

PHARMASTEM[™]

T H E R A P E U T I C S , I N C .

September 15, 2009

To whom it may concern:

I write on behalf of PharmaStem Therapeutics, Inc. ("PharmaStem") regarding U.S. Patent Nos. 5,004,681 (the "'681 patent"); 5,192,553 (the "'553 patent"); 6,461,645 (the "'645 patent"); 6,569,427 (the "'427 patent"); and 6,605,275 (the "'275 patent"). PharmaStem is the owner of these patents.

The '681 and '553 patents have been held invalid by the Federal Circuit Court of Appeals. In addition, the '645 and '427 patents have been cancelled by the U.S. Patent and Trademark Office following the reexamination of those patents.

Accordingly, PharmaStem confirms that CBR Systems, Inc. (referred to herein as "CBR"), does not and cannot directly or indirectly infringe the '681, '553, '645, '427, or '275 patents by any act or conduct whatsoever. PharmaStem further confirms that any other entity or person, including medical doctors, nurses, health services organizations, and patients, does not and cannot directly or indirectly infringe the '681, '553, '645, '427, or '275 patents. In particular, and without limitation, the following acts do not directly or indirectly infringe the '681, '553, '645, '427, or '275 patents:

- the collection, or offer or marketing of services for the collection of umbilical cord or placental blood or any of its components;
- the isolation, or offer or marketing of services for the isolation of stem or progenitor cells from umbilical cord or placental blood or any of its components;
- the cryopreservation, or offer or marketing of services for the cryopreservation of umbilical cord or placental blood or any of its components;
- the storage, or offer or marketing of services for the storage of umbilical cord or placental blood or any of its components;
- the thawing, or offer or marketing of services for the thawing of umbilical cord or placental blood or any of its components; and/or
- the introduction, or offer or marketing of services for the introduction of umbilical cord or placental blood or any of its components into a human.

CBR may engage in any of the previously listed conduct without any patent license whatsoever from PharmaStem.

Finally, PharmaStem confirms that any "Amnesty Agreement" entered into between PharmaStem and any doctor or medical services provider is of no force or effect and imposes no restrictions whatsoever on doctors or medical services providers regarding the collection of umbilical cord or placental blood, including, without limitation, any restriction on the collection of cord blood, or marketing or offering the service of cord blood collection, for CBR.

PharmaStem wants parents, physicians, and hospitals to know and to rest assured that PharmaStem and any successor to PharmaStem will not seek in the future to assert any claims against them arising from any of the patents referenced above.

Sincerely,

A handwritten signature in black ink that reads "Nicholas Didier". The signature is written in a cursive, slightly slanted style.

Nicholas Didier
CEO & President
PharmaStem Therapeutics, Inc.