law; and provided further that if the nature of such default is such that the same cannot reasonably be cured within a fifteen (15)-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and completely cure said default as soon as possible but in all events within ninety (90) days of Landlord's delivery to Tenant of written notice of such default; or

19.1.3 Abandonment of the Premises by Tenant. Abandonment is herein defined to include, but is not limited to, any absence by Tenant from the Premises for five (5) business days or longer while in default of any provision of this Lease; or

19.1.4 The making of a general assignment by Tenant for the benefit of creditors, the filing of a voluntary petition by Tenant or the filing of an involuntary petition by any of Tenant's creditors seeking the rehabilitation, liquidation, or reorganization of Tenant under any law relating to bankruptcy, insolvency or other relief of debtors and, in the case of an involuntary action, the failure to remove or discharge the same within sixty

(60) days of such filing, the appointment of a receiver or other custodian to take possession of substantially all of Tenant's assets or this leasehold, Tenant's insolvency or inability to pay Tenant's debts or failure generally to pay Tenant's debts when due, any court entering a decree or order directing the winding up or liquidation of Tenant or of substantially all of Tenant's assets, Tenant taking any action toward the dissolution or winding up of Tenant's affairs, the cessation or suspension of Tenant's use of the Premises, or the attachment, execution or other judicial seizure of substantially all of Tenant's assets or this leasehold; or

19.1.5 The making of any material misrepresentation or omission by Tenant in any materials delivered by or on behalf of Tenant to Landlord pursuant to this Lease.

19.2 Landlord's Remedies Upon Default. Upon the occurrence of any such default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Interest Rate set forth in Section 4.6 of this Lease. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord may, but shall not be obligated to, make any such payment or perform or otherwise cure any such obligation, provision, covenant or condition on Tenant's part to be observed or performed (and may enter the Premises for such purposes). In the event of Tenant's failure to perform any of its obligations or covenants under this Lease, and such failure to perform poses a material risk of injury or harm to persons or damage to or loss of property, then Landlord shall have the right to cure or otherwise perform such covenant or obligation at any time after such failure to perform by Tenant, whether or not any such notice or cure period set forth in Section 19.1 above has expired. Any such actions undertaken by Landlord pursuant to the foregoing provisions of this Section 19.2.3 shall not be deemed a waiver of Landlord's rights and remedies as a result of Tenant's failure to perform and shall not release Tenant from any of its obligations under this Lease. Tenant waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other present or future law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any default of Tenant hereunder.

19.3 PAYMENT BY TENANT. Tenant shall pay to Landlord, within fifteen

(15) days after delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with Landlord's performance or cure of any of Tenant's obligations pursuant to the provisions of Section 19.2.3 above; and (ii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 19.3 shall survive the expiration or sooner termination of the Lease Term.

19.4 SUBLESSEES OF TENANT. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.5 WAIVER OF DEFAULT. No waiver by Landlord of any violation or breach by Tenant of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach by Tenant of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord in enforcement of one or more of the remedies herein provided upon a default by Tenant shall not be deemed or construed to constitute a waiver of such default. The acceptance of any Rent hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent so accepted.

19.6 EFFORTS TO RELET. For the purposes of this Article 19, Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

ARTICLE 20 - SECURITY DEPOSIT AND LETTER OF CREDIT

20.1 SECURITY DEPOSIT. Concurrent with Tenant's execution of this Lease, Tenant shall deposit with Landlord a security deposit (the "Security Deposit") in the amount set forth in Section 10 of the Summary. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Lease Term. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a default under this Lease. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit, or any balance thereof, shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, as soon as practicable following the expiration of the Lease Term. Landlord shall not be required to keep the Security Deposit separate from other funds, and, unless otherwise required by law, Tenant shall not be entitled to any interest on the Security Deposit. In no event or circumstance shall Tenant have the right to any use of the Security Deposit and, specifically, Tenant may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, Rent or any portion thereof.

20.2 LETTER OF CREDIT. Simultaneously with Tenant's delivery to Landlord of this Lease and the first month's Base Rent in accordance with the provisions of Section 3 above, Tenant shall deliver to Landlord, as collateral for the full and faithful performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer as a result of any default by Tenant under this Lease, an irrevocable and unconditional negotiable letter of credit, in the form and containing the terms required herein, payable in the City of Alameda, California running in favor of Landlord issued by a solvent nationally recognized bank with a long term rating of BBB or higher, under the supervision of the Superintendent of Banks of the State of California, or a National Banking Association, in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) ("Initial Letter of Credit"). Upon the RP Commencement Date, the face amount of the Letter of Credit shall be increased to be Two Million Dollars ($2,000,000.00). The Letter of Credit shall be (a) at sight and irrevocable and unconditional, (b) maintained in effect, whether through replacement, renewal or extension, for the entire Lease Term (the "Letter of Credit Expiration Date") and Tenant shall deliver a new Letter of Credit or certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the Letter of Credit, without any action whatsoever on the part of Landlord, (c) subject to the International Standby Practices (1998-Rev) International Chamber of Commerce Publication #590, (d) acceptable to Landlord in its sole, but reasonable, discretion, and (e) fully assignable by Landlord and permit partial draws. In addition to the foregoing, the form and terms of the Letter of Credit (and the bank issuing the same) shall be acceptable to Landlord, in Landlord's sole, but reasonable, discretion, and shall provide, among other things, in effect that: (1) Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the Letter of Credit upon the presentation to the issuing bank of Landlord's (or Landlord's then managing agent's) statement that such amount is due to Landlord under the terms and conditions of this Lease, it being understood that if Landlord or its managing agent be a limited liability company, corporation, partnership or other entity, then such statement shall be signed by a managing member (if a limited liability company) an officer (if a corporation), a general partner (if a partnership), or any authorized party (if another entity); (2) the Letter of Credit will be honored by the issuing bank without inquiry as to the accuracy thereof and regardless of whether the Tenant disputes the content of such statement; and (3) in the event of a transfer of Landlord's interest in the Building, Landlord shall transfer the Letter of Credit, in whole or in part (or cause a substitute letter of credit to be delivered, as applicable), to the transferee and thereupon the Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said Letter of Credit to a new Landlord. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the Letter of Credit upon the occurrence of any default on the part of Tenant hereunder which continues beyond any applicable notice and cure periods. Tenant further acknowledges and agrees that if Landlord cannot draw upon the Letter of Credit within the times and in the manner as anticipated by Landlord herein, Landlord shall suffer irreparable damage, harm and injury. From time to time during the Term of this Lease it is anticipated by the parties that the Letter of Credit will need to be amended, modified and, possibly reissued. Landlord and Tenant hereby covenant and agree to cooperate with one another to promptly effectuate any such amendments, modifications and new issuances, including without limitation, executing and submitting to the Issuer any and all documents or instruments as may be reasonably required to effectuate same. Each and every time during the Term of this Lease there is a change in the identity or address of the parties, including without limitation, any change in the identity of Landlord due to the sale, transfer or other conveyance by Landlord of its rights and interests in, to and under this Lease to any other party, person or entity, the Letter of Credit shall immediately be amended or reissued to reflect such changes and the parties hereby agree to execute and submit to the Issuer such further applications, documents and instruments as may be necessary to effectuate same. It is the intention of the parties that each and every successor and assign of both Landlord and Tenant be bound by and subject to the terms and provisions of this Section 20.2. Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, assign all or any portion of its interest in and to the Letter of Credit to another party, person or entity, regardless of whether or not such assignment is separate from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. If, as a

result of any such application of all or any part of the Letter of Credit, the amount of the Letter of Credit shall be less than One Million Five Hundred Thousand Dollars ($1,500,000.00) or Two Million Dollars ($2,000,000.00), as applicable, Tenant shall within five (5) days thereafter provide Landlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) or Two Million Dollars ($2,000,000.00), as applicable, and each such additional (or replacement) letter of credit shall comply with all of the provisions of this

Section 20.2, and if Tenant fails to do so, notwithstanding anything to the contrary contained in Article 19 hereof, the same shall constitute an incurable default by Tenant. Tenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the Letter of Credit expires earlier than the Letter of Credit Expiration Date, Landlord will accept a renewal thereof or substitute letter of credit (such renewal or substitute letter of credit to be in effect not later than thirty (30) days prior to the expiration thereof), which shall be irrevocable and automatically renewable as above provided through the Letter of Credit Expiration Date upon the same terms as the expiring letter of credit or such other terms as may be acceptable to Landlord in its sole, but reasonable, discretion. However, if the Letter of Credit is not timely renewed or a substitute letter of credit is not timely received, or if Tenant fails to maintain the Letter of Credit in the amount and terms set forth in this Section 20.2, Landlord shall have the right to present such Letter of Credit to the bank in accordance with the terms of this Section 20.2, and the entire sum evidenced thereby shall be paid to and held by Landlord as collateral for performance of all of Tenant's obligations under this Lease and for all losses and damages Landlord may suffer as a result of any default by Tenant under this Lease. If there shall occur a default under this Lease as set forth in Article 19 hereof, Landlord may, but without obligation to do so, draw upon the Letter of Credit, in part or in whole, in such amount as is reasonably necessary to cure any default of Tenant and/or to compensate Landlord for any and all damages of any kind or nature sustained or which may be sustained by Landlord resulting from Tenant's default. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the Letter of Credit, either prior to or following a "draw" by Landlord of any portion of the Letter of Credit, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw from the Letter of Credit. No condition or term of this Lease shall be deemed to render the Letter of Credit conditional to justify the issuer of the Letter of Credit in failing to honor a drawing upon such Letter of Credit in a timely manner. Landlord and Tenant acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor be (i) deemed to be or treated as a "security deposit" within the meaning of California Civil Code Section 1950.7 (as supplemented, amended, replaced and substituted from time to time), (ii) subject to the terms of such

Section 1950.7 (as supplemented, amended, replaced and substituted from time to time), or (iii) intended to serve as a "security deposit" within the meaning of such Section 1950.7 (as supplemented, amended, replaced and substituted from time to time). The parties hereto recite that with respect to the Letter of Credit, (x) the Letter of Credit is not intended to serve as a security deposit and such Section 1950.7 (as supplemented, amended, replaced and substituted from time to time), and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("Security Deposit Laws") shall have no applicability or relevancy to the Letter of Credit and (y) Tenant waives any and all rights, duties and obligations it may now or, in the future, will have relating to or arising from the Security Deposit Laws.

Notwithstanding the foregoing, if, after the first five (5) years of the Lease Term have elapsed, Tenant is not in default in the terms of this Lease and Tenant has completed four (4) consecutive quarters of positive "EBITDA" (earnings before interest expense, income taxes, depreciation and amortization expense, as certified to Landlord by Tenant's independent certified public accounting firm), Tenant may then, and at six month intervals thereafter reduce the amount of the Letter of Credit by equal amounts such that at the expiration of the Term, the Letter of Credit would be reduced to zero. Notwithstanding the foregoing, if at any time after the Letter of Credit has been reduced pursuant to the foregoing, Tenant has two consecutive quarters in which EBITDA is negative, then the Letter of Credit shall remain as is then in effect and shall not be further reduced until such time as Tenant has four (4) consecutive quarters of positive EBITDA, at which time the reductions shall resume in the semi-annual amounts previously calculated. In the event that Tenant is entitled to have the Letter of Credit reduced, Landlord shall cooperate with Tenant by exchanging with Tenant the existing Letter of Credit for the new Letter of Credit in the reduced amount.

ARTICLE 21 - COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or other governmental or quasi-governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures, other than the making of structural changes or changes to the Building's life safety system or are required to correct violations of law that existed as of the Commencement Date (collectively the "Excluded Changes") except to the extent such Excluded Changes are required due to Tenant's alterations, improvements, modifications or additions to or Tenant's specific manner of use of the Premises. In addition, Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant.

ARTICLE 22 - ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times and upon 24 hours' prior notice (except in the case of emergency) to Tenant to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to the ground or underlying lessors; (iii) to post notices of non-responsibility; (iv) alter, improve or repair the Premises or the Building if necessary to comply with current building codes or other applicable laws, any recorded covenants, conditions and restrictions ("CC&Rs"), or for structural alterations, repairs or improvements to the Building, or as Landlord may otherwise reasonably desire or deem necessary; or (v) perform and take actions necessary to comply with the requirements and/or restrictions set forth in any CC&Rs. Notwithstanding anything to the contrary contained in this Article 22, Landlord may enter the Premises at any time, without notice to Tenant, to perform janitorial or other services required of Landlord pursuant to this Lease. Any such entries shall be subject to Tenant's reasonable security requirements and shall be without the abatement of Rent and shall include the right to take such reasonable steps as required to accomplish the stated purposes, provided that Landlord shall use its best efforts to minimize any disruption to the business being carried on in the Premises during any such entry. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby, unless due to Landlord's gross negligence, willful misconduct or a breach of this Lease. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

ARTICLE 23 - TENANT PARKING

Tenant shall have the right to use, free from charge, up to the number of undesignated, unreserved parking spaces set forth in Section 11 of the Summary for parking in the Building Parking Facility. From and after the earlier to occur of the RP Commencement Date, the number of undesignated, unreserved parking spaces available to Tenant shall be increased to 223. Landlord shall not be required to enforce Tenant's right to use such parking spaces. Tenant shall abide, and cause its employees, representatives and visitors who utilize the Building Parking Facility to abide, by all parking rules and regulations for parking in the Building Parking Facility, as may be adopted and/or modified by Landlord and/or Landlord's parking operator from time to time.

ARTICLE 24 - MISCELLANEOUS PROVISIONS

24.1 TERMS; CAPTIONS. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

24.2 BINDING EFFECT. Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

24.3 NO WAIVER. No waiver of any provision of this Lease shall be implied by any failure of a party to enforce any remedy on account of the violation of such provision, even if such violation shall continue or be repeated subsequently, any waiver by a party of any provision of this Lease may only be in writing, and no express waiver shall affect any provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

24.4 MODIFICATION OF LEASE. Should any current or prospective mortgagee or ground lessor for the Building require a modification or modifications of this Lease, which modification or modifications will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights or obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are required therefor and deliver the same to Landlord within ten (10) days following the request therefor. Should Landlord or any such current or prospective mortgagee or ground lessor require execution of a short form of Lease for recording, containing, among other customary provisions, the names of the parties, a description of the Premises and the Lease Term, Tenant agrees to execute such short form of Lease and to deliver the same to Landlord within ten (10) days following the request therefor.

24.5 TRANSFER OF LANDLORD'S INTEREST. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Real Property and Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all further liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer. The liability of Landlord under this Lease is limited to its actual period of ownership of title to the Building. The liability of any transferee of Landlord shall be limited to the interest of such transferee in the Real Property, Complex and Building and such transferee shall be without personal liability under this Lease, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

24.6 PROHIBITION AGAINST RECORDING. Except as provided in Section 24.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant, and the recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.

24.7 LANDLORD'S TITLE; AIR RIGHTS. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease.

24.8 TENANT'S SIGNS. Tenant shall be entitled, at its sole cost and expense, to one (1) identification sign outside of the Premises on the floor on which the Premises are located. The location, quality, design, style, lighting and size of such sign shall be consistent with the Landlord's Building standard signage program and shall be subject to Landlord's prior written approval, in its reasonable discretion. Subject to final agreement with the Existing Tenant, Tenant shall have rights to one-half (1/2) of the monument sign currently used by the Existing Tenant. Upon the earlier to occur of the RP Commencement Date, Tenant shall have exclusive rights to the entire monument sign. Upon the expiration or earlier termination of this Lease, Tenant shall be responsible, at its sole cost and expense, for the removal of such signage and the repair of all damage to the Building caused by such removal. Except for such identification sign, Tenant may not install any signs on the exterior or roof of the Building or the Common Areas of the Building, the Complex or the Real Property. Any signs, window coverings, or blinds (even if the same are located behind the Landlord approved window coverings for the Building), or other items visible from the exterior of the Premises or Building are subject to the prior approval of Landlord, in its sole and absolute discretion.

24.9 RELATIONSHIP OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

24.10 APPLICATION OF PAYMENTS. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

24.11 TIME OF ESSENCE. Time is of the essence of this Lease and each of its provisions.

24.12 PARTIAL INVALIDITY. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

24.13 NO WARRANTY. In executing and delivering this Lease, Tenant has not relied on any representation, including, but not limited to, any representation whatsoever as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the Exhibits attached hereto.

24.14 LANDLORD EXCULPATION. It is expressly understood and agreed that notwithstanding anything in this Lease to the contrary, and notwithstanding any applicable law to the contrary, the liability of Landlord and the Landlord Parties hereunder (including any successor landlord) and any recourse by Tenant against Landlord or the Landlord Parties shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in the Building, and neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant.

24.15 ENTIRE AGREEMENT. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease and any side letter or separate agreement executed by Landlord and Tenant in connection with this Lease and dated of even date herewith contain all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Premises, shall be considered to be the only agreement between the parties hereto and their representatives and agents, and none of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Lease.

24.16 RIGHT TO LEASE. Landlord reserves the absolute right to effect such other tenancies in the Building as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building.

24.17 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, the "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

24.18 WAIVER OF REDEMPTION BY TENANT. Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

24.19 NOTICES. All notices, demands, statements or communications (collectively, "Notices") given or required to be given by either party to the other hereunder shall be in writing, shall be sent by United States certified or registered mail, postage prepaid, return receipt requested, or delivered personally (i) to Tenant at the appropriate address set forth in Section 5 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses of Landlord's agent set forth in Section 3 of the Summary, or to such other firm or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given on the date it is mailed as provided in this Section 24.19 or upon the date personal delivery is made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant.

24.20 JOINT AND SEVERAL. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

24.21 AUTHORITY. If Tenant is a corporation, limited liability company or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the state in which the Building is located and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so and to bind Tenant hereunder.

24.22 JURY TRIAL; ATTORNEYS' FEES. IF EITHER PARTY COMMENCES LITIGATION AGAINST THE OTHER FOR THE SPECIFIC PERFORMANCE OF THIS LEASE, FOR DAMAGES FOR THE BREACH HEREOF OR OTHERWISE FOR ENFORCEMENT, PROTECTION OR ESTABLISHMENT OF ANY RIGHT OR REMEDY HEREUNDER, THE PARTIES HERETO AGREE TO AND HEREBY DO WAIVE ANY RIGHT TO A TRIAL BY JURY. In the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred, including any and all costs incurred in enforcing, perfecting and executing such judgment.

24.23 GOVERNING LAW. This Lease shall be construed and enforced in accordance with the laws of the state in which the Building is located.

24.24 SUBMISSION OF LEASE. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

24.25 BROKERS. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "Brokers"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party shall indemnify and hold harmless the other from and against any and all liabilities or expenses arising out of claims made for a fee or commission by any real estate broker, agent or finder in connection with the Premises and this Lease other than Brokers, if any, and the payment of the Brokers by Landlord (which payment is Landlord's sole responsibility) resulting from the actions of the indemnifying party. Any real estate brokerage commission or finder's fee payable to the Brokers in connection with this Lease shall only be payable and applicable to the extent of the initial term of the Lease, be paid by Landlord and shall be payable 50% upon mutual lease execution and delivery, 25% upon occupancy of the Initial Premises, and 25% upon occupancy of the Remaining Premises. Unless expressly agreed to in writing by Landlord and Brokers, no real estate brokerage commission or finder's fee shall be owed to, or otherwise payable to, the Brokers for any renewals or other extensions of the initial term of this Lease or for any additional space leased by Tenant other than the Premises as same exists as of the date on which Tenant executes this Lease. Tenant further represents and warrants to Landlord that Tenant will not receive (i) any portion of any brokerage commission or finder's fee payable to the Broker(s) in connection with this Lease or (ii) any other form of compensation or incentive from the Broker(s) with respect to this Lease.

24.26 INDEPENDENT COVENANTS. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord; provided, however, that the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Building, Complex, Real Property or any portion thereof, of whose address Tenant has theretofore been notified, and an opportunity is granted to Landlord and such holder to correct such violations as provided above. Each provision to be performed by Tenant hereunder shall be deemed to be both a covenant and a condition.

24.27 BUILDING NAME AND SIGNAGE. Landlord shall have the right at any time to change the name of the Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Building or use pictures or illustrations of the Building in advertising or other publicity, without the prior written consent of Landlord. Landlord shall not use the name of the Tenant in advertising or other publicity, without the prior written consent of Tenant, except in connection with the proposed sale, financing, joint venture or other investment in the Building, Complex or Real Property.

24.28 BUILDING DIRECTORY. As of the Commencement Date Tenant shall be entitled to one (1) line on the Building directory to display Tenant's name and location in the Building. Tenant shall be entitled to the entire Building directory as of the RP Commencement Date.

24.29 CONFIDENTIALITY. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants, or as may be required by law.

24.30 LANDLORD RENOVATIONS. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, Complex, Real Property, or any part thereof and that no representations or warranties respecting the condition of the Premises, the Building, the Complex or the Real Property have been made by Landlord to Tenant, except as specifically set forth in this Lease.

However, Tenant acknowledges that Landlord may from time to time, at Landlord's sole option, renovate, improve, alter, or modify (collectively, the "Renovations") the Building, Premises, Complex and/or Real Property, including without limitation the Building Parking Facility, Common Areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) modifying the Common Areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (ii) installing new carpeting, lighting, and wall coverings in the Building Common Areas, and in connection with such Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Complex and/or Real Property, including portions of the Common Areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions in connection with such Renovations. Landlord's right pursuant to this paragraph 24.30 shall be subject to the condition that exercise of any of such rights shall not unreasonably interfere with Tenant's use of the Premises, or decrease the number of Tenant's parking spaces below the number required to be provided hereunder.

24.31 [OMITTED]

24.32 MERGER. The voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof by Landlord and Tenant, or a termination of this Lease by Landlord for a material default by Tenant hereunder, shall not work a merger, and, at the sole option of Landlord, (i) shall terminate all or any existing subleases or subtenancies, or (ii) may operate as an assignment to Landlord of any or all of such subleases or subtenancies. Landlord's election of either or both of the foregoing options shall be exercised by delivery by Landlord of written notice thereof to Tenant and all known subtenants under any sublease.

ARTICLE 25 - MORTGAGEE PROTECTION

Upon any default on the part of Landlord, Tenant will give written notice by registered or certified mail to any beneficiary of a deed of trust or mortgagee of a mortgage covering the Premises who has provided Tenant with notice of their interest together with an address for receiving notice, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default (which, in no event shall be less than ninety (90) days), including time to obtain possession of the Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure. If such default cannot be cured within such time period, then such additional time as may be necessary will be given to such beneficiary or mortgagee to effect such cure so long as such beneficiary or mortgagee has commenced the cure within the original time period and thereafter diligently pursues such cure to completion, in which event this Lease shall not be terminated while such cure is being diligently pursued. Tenant agrees that each lender to whom this Lease has been assigned by Landlord is an express third party beneficiary hereof. Tenant shall not make any prepayment of Rent more than one (1) month in advance without the prior written consent of each such lender, except if Tenant is required to make quarterly payments of Rent in advance pursuant to the provisions of this Lease. Tenant waives the collection of any deposit from such lender(s) or any purchaser at a foreclosure sale of such lender(s)' deed of trust unless the lender(s) or such purchaser shall have actually received and not refunded the deposit. Tenant agrees to make all payments under this Lease to the lender with the most senior encumbrance upon receiving a direction, in writing, to pay said amounts to such lender. Tenant shall comply with such written direction to pay without determining whether an event of default exists under such lender's loan to Landlord.

ARTICLE 26 - AMERICANS WITH DISABILITIES ACT

Landlord and Tenant hereby agree and acknowledge that the Premises, the Building, the Complex and/or the Real Property may be subject to the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq., including, but not limited to Title III thereof, all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of Title 24 of the State of California, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented (collectively, the "ADA"). Any Alterations to be constructed hereunder shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of the Alterations. Tenant shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all Alterations strictly comply with all requirements of the ADA. Subject to reimbursement as part of Operating Expenses, if any barrier removal work or other work is required to the Building, the Common Areas, or the Complex under the ADA, then such work shall be the responsibility of Landlord; provided, if such work is required under the ADA as a result of Tenant's particular use of the Premises or any work or alteration made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this Article 26, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA, including without limitation, not discriminating against any disabled persons in the operation of Tenant's business in or about the Premises, and offering or otherwise providing auxiliary aids and services as, and when, required by the ADA. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Tenant shall and hereby agrees to protect, defend (with counsel acceptable to Landlord) and hold Landlord and the other Indemnitees harmless and indemnify the Indemnitees from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Representatives' violation or alleged violation of the ADA. Tenant agrees that the indemnity obligations of Tenant herein accruing during the Term hereof shall survive the expiration or earlier termination of this Lease.

ARTICLE 27 - HAZARDOUS MATERIALS

27.1 DEFINITION OF HAZARDOUS MATERIALS. As used in this Lease, the term Hazardous Materials shall mean and include (a) any hazardous or toxic wastes, materials or substances, and other pollutants or contaminants, which are or become regulated by any Environmental Laws; (b) petroleum, petroleum by products, gasoline, diesel fuel, crude oil or any fraction thereof; (c) asbestos and asbestos containing material, in any form, whether friable or non-friable;

(d) polychlorinated biphenyls; (e) radioactive materials; (f) lead and lead-containing materials; (g) any other material, waste or substance displaying toxic, reactive, ignitable or corrosive characteristics, as all such terms are used in their broadest sense, and are defined or become defined by any Environmental Law (defined below); or (h) any materials which cause or threatens to cause a nuisance upon or waste to any portion of the Premises, the Building, the Real Property, the Complex or any surrounding property; or poses or threatens to pose a hazard to the health and safety of persons on the Premises or any surrounding property.

27.2 PROHIBITION; ENVIRONMENTAL LAWS. Except for nominal amounts of ordinary household cleaners, office supplies and janitorial supplies which are not regulated by any Environmental Laws, Tenant shall not use nor store any Hazardous Materials on, in, or about any portion of the Premises, the Building, the Complex, the Real Property without, in each instance, obtaining Landlord's prior written consent thereto. In all events any usage or storage of any Hazardous Materials by Tenant shall be in full compliance with any and all local, state and federal environmental, health and/or safety-related laws, statutes, orders, standards, courts' decisions, ordinances, rules and regulations (as interpreted by judicial and administrative decisions), decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant or all or any portion of the Premises (collectively, the "Environmental Laws"). Landlord shall have the right at all times during the Lease Term following no less than 24 hours' notice (except in case of emergency), and subject to Tenant's reasonable security requirements to (i) inspect the Premises, (ii) conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Article 27, and (iii) request lists of all Hazardous Materials used, stored or otherwise located in, on or about any portion of the Premises. The cost of all such inspections, tests and investigations shall be borne solely by Tenant, if Landlord reasonably determines that Tenant or any of Tenant's Representatives are directly or indirectly responsible in any manner for any contamination revealed by such inspections, tests and investigations. The aforementioned rights granted herein to Landlord and its representatives shall not create (a) a duty on Landlord's part to inspect, test, investigate, monitor or otherwise observe the Premises or the activities of Tenant and Tenant's Representatives with respect to Hazardous Materials, including without limitation, Tenant's operation, use and any remediation related thereto, or (b) liability on the part of Landlord and its representatives for Tenant's use, storage, disposal or remediation of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.

27.3 TENANT'S ENVIRONMENTAL OBLIGATIONS. Tenant, at its sole cost and expense, covenants and warrants to promptly investigate, clean up, remove, restore and otherwise remediate (including, without limitation, preparation of any feasibility studies or reports and the performance of any and all closures) any spill, release, discharge, disposal, emission, migration or transportation of Hazardous Materials arising from or related to the intentional or negligent acts or omissions of Tenant or any of Tenant's Representatives such that the affected portions of the Premises, Building, Complex, Real Property and any adjacent property are returned to the condition existing prior to the appearance of such Hazardous Materials. Any such investigation, clean up, removal, restoration and other remediation shall only be performed after Tenant has obtained Landlord's prior written consent, which consent shall not be unreasonably withheld so long as such actions would not potentially have a material adverse long-term or short-term effect on any portion of the Premises, the Building, the Real Property or the Complex. Notwithstanding the foregoing, Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord's prior written consent. Tenant, at its sole cost and expense, shall conduct and perform, or cause to be conducted and performed, all closures as required by any Environmental Laws or any agencies or other governmental authorities having jurisdiction thereof. If Tenant fails to so promptly investigate, clean up, remove, restore, provide closure or otherwise so remediate, Landlord may, but without obligation to do so, take any and all steps necessary to rectify the same and Tenant shall promptly reimburse Landlord, upon demand, for all costs and expenses to Landlord of performing investigation, clean up, removal, restoration, closure and remediation work. All such work undertaken by Tenant, as required herein, shall be performed in such a manner so as to enable Landlord to make full economic use of the Premises, the Building, the Real Property and the Complex after the satisfactory completion of such work.

27.4 ENVIRONMENTAL INDEMNITY. In addition to Tenant's obligations as set forth hereinabove, Tenant shall, protect, indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and the other Indemnitees harmless from and against any and all claims, judgments, damages, penalties, fines, liabilities, losses (including, without limitation, diminution in value of any portion of the Premises, the Building, the Real Property or the Complex, damages for the loss of or restriction on the use of rentable or usable space, and from any adverse impact of Landlord's marketing of any space within the Building and/or Complex), suits, administrative proceedings and costs (including, but not limited to, attorneys' and consultant fees and court costs) arising at any time during or after the Lease Term in connection with or related to, directly or indirectly, the use, presence, transportation, storage, disposal, migration, removal, spill, release or discharge of Hazardous Materials on, in or about any portion of the Premises, the Common Areas, the Building, the Real Property or the Complex as a result (directly or indirectly) of the intentional or negligent acts or omissions of Tenant or any of Tenant's Representatives. Neither the written consent of Landlord to the presence, use or storage of Hazardous Materials in, on, under or about any portion of the Premises, the Building, the Real Property and/or the Complex, nor the strict compliance by Tenant with all Environmental Laws shall excuse Tenant from its obligations of indemnification pursuant hereto. Tenant shall not be relieved of its indemnification obligations under the provisions of this Section 27.4 due to Landlord's status as either an "owner" or "operator" under any Environmental Laws.

27.5 SURVIVAL. Tenant's obligations and liabilities pursuant to the provisions of this Article 27 shall survive the expiration or earlier termination of this Lease. If it is determined by Landlord's consultants that the condition of all or any portion of the Premises, the Building, the Real Property and/or the Complex is not in compliance with the provisions of this Lease with respect to Hazardous Materials, including without limitation, all Environmental Laws at the expiration or earlier termination of this Lease, then in Landlord's sole discretion, Landlord may require Tenant to hold over possession of the Premises until Tenant can surrender the Premises to Landlord in the condition in which the Premises existed as of the Lease Commencement Date and prior to the appearance of such Hazardous Materials except for reasonable wear and tear, including without limitation, the conduct or performance of any closures as required by any Environmental Laws. The burden of proof hereunder shall be upon Tenant. For purposes hereof, the term "reasonable wear and tear" shall not include any deterioration in the condition or diminution of the value of any portion of the Premises, the Building, the Real Property and/or the Complex in any manner whatsoever related to directly, or indirectly, Hazardous Materials. Any such holdover by Tenant will be with Landlord's consent and will not be terminable by Tenant in any event or circumstance.

27.6 EXCULPATION OF TENANT: Tenant shall not be liable to Landlord for or otherwise obligated to Landlord under any provision of the Lease with respect to the following: (i) any claim, remediation, obligation, investigation, obligation, liability, cause of action, attorney's fees, consultants' cost, expense or damage resulting from any Hazardous Materials present in, on or about the Premises, the Building, the Real Property or the Complex to the extent not caused nor otherwise permitted, directly or indirectly, by Tenant or Tenant's Representatives; or (ii) the removal, investigation, monitoring or remediation of any Hazardous Material present in, on or about the Premises, the Building, the Real Property or the Complex directly caused by any source, including third parties, other than Tenant or Tenant's Representatives; provided, however, Tenant shall be fully liable for and otherwise obligated to Landlord under the provisions of this Lease for all liabilities, costs, damages, penalties, claims, judgments, expenses (including without limitation, attorneys' and experts' fees and costs) and losses to the extent (a) Tenant or any of Tenant's Representatives contributes to the presence of such Hazardous Materials, or Tenant and/or any of Tenant's Representatives exacerbates the conditions caused by such Hazardous Materials, or (b) Tenant and/or Tenant's Representatives allows or permits persons over which Tenant or any of Tenant's Representatives has control, and/or for which Tenant or any of Tenant's Representatives are legally responsible for, to cause such Hazardous Materials to be present in, on, under, through or about any portion of the Premises, the Common Areas, the Building, the Real Property or the Complex, or (c) Tenant and/or any of Tenant's Representatives does not take all reasonably appropriate actions to prevent such persons over which Tenant or any of Tenant's Representatives has control and/or for which Tenant or any of Tenant's Representatives are legally responsible from causing the presence of Hazardous Materials in, on, under, through or about any portion of the Premises, the Common Areas, the Building, the Real Property or the Complex.

ARTICLE 28 - FINANCIAL STATEMENTS

Tenant, for the reliance of Landlord, any lender holding or anticipated to acquire a lien upon the Premises, the Building, the Real Property or the Complex or any portion thereof, or any prospective purchaser of the Building, the Real Property or the Complex or any portion thereof, within ten (10) days after Landlord's request therefor, but not more often than once annually so long as Tenant is not in default of this Lease, shall deliver to Landlord the then current audited financial statements of Tenant (including interim periods following the end of the last fiscal year for which annual statements are available) which statements shall be prepared or compiled by a certified public accountant and shall present fairly the financial condition of Tenant at such dates and the result of its operations and changes in its financial positions for the periods ended on such dates. If an audited financial statement has not been prepared, Tenant shall provide Landlord with an unaudited financial statement and/or such other information, the type and form of which are acceptable to Landlord in Landlord's reasonable discretion, which reflects the financial condition of Tenant. If Landlord so requests, Tenant shall deliver to Landlord an opinion of a certified public accountant, including a balance sheet and profit and loss statement for the most recent prior year, all prepared in accordance with generally accepted accounting principles consistently applied.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written

TENANT:

AVIGEN, INC.,
a Delaware corporation

By: /s/ JOHN MONAHAN
Name: John Monahan
Title: President & CEO

By: /s/ THOMAS J. PAULSON
Name: Thomas J. Paulson
Title: VP-Finance, CFO
Date: 11/3/00

LANDLORD:

LINCOLN-RECP EMPIRE OPCO, LLC,
a Delaware limited liability company

By: LEGACY PARTNERS COMMERCIAL, INC.,
as manager and agent for Lincoln-RECP Empire OPCO, LLC

By: /s/ ROBERT F. PHIPPS
Senior Vice President

Date:

EXHIBIT A
OUTLINE OF FLOOR PLAN OF PREMISES

EXHIBIT B
[INTENTIONALLY OMITTED]

EXHIBIT C
AMENDMENT TO LEASE

This AMENDMENT TO LEASE ("Amendment") is made and entered into effective as of November 2, 2000, by and between LINCOLN-RECP EMPIRE OPCO, LLC, a Delaware limited liability company ("Landlord"), and AVIGEN, INC., a Delaware corporation ("Tenant"), with reference to the following facts.

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated as of _____ (the "Lease") pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain "Premises", as described in the Lease, known as Suite ____ of the Building located at 1301 Harbor Bay Parkway, Alameda, California 94502.

B. Except as otherwise set forth herein, all capitalized terms used in this Amendment shall have the same meaning given such terms in the Lease.

C. Landlord and Tenant desire to amend the Lease to confirm the commencement and expiration dates of the term, as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. CONFIRMATION OF DATES. The parties hereby confirm that (a) the Premises are Substantially Complete, (b) the term of the Lease commenced as of _____ (the "Lease Commencement Date") for a term of _____ ending on _____ (the "Lease Expiration Date") (unless sooner terminated as provided in the Lease and (c) in accordance with the Lease, Rent commenced to accrue on _____.

2. NO FURTHER MODIFICATION. Except as set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment to Lease has been executed as of the day and year first above written.

TENANT:

AVIGEN, INC.,
a Delaware corporation

By:
Name:
Title:

By:
Name:
Title:

Date:

LANDLORD:

LINCOLN-RECP EMPIRE OPCO, LLC,
a Delaware limited liability company

By: LEGACY PARTNERS COMMERCIAL, INC.,
as manager and agent for Lincoln-RECP Empire OPCO, LLC

By:

Senior Vice President

Date:

EXHIBIT D
RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Building. Notwithstanding anything to the contrary contained in this section, if any rule or regulation is in conflict with any term, covenant or condition of this Lease, this Lease shall prevail. In addition, no such rule or regulation, or any subsequent amendment thereto adopted by Landlord, shall in any way materially alter, reduce or adversely affect any of Tenant's rights or enlarge Tenant's obligations under this Lease.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises, unless electrical hold backs have been installed.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the vicinity of the Building. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register when so doing. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of same by any means it deems appropriate for the safety and protection of life and property.

4. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. All damage done to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility of Tenant and any expense of said damage or injury shall be borne by Tenant.

5. No oversize or overweight furniture, freight, packages, supplies, equipment or merchandise will be brought into or removed from the Building or carried up or down in the elevators, except upon prior notice to Landlord, and in such manner, in such specific elevator, and between such hours as shall be designated by Landlord. Tenant shall provide Landlord with not less than 24 hours prior notice of the need to utilize an elevator for any such purpose, so as to provide Landlord with a reasonable period to schedule such use and to install such padding or take such other actions or prescribe such procedures as are appropriate to protect against damage to the elevators or other parts of the Building.

6. Landlord shall have the right to control and operate the public portions of the Building, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of tenants, in such manner as is customary for comparable buildings in the vicinity of the Building.

7. The requirements of Tenant will be attended to only upon application at the management office of the Building or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

8. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate with Landlord or Landlord's agents to prevent same.

9. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it.

10. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof without Landlord's consent first had and obtained. Notwithstanding the foregoing, a tenant may decorate the interior of such tenant's premises at such tenant's sole discretion provided such decorations do not impact the structural integrity of the Building and cannot be seen from the exterior of the Building or from any Common Areas of the Building.

11. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines of any description other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

12. Tenant shall not use any method of heating or air conditioning other than that which may be supplied by Landlord, without the prior written consent of Landlord.

13. Tenant shall not use or keep in or on the Premises or the Building any kerosene, gasoline or other inflammable or combustible fluid or material. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, or interfere in any way with other Tenants or those having business therein.

14. Tenant shall not bring into or keep within the Building or the Premises any animals, birds, bicycles or other vehicles.

15. No cooking shall be done or permitted by any tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations, and does not cause odors which are objectionable to Landlord and other Tenants.

16. Landlord will approve where and how telephone and telegraph wires are to be introduced to the Premises. No boring or cutting for wires shall be allowed without the consent of Landlord. The location of telephone, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

17. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in the entrances or corridors, nor in any way obstruct the sidewalks, lobby, halls, stairways or elevators, and shall use the same only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the city in which the Building is located without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Tenant shall assume any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed, when the Premises are not occupied.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and bulb color approved by Landlord.

24. The washing and/or detailing of or, the installation of windshields, radios, telephones in or general work on, automobiles shall not be allowed on the Real Property.

25. Food vendors shall be allowed in the Building upon receipt of a written request from the Tenant. The food vendor shall service only the tenants that have a written request on file in the Building's management office. Under no circumstance shall the food vendor display their products in a public or common area including corridors and elevator lobbies. Any failure to comply with this rule shall result in immediate permanent withdrawal of the vendor from the Building.

26. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

27. Tenant shall comply with any non-smoking ordinance adopted by any applicable governmental authority.

28. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Building. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises and Building, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord shall not be responsible to Tenant or to any other person for the nonobservance of the Rules and Regulations by another tenant or other person. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

PARKING RULES AND REGULATIONS

1. Tenant and employees of Tenant (hereinafter referred to as "Tenant") shall not park vehicles in any parking areas designated by Landlord as areas for parking by visitors to the Building. Tenant shall not leave vehicles in the Building parking areas overnight nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor drive bicycles or four-wheeled trucks. Landlord may, in its sole discretion, designate separate areas for bicycles and motorcycles.

2. Cars must be parked entirely within the stall lines painted on the floor of the parking areas.

3. All directional signs and arrows must be observed.

4. The speed limit shall be 5 miles per hour.

5. Parking is prohibited, unless a floor parking attendant approved by Landlord directs otherwise:

a. In areas not striped for parking;

b. In aisles;

c. Where "No Parking" or "Handicap" signs are posted;

d. On ramps;

e. In crosshatched areas; or

f. In such other areas as may be designated by Landlord or its authorized agents.

6. Parking stickers or any other device or form of identification which may be supplied by Landlord shall remain the property of Landlord. Such parking identification device must be displayed as requested and may not be mutilated in any manner.

7. Every Tenant is requested to park and lock his/her own car. All responsibility for damage to cars to be repaired is hereby assumed by Tenant. Tenant shall repair or cause to be repaired at its sole cost and expense any and all damage to the Building Parking Facility or any part thereof caused by Tenant or any of Tenant's Representatives or resulting from vehicles of Tenant or any of Tenant's Representatives.

8. Loss or theft of parking identification devices from automobiles must be reported to Landlord immediately. Any parking identification devices found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution. Lost or stolen devices previously reported and then found must be reported found to the Landlord immediately.

9. Spaces are for the express purpose of one automobile per space unless approved by Landlord or Landlord directs otherwise. Washing, waxing, cleaning or servicing of any vehicle by Tenant and/or any of Tenant's Representatives is prohibited. Storage of vehicles for periods exceeding one week is prohibited and said vehicles shall be subject to towing.

10. The Landlord reserves the right to refuse the issuance of monthly stickers or other parking identification devices to any Tenant or person and/or his agents or representatives who willfully refuse to comply with the above Rules and Regulations or any city, state or federal ordinance, rule, regulation, law or agreement. Tenant shall not load or unload in areas other than those designated by Landlord for such activities.

11. Tenants and any of Tenant's Representatives parked in prohibited areas are subject to towing at their own expense.

EXHIBIT E
FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned, as Tenant under that certain Office Lease (the "Lease") made and entered into as of November 2, 2000 and between LINCOLN-RECP EMPIRE OPCO, LLC, a Delaware limited liability company, as Landlord, and the undersigned as Tenant, for Premises on the first (1st) and second (2nd) floor(s) of the Building located at 1301 Harbor Bay Parkway, Alameda, California hereby certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The undersigned has commenced occupancy of the Premises described in the Lease, currently occupies the Premises, and the Lease Term commenced on _____.

3. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

4. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

5. Tenant shall not modify the documents contained in Exhibit A or prepay any amounts owing under the Lease to Landlord in excess of thirty (30) days without the prior written consent of Landlord's mortgagee.

6. Base Rent became payable on _____.

7. The Lease Term expires on _____.

8. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder.

9. No rental has been paid in advance and no security has been deposited with Landlord except as provided in the Lease. Tenant has no options to renew or otherwise extend the term of the Lease nor any right or option to purchase all or any portion of the Premises, except as follows:

10. As of the date hereof, there are no existing defenses or offsets that the undersigned has, which preclude enforcement of the Lease by Landlord.

11. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____.

12. The undersigned acknowledges that this Estoppel certificate may be delivered to Landlord's prospective mortgagee, or a prospective purchaser, and acknowledges that it recognizes that if same is done, said mortgagee, prospective mortgagee, or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part, and in accepting an assignment of the Lease as collateral security, and that receipt by it of this certificate is a condition of making of the loan or acquisition of such property.

13. If Tenant is a corporation, limited liability company or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the state in which the Building is located and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

Executed at _____ on the _____ day of _____, 20___.

TENANT:

AVIGEN, INC.,
a Delaware corporation

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT 10.46

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement (the "Amendment") is made and entered into as of December 1, 2000, by and between LINCOLN-RECP EMPIRE OPCO, LLC, a California limited liability company ("Landlord") and AVIGEN, INC., a Delaware corporation ("Tenant"), with reference to the following facts.

RECITALS

A. Landlord and Tenant have entered into that certain Lease Agreement dated as of November 2, 2000 (the "Lease") for the leasing of certain premises consisting of approximately 67,482 rentable square feet located at 1301 Harbor Bay Parkway, Alameda, California (the "Premises") as such Premises are more fully described in the Lease, for a term commencing on December 1, 2000, and expiring on November 30, 2010.

B. Pursuant to Article 2 of the Lease, the Premises on the second floor of the Building comprising approximately 32,945 rentable square feet (the "Remaining Premises") was anticipated to be delivered to Tenant on or about October 1, 2001 (the "RP Commencement Date").

C. Tenant now wishes to, effective as of December 1, 2000, occupy approximately 22,945 rentable square feet of the Remaining Premises (the "A Remaining Premises"), rather than waiting until the RP Commencement Date to occupy any of the Remaining Premises, and wishes to occupy the entire Remaining Premises as of March 1, 2001, rather than the RP Commencement Date, and Landlord is agreeable to the same.

D. Phoenix American, Inc., a California corporation, successor in interest to Resource/Phoenix, Inc. ("Phoenix") currently occupies the balance of the Remaining Premises (the "B Remaining Premises") comprising approximately 10,000 rentable square feet pursuant to a lease from Landlord.

E. Landlord and Tenant now wish to amend the Lease upon and subject to each of the terms, conditions and provisions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. RECITALS: Landlord and Tenant agree that the above recitals are true and correct and are hereby incorporated herein as though set forth in full.

2. MODIFICATIONS TO LEASE: Effective as of December 1, 2000 (the "Effective Date"), the Lease is hereby modified as follows:

2.1 PREMISES. ARTICLE 2 - LEASE TERM of the Lease is hereby amended such that the fifth (5th) and sixth (6th) sentences thereof shall read as follows:

"Landlord has delivered, and Tenant acknowledges having possession of, approximately 34,537 rentable square feet of the Premises on the ground floor of the Building (the "Initial Premises") to Tenant on or about the Lease Commencement Date; and Landlord anticipates delivering the balance of the Premises on the second floor of the Building comprising approximately 32,945 rentable square feet (the "Remaining Premises"), approximately 22,945 rentable square feet (the "A Remaining Premises"), as shown on Exhibit A to this Amendment, is anticipated to be delivered to Tenant on or about December 1, 2000 (the "RPA Commencement Date"); and approximately 10,000 rentable square feet (the "B Remaining Premises"), as shown on Exhibit A to this Amendment, is anticipated to be delivered to Tenant on or about March 1, 2001 (the "RPB Commencement Date"). If Landlord, for any reason, cannot deliver possession of the A Remaining Premises to Tenant on the RPA Commencement Date (in the condition that exists on the day after the Existing Tenant vacates the A Remaining Premises), or cannot deliver possession of the B Remaining Premises to Tenant on the RPB Commencement Date (in the condition that exists on the day after the Existing Tenant vacates the B Remaining Premises), in either case without any improvements, alterations, repairs, refurbishment or other modifications being made thereto (except as may be necessary to satisfy the requirements of Section 1.2 above), Landlord shall not be subject to any liability nor shall the validity of this Lease be affected; provided that the RPA Commencement Date and/or the RPB Commencement Date, as appropriate, shall be extended commensurately by the period of time Landlord is delayed in so delivering possession of the A Remaining Premises and/or the B Remaining Premises to Tenant without any improvements, alterations, repairs, refurbishment or other modifications being made thereto. Tenant's rights to use the A Remaining Premises and the B Remaining Premises shall be subject and subordinate to the rights of Phoenix; and no use by Tenant may unreasonably interfere with the rights of Phoenix to use and occupancy of Phoenix's premises."

Throughout the Lease, references to the "RP Commencement Date" shall be deemed to be references to the "RPA Commencement Date" and/or the "RPB Commencement Date", as appropriate.

2.2 RENT.

ARTICLE 3 - - BASE RENT of the Lease is hereby amended as follows:

Base Rent for the A Remaining Premises is waived by the Landlord for the period from the RPA Commencement Date through the RPB Commencement Date. From and after the RPB Commencement Date, Tenant shall pay to Landlord Base Rent for both the RPA Remaining Premises and the RPB Remaining Premises at the monthly rate of $1.52 per rentable square foot, or Fifty Thousand Seventy-six Dollars and Forty Cents ($50,076.40), through May 31, 2002; and thereafter Tenant shall pay to Landlord Base Rent for both the RPA Remaining Premises and the RPB Remaining Premises at the monthly rate of $1.59 per rentable square foot, or Fifty-two Thousand Three Hundred Eighty-two Dollars and Fifty-five Cents ($52,382.55).

The second table set forth in Section 8. Base Rent (Article 3) of the Summary of Basic Lease Information in the Lease (for Base Rent for the "Remaining Premises" from the "RP Commencement Date" through December 31, 2002), is hereby revised in accordance with the following schedule:

TERM	REMAINING PREMISES SQUARE FEET	REMAINING PREMISES ANNUAL RENTAL RATE PER RENTABLE SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT
3/1/01 - 5/31/02	32,945	$ 18.24	$ 50,076.40
6/1/02 - 12/31/02	32,945	$ 19.08	$ 52,382.55

2.3 LETTER OF CREDIT.

Paragraph 20.2 LETTER OF CREDIT of the Lease is hereby amended as follows:

Upon the RPB Commencement Date, the face amount of the Letter of Credit shall be increased to be Two Million Dollars ($2,000,000.00).

3. EFFECT OF AMENDMENT: Except as modified herein, the terms and conditions of the Lease shall remain unmodified and continue in full force and effect. In the event of any conflict between the terms and conditions of the Lease and this Amendment, the terms and conditions of this Amendment shall prevail. Tenant hereby renews its obligations to Landlord for the full, prompt and timely payment of all rents and other sums required to be paid by Tenant during the term of the Lease as herein modified, and for the full, prompt and timely performance of, compliance with and observation of all the terms contained in the Lease as herein modified.

4. DEFINITIONS: Unless otherwise defined in this Amendment, all terms not defined in this Amendment shall have the meaning set forth in the Lease.

5. NO BROKER: Each party warrants and represents to the other that no real estate broker, sales person, finder or other person has the right to payment of a commission or fee in connection with this Amendment as a consequence of contacts with such party. Each party shall indemnify, protect, defend and hold the other harmless from any and all loss, cost, damage or expense (including attorneys' fees and costs, including fees and costs on appeal, if any) arising out of or related to claims for a real estate brokerage commission, finder's fee or similar compensation, based upon allegations by the claimant that it is entitled to a commission, fee or other compensation from the indemnified party as a consequence of contacts with the indemnifying party.

6. ENTIRE AGREEMENT: The Lease and this Amendment constitute the entire understanding between the parties with respect to the Premises. No subsequent amendment will be effective unless it is in writing and executed by the parties.

7. COUNTERPARTS: This Amendment may be executed in counterparts, each of which when executed and delivered shall be an original.

8. AUTHORITY: Subject to the provisions of the Lease, this Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns. Each party hereto and the persons signing below warrant that the person signing below on such party's behalf is authorized to do so and to bind such party to the terms of this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

TENANT:

AVIGEN, INC.,
a Delaware corporation

Date: *12/13/00*

By: */s/ JOHN MONAHAN*
Name: *John Monahan*
Title: *CEO*

Date: _____

By: /s/ THOMAS J. PAULSON
Name: *Thomas J. Paulson*
Title: *VP-Finance, CFO*

LANDLORD:

LINCOLN-RECP EMPIRE OPCO, LLC,
a California limited liability company

By: Legacy Partners Commercial, Inc.,
as agent for LINCOLN-RECP EMPIRE OPCO, LLC,

Date: _____

By: */s/ ROBERT F. PHIPPS*
Name: *Robert F. Phipps*
Title: *Senior Vice President*

EXHIBIT B

SUBLEASE PREMISES AND SUBLEASE COMMON AREAS

Exhibit C

Furniture and Equipment

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-2 (Nos. 333-109442 and 333-128083), Form S-3 (No. 333-99205) and Form S-8 (Nos. 33-56766, 33-88968, 333-101651, and 333-122844) of BioTime, Inc. of our report dated April 11, 2008, relating to the financial statements for the year ended December 31, 2007, which appears in this Form 10-KSB.

/s/ ROTHSTEIN KASS & COMPANY, P.C.

Roseland, New Jersey
April 11, 2008

CERTIFICATIONS Exhibit 31

I, Michael D. West, certify that:

1. I have reviewed this annual report on Form 10-KSB of BioTime, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the periodic reports are being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent (fourth) fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 11, 2008

/s/ Michael D. West
Michael D. West
Chief Executive Officer

CERTIFICATIONS Exhibit 31

I, Steven A. Seinberg, certify that:

1. I have reviewed this annual report on Form 10-KSB of BioTime, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the periodic reports are being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent (fourth) fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 11, 2008

/s/ Steven A. Seinberg

Steven A. Seinberg
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-KSB of BioTime, Inc. (the "Company") for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael D. West, Chief Executive Officer, and Steven A. Seinberg, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 11, 2008

/s/ Michael D. West
Michael D. West
Chief Executive Officer

/s/ Steven A. Seinberg
Steven A. Seinberg
Chief Financial Officer