

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 8-K**

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

Date of report (date of earliest event reported): **February 28, 2011**

**CYTORI THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**001-34375**  
(Commission File No.)

**33-0827593**  
(I.R.S. Employer Identification No.)

**3020 Callan Road, San Diego, California 92121**  
(Address of principal executive offices)

**(858) 458-0900**  
(Registrant's telephone number, including area code)

**n/a**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

**(e) Compensatory Arrangements of Certain Executive Officers.**

On February 28, 2011, the Compensation Committee of Cytori Therapeutics, Inc. (the "Company") granted restricted stock awards to the Company's named executive officers pursuant to its 2004 Equity Incentive Plan and restricted stock award agreements specifying the terms and conditions of the grants, including the performance-based vesting conditions, as follows:

**Christopher Calhoun, CEO**

Restricted Stock Shares Awarded: 50,250

**Marc Hedrick, President**

Restricted Stock Shares Awarded: 36,850

**Mark Saad, Chief Financial Officer**

Restricted Stock Shares Awarded: 33,500

**Seijiro Shirahama, President – Asia Pacific**

Restricted Stock Shares Awarded: 31,825

**Douglas Arm, Sr. Vice-President of Operations**

Restricted Stock Shares Awarded: 16,750

Pursuant to the terms of the award agreements, the performance-based restricted stock awards will not vest until January 1, 2013, and then only if, and to the extent that, the Company's achieves certain performance goals established by the Compensation Committee to be achieved by January 1, 2012. The performance goals are weighted based on the following achievements: obtaining certain FDA clearance or approval (40%), achieving a targeted revenue increase for the fiscal year ended December 31, 2011 (20%), and entering into a major collaboration for development and/or commercialization of the Company's products (40%). To the extent that any of the performance goals are partially achieved, the Compensation Committee maintains the discretion to continue the vesting of all or a portion of the awards following January 1, 2012.

A form of the performance-based restricted stock award agreement upon which the awards were granted to the named executive officers is attached hereto as Exhibit 10.1.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
10.1	Form of Notice and Restricted Stock Award Agreement for grants of performance-based restricted stock awards under the 2004 Equity Incentive Plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CYTORI THERAPEUTICS, INC.**

Date: March 3, 2011

By: /s/ Mark E. Saad  
Mark E. Saad  
Chief Financial Officer

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## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
10.1	Form of Notice and Restricted Stock Award Agreement for grants of performance-based restricted stock awards under the 2004 Equity Incentive Plan.

**CYTORI THERAPEUTICS, INC.**  
**RESTRICTED STOCK AGREEMENT**

Cytori Therapeutics, Inc. (the “*Company*”) has granted to the Participant named in the *Notice of Grant of Award* (the “*Grant Notice*”) to which this Restricted Stock Agreement (the “*Agreement*”) is attached, an Award (the “*Award*”) consisting of certain shares of Stock (the “*Shares*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant and shall in all respects be subject to the terms and conditions of the **Cytori Therapeutics, Inc.** 2004 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Grant Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the Shares (the “*Plan Prospectus*”), (b) accepts the Award subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Grant Notice, this Agreement or the Plan.

**1. DEFINITIONS AND CONSTRUCTION.**

**1.1 Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned in the Grant Notice or the Plan. Wherever used herein, the following terms shall have their respective meanings set forth below:

(a) “*Grant Date*” means the effective Grant Date of the Award as set forth in the Grant Notice.

(b) “*Total Number of Shares*” means the total number of shares of Stock subject to the Award as set forth in the Grant Notice and as adjusted from time to time pursuant to Section 9.

(c) “*Vested Shares*” means, on any relevant date, that portion of the Total Number of Shares which has vested in accordance with the vesting schedule set forth in the Grant Notice. Provided that the Participant’s Service has not terminated prior to the relevant vesting date described in the Grant Notice, the number of shares as provided by the Grant Notice shall become Vested Shares on such date.

**1.2 Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

## 2. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Agreement and the Plan shall be determined by the Committee. All determinations by the Committee shall be final and binding upon all persons having an interest in the Award as provided by the Plan. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

## 3. THE AWARD.

**3.1 Grant and Issuance of Shares.** On the Grant Date, the Participant shall acquire and the Company shall issue, subject to the provisions of this Agreement, a number of Shares equal to the Total Number of Shares. As a condition to the issuance of the Shares, the Participant shall execute and deliver the Grant Notice to the Company, and, if required by the Company, an Assignment Separate from Certificate duly endorsed (with date and number of shares blank) in the form provided by the Company.

**3.2 No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Shares, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to the Company or for its benefit having a value not less than the par value of the Shares issued pursuant to the Award.

**3.3 Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit the Shares with the Company's transfer agent, including any successor transfer agent, to be held in book entry form during the term of the Escrow pursuant to Section 7. Furthermore, the Participant hereby authorizes the Company, in its sole discretion, to deposit, following the term of such Escrow, for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all Shares which are no longer subject to such Escrow. Except as provided by the foregoing, a certificate for the Shares shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

**3.4 Issuance of Shares in Compliance with Law.** The issuance of the Shares shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No Shares shall be issued hereunder if their issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the issuance of the Shares, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

#### 4. VESTING OF SHARES.

4.1 The Shares shall vest and become Vested Shares as provided in the Grant Notice. No additional Shares will become Vested Shares following the Participant's termination of Service for any reason.

#### 4.2 **Federal Excise Tax Under Section 4999 of the Code.**

(a) **Excess Parachute Payment.** In the event that any acceleration of vesting pursuant to this Agreement and any other payment or benefit received or to be received by the Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an excess parachute payment under Section 280G of the Code, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under this Agreement in order to avoid such characterization.

(b) **Determination by Independent Accountants.** To aid the Participant in making any election called for under Section 4.2(a), upon the occurrence of any event that might reasonably be anticipated to give rise to the acceleration of vesting (an "**Event**"), the Company shall promptly request a determination in writing by independent public accountants selected by the Company (the "**Accountants**"). Unless the Company and the Participant otherwise agree in writing, the Accountants shall determine and report to the Company and the Participant within twenty (20) days of the date of the Event the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 4.2(b).

#### 5. COMPANY REACQUISITION RIGHT.

5.1 **Grant of Company Reacquisition Right.** Except to the extent otherwise provided in an agreement between the Company and the Participant, in the event that (a) the Participant's Service terminates for any reason or no reason, with or without cause, or (b) the Participant, the Participant's legal representative, or other holder of the Shares, attempts to sell, exchange, transfer, pledge, or otherwise dispose of (other than pursuant to a Fundamental Transaction or a Change in Control), including, without limitation, any transfer to a nominee or agent of the Participant, any Shares which are not Vested Shares ("**Unvested Shares**"), the Company shall automatically reacquire the Unvested Shares, and the Participant shall not be entitled to any payment therefor (the "**Company Reacquisition Right**").

**5.2 Fundamental Transactions, Change in Control, Dividends, Distributions and Adjustments.** Upon the occurrence of a Fundamental Transaction, a Change in Control, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property, or any other adjustment upon a change in the capital structure of the Company as described in Section 10 of the Plan, any and all new, substituted or additional securities or other property (other than regular, periodic dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of the Participant's ownership of Unvested Shares shall be immediately subject to the Company Reacquisition Right and included in the terms "Shares," "Stock" and "Unvested Shares" for all purposes of the Company Reacquisition Right with the same force and effect as the Unvested Shares immediately prior to the Fundamental Transaction, Change in Control, dividend, distribution or adjustment, as the case may be. For purposes of determining the number of Vested Shares following a Fundamental Transaction, a Change in Control, dividend, distribution or adjustment, credited Service shall include all Service with any corporation which is a subsidiary of the Company at the time the Service is rendered, whether or not such corporation is a subsidiary of the Company both before and after any such event.

**6. TAX MATTERS.**

**6.1 Tax Withholding.**

**(a) In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company, if any, which arise in connection with the Award, including, without limitation, obligations arising upon (a) the transfer of Shares to the Participant, (b) the lapsing of any restriction with respect to any Shares, (c) the filing of an election to recognize tax liability, or (d) the transfer by the Participant of any Shares. The Company shall have no obligation to deliver the Shares or to release any Shares from the Escrow established pursuant to Section 7 until the tax withholding obligations of the Company have been satisfied by the Participant.

**(b) Assignment of Sale Proceeds; Payment of Tax Withholding by Check.** Subject to compliance with applicable law and the Company's Insider Trading Policy, the Company may permit the Participant to satisfy the Company's tax withholding obligations in accordance with procedures established by the Company providing for either (i) delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Vested Shares, or (ii) payment by check. The Participant shall deliver written notice of any such permitted election to the Company on a form specified by the Company for this purpose at least thirty (30) days (or such other period established by the Company) prior to the date on which the Company's tax withholding obligation arises (the "**Withholding Date**").



If the Participant elects payment by check, the Participant agrees to deliver, via wire transfer to an account specified by the applicable Company, the full amount of the required tax withholding to the Company on or before the third business day following the Withholding Date. If the Participant elects payment by wire transfer but fails to make such payment as required by the preceding sentence, the Company is hereby authorized, at its discretion, to satisfy the tax withholding obligations through any means authorized by this Section 6.1, including by directing a sale for the account of the Participant of some or all of the Vested Shares from which the required taxes shall be withheld, by withholding from payroll and any other amounts payable to the Participant or by withholding shares in accordance with Section 6.1(c).

**(c) Withholding in Shares.** The Company may require the Participant to satisfy all or any portion of the Company's tax withholding obligations by deducting a number of whole, Vested Shares otherwise deliverable to the Participant or by the Participant's tender to the Company of a number of whole, Vested Shares or vested shares acquired otherwise than pursuant to this Agreement having, in any such case, a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

## **6.2 Election Under Section 83(b) of the Code.**

(a) The Participant understands that Section 83 of the Code taxes as ordinary income the difference between the amount paid for the Shares, if anything, and the fair market value of the Shares as of the date on which the Shares are "substantially vested," within the meaning of Section 83. In this context, "substantially vested" means that the right of the Company to reacquire the Shares pursuant to the Company Reacquisition Right has lapsed. The Participant understands that he or she may elect to have his or her taxable income determined at the time he or she acquires the Shares rather than when and as the Company Reacquisition Right lapses by filing an election under Section 83(b) of the Code with the Internal Revenue Service no later than thirty (30) days after the date of acquisition of the Shares. The Participant understands that failure to make a timely filing under Section 83(b) will result in his or her recognition of ordinary income, as the Company Reacquisition Right lapses, on the difference between the purchase price, if anything, and the fair market value of the Shares at the time such restrictions lapse. The Participant further understands, however, that if Shares with respect to which an election under Section 83(b) has been made are forfeited to the Company pursuant to its Company Reacquisition Right, such forfeiture will be treated as a sale on which there is realized a loss equal to the excess (if any) of the amount paid (if any) by the Participant for the forfeited Shares over the amount realized (if any) upon their forfeiture. If the Participant has paid nothing for the forfeited Shares and has received no payment upon their forfeiture, the Participant understands that he or she will be unable to recognize any loss on the forfeiture of the Shares even though the Participant incurred a tax liability by making an election under Section 83(b).

(b) The Participant understands that he or she should consult with his or her tax advisor regarding the advisability of filing with the Internal Revenue Service an election under Section 83(b) of the Code, which must be filed no later than thirty (30) days after the date of the acquisition of the Shares pursuant to this Agreement. Failure to file an election under Section 83(b), if appropriate, may result in adverse tax consequences to the Participant. The Participant acknowledges that he or she has been advised to consult with a tax advisor regarding the tax consequences to the Participant of the acquisition of Shares hereunder. ANY ELECTION UNDER SECTION 83(b) THE PARTICIPANT WISHES TO MAKE MUST BE FILED NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE PARTICIPANT ACQUIRES THE SHARES. THIS TIME PERIOD CANNOT BE EXTENDED. THE PARTICIPANT ACKNOWLEDGES THAT TIMELY FILING OF A SECTION 83(b) ELECTION IS THE PARTICIPANT'S SOLE RESPONSIBILITY, EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO FILE SUCH ELECTION ON HIS OR HER BEHALF.

(c) The Participant will notify the Company in writing if the Participant files an election pursuant to Section 83(b) of the Code. The Company intends, in the event it does not receive from the Participant evidence of such filing, to claim a tax deduction for any amount which would otherwise be taxable to the Participant in the absence of such an election.

## 7. ESCROW.

**7.1 Appointment of Agent.** To ensure that Shares subject to the Company Reacquisition Right will be available for reacquisition, the Participant and the Company hereby appoint the Secretary of the Company, or any other person designated by the Company, as their agent and as attorney-in-fact for the Participant (the "**Agent**") to hold any and all Unvested Shares and to sell, assign and transfer to the Company any such Unvested Shares reacquired by the Company pursuant to the Company Reacquisition Right. The Participant understands that appointment of the Agent is a material inducement to make this Agreement and that such appointment is coupled with an interest and is irrevocable. The Agent shall not be personally liable for any act the Agent may do or omit to do hereunder as escrow agent, agent for the Company, or attorney in fact for the Participant while acting in good faith and in the exercise of the Agent's own good judgment, and any act done or omitted by the Agent pursuant to the advice of the Agent's own attorneys shall be conclusive evidence of such good faith. The Agent may rely upon any letter, notice or other document executed by any signature purporting to be genuine and may resign at any time.

**7.2 Establishment of Escrow.** The Participant authorizes the Company to deposit the Unvested Shares with the Company's transfer agent to be held in book entry form, as provided in Section 3.3, and the Participant agrees to deliver to and deposit with the Agent each certificate, if any, evidencing the Shares and, if required by the Company, an Assignment Separate from Certificate with respect to such book entry shares and each such certificate duly endorsed (with date and number of Shares blank) in the form attached to this Agreement, to be held by the Agent under the terms and conditions of this Section 7 (the "**Escrow**"). Upon the occurrence of a Fundamental Transaction, a Change in Control, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property (other than regular, periodic dividends paid on Stock pursuant to the Company's dividend policy), or any other adjustment upon a change in the capital structure of the Company, as described in Section 10 of the Plan, in the character or amount of any outstanding stock of the corporation the stock of which is subject to the provisions of this Agreement, any and all new, substituted or additional securities or other property to which the Participant is entitled by reason of his or her ownership of the Shares that remain, following such Fundamental Transaction, Change in Control, dividend, distribution or change described in Section 10 of the Plan, subject to the Company Reacquisition Right shall be immediately subject to the Escrow to the same extent as the Shares immediately before such event. The Company shall bear the expenses of the Escrow.

**7.3 Delivery of Shares to Participant.** The Escrow shall continue with respect to any Shares for so long as such Shares remain subject to the Company Reacquisition Right. Upon termination of the Company Reacquisition Right with respect to Shares, the Company shall so notify the Agent and direct the Agent to deliver such number of Shares to the Participant. As soon as practicable after receipt of such notice, the Agent shall cause to be delivered to the Participant the Shares specified by such notice, and the Escrow shall terminate with respect to such Shares.

**8. EFFECT OF CHANGE IN CONTROL.**

In the event of a Fundamental Transaction or a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under the Award or substitute for the Award a substantially equivalent award for the Acquiror's stock. For purposes of this Section, the Award shall be deemed assumed if, following the Fundamental Transaction or Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, for each Share subject to the Award immediately prior to the Fundamental Transaction or Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Fundamental Transaction or Change in Control was entitled. Notwithstanding the foregoing, Shares acquired pursuant to the Award prior to the Fundamental Transaction or Change in Control and any consideration received pursuant to the Fundamental Transaction or Change in Control with respect to such shares shall continue to be subject to all applicable provisions of this Agreement except as otherwise provided herein or in an employment or consulting agreement between the Company and the Participant.

**9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and kind of shares subject to the Award, in order to prevent dilution or enlargement of the Participant's rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. The adjustments determined by the Committee pursuant to this Section shall be final, binding and conclusive.

**10. LEGENDS.**

The Company may at any time place legends referencing the Company Reacquisition Right and any applicable federal, state or foreign securities law restrictions on all certificates representing the Shares. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing the Shares in the possession of the Participant in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS SET FORTH IN AN AGREEMENT BETWEEN THIS CORPORATION AND THE REGISTERED HOLDER, OR HIS PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION.”

**11. RESTRICTIONS ON TRANSFERS OF SHARES.**

No Shares may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Agreement and, except pursuant to a Fundamental Transaction or a Change in Control, until the date on which such shares become Vested Shares, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any Shares which will have been transferred in violation of any of the provisions set forth in this Agreement or (b) to treat as owner of such Shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such Shares will have been so transferred. In order to enforce its rights under this Section, the Company shall be authorized to give a stop transfer instruction with respect to the Shares to the Company's transfer agent.

**12. RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares subject to the Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 9. Subject the provisions of this Agreement, the Participant shall exercise all rights and privileges of a stockholder of the Company with respect to Shares deposited in the Escrow pursuant to Section 7.

**13. RIGHTS AS EMPLOYEE, CONSULTANT OR BOARD MEMBER.**

If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between the Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of the Company or interfere in any way with any right of the Company's to terminate the Participant's Service at any time.

**14. MISCELLANEOUS PROVISIONS.**

**14.1 Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation. No amendment or addition to this Agreement shall be effective unless in writing.

**14.2 Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

**14.3 Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

**14.4 Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

**(a) Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the parties may deliver electronically any notices called for in connection with the Escrow and the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

**(b) Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.4(a) of this Agreement and consents to the electronic delivery of the Plan documents, the Grant Notice and notices in connection with the Escrow, as described in Section 14.4(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.4(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.4(a).

**14.5 Integrated Agreement.** The Grant Notice, this Agreement and the Plan, together with any employment, service, consulting or other agreement between the Participant and the Company referring to the Award, shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any settlement of the Award and shall remain in full force and effect.

**14.6 Applicable Law.** This Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

**14.7 Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**Cytori Therapeutics, Inc.**  
**Form of Notice of Grant of Restricted Stock**

Cytori Therapeutics, Inc. has granted the Participant an award (the "**Award**") pursuant to the **Cytori Therapeutics, Inc. 2004 Equity Incentive Plan** (the "**Plan**") of certain shares of Stock (the "**Shares**"), as follows:

**Participant:** \_\_\_\_\_ **Director**  
**Date of Grant:** \_\_\_\_\_

**Total Number of Shares:** \_\_\_\_\_, subject to achievement of the Performance Goals and any adjustment as provided by the Restricted Stock Agreement.

**Vested Shares:** Except as provided in the Restricted Stock Agreement and provided that the Participant's achieves 100% of the Performance Goals specified below (as determined by the discretion of the Compensation Committee), the number of Restricted Shares shall vest as follows:

<b>Vesting Date</b>	<b>No. Shares Potentially Vesting</b>
_____	_____

**Performance Goals:** The total number of shares granted that are subject to vesting as of the Vesting Date shall be contingent upon achievement of the following performance goals on or before January x, 20xx:

<b>Performance Goals To Be Achieved On Or Before January x, 20xx</b>	<b>Percent Of Restricted Shares Granted Subject To Each Performance Condition</b>
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The Company Compensation Committee shall determine in its discretion whether the Participant has completed each Performance Goal (either fully or partially), and the number of shares attributable to each Performance Goal achieved, which number of shares shall then be subject to vesting on the Vesting Date.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Plan and the Restricted Stock Agreement, both of which are made part of this document. The Participant acknowledges that additional copies of the Plan, Restricted Stock Agreement and the prospectus for the Plan are available on request to the Company. The Participant represents that the Participant has read and is familiar with the provisions of the Plan and the Restricted Stock Agreement, and hereby accepts the Award subject to all of their terms and conditions.

**Cytori Therapeutics, Inc.**

PARTICIPANT

By:

Christopher J. Calhoun  
Chief Executive Officer

Date  
Address:

Address: 3020 Callan Road  
San Diego, CA 92121  
USA

ATTACHMENTS: 2004 Equity Incentive Plan; Restricted Stock Agreement; and Plan Prospectus Documents.



