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Q Therapeutics' Collaborators at Johns Hopkins Are Awarded Funding From National Institutes of Health

Funds to be Used to Advance Studies toward IND Filing for Lead Product, Q-Cells®, for the Treatment of ALS (Lou Gehrig's Disease)

Salt Lake City, UT – (Marketwire) – December 27, 2012 – Q Therapeutics, Inc. today announced that its collaborators at The Johns Hopkins University have been awarded \$1.3 million in a third year of grant funding from the National Institute of Neurological Disorders and Stroke (NINDS) of the National Institutes of Health (NIH). Q Therapeutics is an emerging biotechnology company developing innovative cell therapy products for the treatment of debilitating diseases of the central nervous system.

The grant will help fund manufacturing and pre-clinical safety studies for Q Therapeutics' lead product, *Q-Cells*®, for the treatment of Amyotrophic Lateral Sclerosis (ALS, or Lou Gehrig's disease). Approximately 5,600 people in the United States are diagnosed each year with ALS, a progressive neurodegenerative disease that is usually fatal within 2-5 years of diagnosis. Approximately 30,000 Americans suffer from ALS at any given time; and it is responsible for one of every 400 deaths from all causes each year in the United States.

Year three funding of this grant will help to support the cell manufacture and remaining preclinical studies necessary for Q Therapeutics to file the IND for clinical testing of *Q-Cells* to be used in treatment of patients with ALS. This funding brings the Company closer to testing the safety and efficacy of this novel cellular therapeutic in patients with ALS.

"Q Therapeutics has a strong collaboration with Dr. Nicholas Maragakis, M.D., Associate Professor of Neurology at Johns Hopkins University School of Medicine, Principal Investigator on the grant and Principal Investigator for the clinical studies, and the University on developing our *Q-Cells* product for treatment of patients with ALS. We look forward to continued work with Dr. Maragakis as we progress toward IND filing and clinical trials in ALS patients," stated Deborah Eppstein, Ph.D., President and CEO of Q Therapeutics. "This award by NIH further validates the results obtained with *Q-Cells* and provides non-dilutive funding."

Q-Cells are healthy human glial cells. The function of glial cells in the brain and spine is to support and protect neurons, the signal transmission lines of the central nervous system. Glial cells perform many actions including forming an insulating “myelin sheath” around neurons, providing the necessary growth factors needed to maintain a healthy nervous system, and removing compounds that are toxic to neurons. Many neurodegenerative diseases arise when glial cells are damaged or destroyed, causing neurons to malfunction and eventually die. *Q-Cells* technology aims to treat neurodegenerative diseases by supplementing the damaged or missing glia in the CNS with new, healthy cells that can help maintain and/or restore neuron function to a more robust state.

Q’s cell-based ALS therapeutic originates from research at the University of Utah by Mahendra Rao, M.D., Ph.D., a co-founder of Q Therapeutics. In research and development since 2004, initial *Q-Cell* studies and pre-clinical testing have revealed many unique and promising capabilities. Q’s first clinical trial will focus on demonstrating safety of *Q-Cells* in ALS patients. In addition, measures to evaluate therapeutic potential in ALS patients will also be monitored.

About Q Therapeutics, Inc.

Headquartered in Salt Lake City, Utah, Q Therapeutics, Inc. is a fully reporting, non-trading company, engaged in developing adult stem cell therapies to treat debilitating diseases of the central nervous system. The Company’s first product, *Q-Cells*[®], is a cell-based therapeutic intended to restore or preserve normal activity of neurons by providing essential support functions that occur in healthy central nervous system tissues. *Q-Cells* may be applicable to a wide range of central nervous system diseases, including demyelinating conditions such as multiple sclerosis, transverse myelitis, cerebral palsy and stroke; as well as other neurodegenerative diseases and injuries, such as ALS (Lou Gehrig’s disease), spinal cord injury, Parkinson’s disease and Alzheimer’s disease. Q Therapeutics’ initial clinical target is ALS, with a first IND submission expected in 2013. For more information, visit www.qthera.com.

Cautionary Statement Regarding Forward Looking Information

This news release may contain forward-looking statements made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements in this press release regarding potential applications of Q Therapeutics’ technologies constitute forward-looking statements that involve risks and uncertainties, including, without limitation, risks inherent in the development and commercialization of potential products, uncertainty of clinical trial results or regulatory approvals or clearances, need for future capital, dependence upon collaborators and maintenance of its intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements. Additional information on potential factors that could affect results and other risks and uncertainties are detailed from time to time in Q Therapeutics’ periodic reports, including the quarterly report on Form 10-Q for the period ended September 30, 2012 and the Company’s Annual

Report on Form 10-K for the year ended December 31, 2011.

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