UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2017

OR

o 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 001-33650

CALADRIUS BIOSCIENCES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	22-2343568
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
110 Allen Road, 2nd Floor, Liberty Corner, New Jersey	07920
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: 908-842-0100

Indicate by check mark whether the registrant (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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x
	Emerging growth o

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.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

8,912,602 Shares, $0.001 Par Value, as of August 8, 2017

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

EXPLANATORY NOTE

Unless stated otherwise, the information contained in these consolidated financial statements gives retroactive effect to a one-for-ten reverse stock split of Caladrius Biosciences, Inc.'s (the "Company's") common stock effected on July 28, 2016. See Note 1 of the consolidated financial statements for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report (this "Quarterly Report") contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as well as historical information. When used in this Quarterly Report, statements that are not statements of current or historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "plan," "intend," "may," "will," "expect," "believe," "could," "anticipate," "estimate," "continue" or similar expressions or other variations or comparable terminology are intended to identify such forward-looking statements, although some forward-looking statements are expressed differently. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity or our achievements or industry results, to be materially different from any future results, performance, levels of activity or our achievements or industry results expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from anticipated results expressed or implied by forward-looking statements include, among others:

- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the sale of PCT, LLC to Hitachi Chemical Co., America, Ltd. (as described more fully below, the "Sale");
- unexpected costs, charges or expenses relating to or resulting from the Sale;
- litigation or adverse judgments relating to the Sale;
- our ability to obtain sufficient capital or strategic business arrangements to fund our operations and expansion plans, including meeting our financial obligations under various licensing and other strategic arrangements, the funding of our clinical trials for product candidates, and the commercialization of the relevant technology;
- our ability to build and maintain the management and human resources infrastructure necessary to support the growth of our business;
- whether a market is established for our cell-based products and services and our ability to capture a meaningful share of this market;
- scientific, regulatory and medical developments beyond our control;
- our ability to obtain and maintain, as applicable, appropriate governmental licenses, accreditations or certifications or comply with healthcare laws and regulations or any other adverse effect or limitations caused by government regulation of our business;
- whether any of our current or future patent applications result in issued patents, the scope of those patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business; and our ability to commercialize products without infringing the claims of third party patents;
- whether any potential strategic or financial benefits of various licensing agreements will be realized;
- the results of our development activities;
- our ability to complete our other planned clinical trials (or initiate other trials) in accordance with our estimated timelines due to delays associated with enrolling patients due to the novelty of the treatment, the size of the patient population and the need of patients to meet the inclusion criteria of the trial or otherwise; and
- other factors discussed in "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 16, 2017 (our "2016 Form 10-K").

The factors discussed herein, including those risks described in "Item 1A. Risk Factors" and elsewhere in our 2016 Form 10-K and in our other periodic filings with the SEC, which are available for review at *www.sec.gov,* could cause actual results and developments to be materially different from those expressed or implied by such statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these and other factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Item 1. Consolidated Financial Statements

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
ASSETS	**(Unaudited)**	
Current Assets		
Cash and cash equivalents	$ 23,044,844	$ 7,076,651
Restricted cash	5,000,722	—
Marketable securities	36,324,936	—
Accounts receivable, net of allowances of $0 at June 30, 2017 and December 31, 2016, respectively	335,646	138,774
Prepaid and other current assets	5,706,396	1,900,493
Current assets related to discontinued operations	—	15,533,043
Total current assets	70,412,544	24,648,961
Property, plant and equipment, net	432,853	705,439
Other assets	1,402,463	1,582,209
Other assets related to discontinued operations	—	26,577,834
Total assets	$ 72,247,860	$ 53,514,442
LIABILITIES, REDEEMABLE SECURITIES - NON-CONTROLLING INTERESTS AND EQUITY		
Current Liabilities		
Accounts payable	$ 1,114,122	$ 2,226,580
Accrued liabilities	12,408,604	2,659,433
Long-term debt, current	—	3,126,457
Notes payable, current	578,353	563,777
Due to PCT	450,315	1,681,594
Current liabilities related to discontinued operations	—	10,925,052
Total current liabilities	14,551,394	21,182,893
Notes payable	23,290	159,180
Long-term debt	—	2,524,897
Other long-term liabilities	3,636,538	389,858
Liabilities related to discontinued operations	—	5,791,134
Total liabilities	$ 18,211,222	$ 30,047,962
Commitments and Contingencies		
Redeemable Securities - Non-Controlling Interests	—	19,400,000
EQUITY		
Stockholders' Equity		
Preferred stock, authorized, 20,000,000 shares Series B convertible redeemable preferred stock liquidation value, 1 share of common stock, $.01 par value; 825,000 shares designated; issued and outstanding, 10,000 shares at June 30, 2017 and December 31, 2016	100	100
Common stock, $.001 par value, authorized 500,000,000 shares; issued and outstanding, 8,912,602 and 8,205,791 shares, at June 30, 2017 and December 31, 2016, respectively	8,913	8,206
Additional paid-in capital	430,606,930	410,372,049
Treasury stock, at cost; 11,080 shares at June 30, 2017 and December 31, 2016, respectively	(707,637)	(707,637)
Accumulated deficit	(375,429,627)	(404,788,809)
Accumulated other comprehensive income	(57,860)	—
Total Caladrius Biosciences, Inc. stockholders' equity	54,420,819	4,883,909
Noncontrolling interests	(384,181)	(817,429)
Total equity	54,036,638	4,066,480
Total liabilities, redeemable securities - non-controlling interests, and equity	$ 72,247,860	$ 53,514,442

See accompanying notes to consolidated financial statements.

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Operating Expenses:				
Research and development	$ 4,277,783	$ 4,488,603	$ 8,003,915	$ 10,537,452
General and administrative	3,432,534	2,917,221	6,138,928	7,744,643
Total operating expenses	7,710,317	7,405,824	14,142,843	18,282,095
Operating loss	(7,710,317)	(7,405,824)	(14,142,843)	(18,282,095)
Other income (expense):				
Other income (expense), net	4,828	8,757	(39,567)	14,442
Interest expense	(204,484)	(335,884)	(363,412)	(1,233,057)
	(199,656)	(327,127)	(402,979)	(1,218,615)
Loss from continuing operations before provision for income taxes and noncontrolling interests	(7,909,973)	(7,732,951)	(14,545,822)	(19,500,710)
Benefit from income taxes	(5,887,543)	—	(5,887,543)	—
Net loss from continuing operations	(2,022,430)	(7,732,951)	(8,658,279)	(19,500,710)
Discontinued operations - net of taxes	40,487,438	(151,819)	37,329,963	(431,856)
Net income (loss)	$ 38,465,008	$ (7,884,770)	$ 28,671,684	$ (19,932,566)
Less - net loss from continuing operations attributable to noncontrolling interests	(54,676)	(63,931)	(119,342)	(127,703)
Less - net (loss) income from discontinued operations attributable to noncontrolling interests	(199,325)	13,877	(568,156)	10,770
Net income (loss) attributable to Caladrius Biosciences, Inc. common stockholders	$ 38,719,009	$ (7,834,716)	$ 29,359,182	$ (19,815,633)
Amounts Attributable to Caladrius Inc. common stockholders:				
Loss from continuing operations	(1,967,754)	(7,669,020)	(8,538,937)	(19,373,007)
Income (loss) from discontinued operations - net of taxes	40,686,763	(165,696)	37,898,119	(442,626)
Net income (loss) attributable to Caladrius Inc. common stockholders	$ 38,719,009	$ (7,834,716)	$ 29,359,182	$ (19,815,633)
Basic and diluted income (loss) per share				
Continuing operations	$ (0.22)	$ (1.30)	$ (0.99)	$ (3.32)
Discontinued operations	$ 4.56	$ (0.03)	$ 4.38	$ (0.08)
Caladrius Biosciences, Inc. common stockholders	$ 4.34	$ (1.33)	$ 3.39	$ (3.39)
Weighted average common shares outstanding:				
Basic and diluted shares	8,926,783	5,907,013	8,657,334	5,839,963

See accompanying notes to consolidated financial statements.

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net income (loss)	$ 38,465,008	$ (7,884,770)	$ 28,671,684	$ (19,932,566)
Other comprehensive loss:				
Available for sale securities - net unrealized loss	(57,860)	(486)	(57,860)	(486)
Total other comprehensive loss	(57,860)	(486)	(57,860)	(486)
Comprehensive income (loss)	38,407,148	(7,885,256)	28,613,824	(19,933,052)
Comprehensive loss attributable to noncontrolling interests	(254,001)	(50,054)	(687,498)	(116,933)
Comprehensive income (loss) attributable to Caladrius Biosciences, Inc. common stockholders	$ 38,661,149	$ (7,835,202)	$ 29,301,322	$ (19,816,119)

See accompanying notes to consolidated financial statements.

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	Series B Convertible Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total Caladrius Biosciences, Inc. Stockholders' Equity	Non-Controlling Interest in Subsidiary	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2015	10,000	$ 100	5,673,302	$ 5,673	$ 396,547,401	$ 486	$ (372,132,490)	$ (707,637)	$ 23,713,533	$ (429,709)	$ 23,283,824
Net loss	—	—	—	—	—	—	(19,815,633)	—	(19,815,633)	(116,933)	(19,932,566)
Unrealized gain/loss on marketable securities	—	—	—	—	—	(486)	—	—	(486)	—	(486)
Share-based compensation	—	—	95,355	95	1,235,049	—	—		1,235,144	—	1,235,144
Net proceeds from issuance of common stock	—	—	158,092	159	1,050,553	—	—	—	1,050,712	—	1,050,712
Change in Ownership in Subsidiary	—	—	—	—	(133,012)	—	—	—	(133,012)	133,012	—
Balance at June 30, 2016	10,000	$ 100	5,926,749	$ 5,927	$ 398,699,991	$ —	$ (391,948,123)	$ (707,637)	$ 6,050,258	$ (413,630)	$ 5,636,628

	Series B Convertible Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total Caladrius Biosciences, Inc. Stockholders' Equity	Non-Controlling Interest in Subsidiary	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2016	10,000	$ 100	8,205,790	$ 8,206	$ 410,372,049	$ —	$ (404,788,809)	$ (707,637)	$ 4,883,909	$ (817,429)	$ 4,066,480
Net income	—	—	—	—	—	—	29,359,182	—	29,359,182	(687,498)	28,671,684
Unrealized gain/loss on marketable securities	—	—	—	—	—	(57,860)	—	—	(57,860)	—	(57,860)
Share-based compensation	—	—	54,545	55	2,350,597	—	—	—	2,350,652	—	2,350,652
Net proceeds from issuance of common stock	—	—	648,432	648	3,277,984	—	—	—	3,278,632	—	3,278,632
Proceeds from option exercises	—	—	3,835	4	13,572	—	—	—	13,576	—	13,576
Elimination of non-controlling interests associated with PCT sale	—	—	—	—	—	—	—	—	—	(3,686,526)	(3,686,526)
Reclassification of redeemable securities	—	—	—	—	14,733,908	—	—	—	14,733,908	4,666,092	19,400,000
Change in Ownership in Subsidiary	—	—	—	—	(141,180)	—	—	—	(141,180)	141,180	—
Balance at June 30, 2017	10,000	$ 100	8,912,602	$ 8,913	$ 430,606,930	$ (57,860)	$ (375,429,627)	$ (707,637)	$ 54,420,819	$ (384,181)	$ 54,036,638

See accompanying notes to consolidated financial statements.

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2017	**2016**
Cash flows from operating activities:		
Net income (loss)	$ 28,671,684	$ (19,932,566)
(Income) loss from discontinued operations	(37,329,963)	431,856
Share-based compensation	1,819,382	883,143
Depreciation and amortization	193,845	252,237
Loss on disposal of assets	175,793	591,307
Accretion on marketable securities	39,175	—
Changes in operating assets and liabilities:		
Restricted cash	(5,000,722)	—
Prepaid and other current assets	619,528	405,619
Accounts receivable	(196,872)	(97,904)
Other assets	179,763	147,107
Due to/from PCT	(1,231,258)	2,681,195
Accounts payable, accrued liabilities and other liabilities	(2,879,408)	(2,540,199)
Net cash used in operating activities - continuing operations	(14,939,053)	(17,178,205)
Net cash (used in) provided by operating activities - discontinued operations	(638,069)	2,602,650
Net cash used in operating activities	(15,577,122)	(14,575,555)
Cash flows from investing activities:		
Purchase of marketable securities	(36,421,971)	—
Proceeds from PCT sale	70,264,395	—
Net cash sold in PCT sale	(6,727,263)	—
Acquisition of property, plant and equipment	(97,052)	(1,068,129)
Net cash provided by (used in) investing activities - continuing operations	27,018,109	(1,068,129)
Net cash used in investing activities - discontinued operations	(188,794)	(635,168)
Net cash provided by (used in) investing activities	26,829,315	(1,703,297)
Cash flows from financing activities:		
Proceeds from exercise of options	13,576	—
Tax withholding payments on net share settlement equity awards	(357,665)	—
Net proceeds from issuance of common stock	3,278,632	1,050,712
Repayment of long-term debt	(5,651,354)	(6,348,646)
Proceeds from notes payable	400,998	368,615
Repayment of notes payable	(522,313)	(489,925)
PCT dividend to Caladrius	—	15,000,000
Net cash (used in) provided by financing activities - continuing operations	(2,838,126)	9,580,756
Net cash (used in) provided by financing activities - discontinued operations	(74,231)	4,079,371
Net cash (used in) provided by financing activities	(2,912,357)	13,660,127
Net increase (decrease) in cash and cash equivalents	8,339,836	(2,618,725)
Cash and cash equivalents at beginning of period - continuing operations	7,076,651	18,657,971
Cash and cash equivalents at beginning of period - discontinued operations	7,628,357	1,660,440
Cash and cash equivalents at end of period	$ 23,044,844	$ 17,699,686
Less cash and cash equivalents of discontinued operations at end of period	—	7,355,294
Cash and cash equivalents of continuing operations at end of period	23,044,844	10,344,392
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 697,544	$ 973,729

See accompanying notes to consolidated financial statements.

CALADRIUS BIOSCIENCES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – The Business

Overview

Caladrius Biosciences, Inc. (“we,” “us,” "our," “Caladrius” or the “Company”), is a company developing cellular therapeutics to treat certain diseases. We leverage specialized cell therapy clinical development expertise to select and develop early-stage cell therapy candidates with the intention of partnering these candidates post proof-of-concept in humans. Our current lead product candidate, CLBS03, is an autologous polyclonal regulatory T cell ("Treg") clinical phase 2 therapy targeting children aged 8-17 with recent-onset type 1 diabetes mellitus ("T1D").

Immunomodulation (Treg Technology)

We are developing strategically, through the utilization of our core clinical development expertise, a product candidate (CLBS03) that is an innovative therapy for T1D. This therapy is based on a proprietary platform technology for immunomodulation. We have selected as an initial target the unmet medical need of patients who are newly diagnosed with T1D, most of whom will be under the age of 18. This program is based on the use of Tregs to treat diseases caused by imbalances in an individual's immune system. This novel approach seeks to restore immune balance by enhancing Treg number and function. Tregs are a natural part of the human immune system and regulate the activity of effector T cells; the cells that are responsible for protecting the body from pathogens and foreign antigens. When Tregs function properly, only harmful foreign materials are attacked by effector T cells. In autoimmune disease, however, it is thought that deficient Treg activity and numbers permit the effector T cells to attack the body's own beneficial cells. In the case of T1D, the beta cells in the pancreas are attacked thereby reducing and/or eliminating over time the patient's ability to produce insulin. Insulin is necessary to regulate sugar metabolism and maintain proper sugar levels in the blood. Inconsistent or unnatural insulin levels can lead to many complications, including blindness, vascular disease and, if no insulin supplement is provided, even death. There are currently no curative treatments, only lifelong insulin therapy, which therapy often does not prevent serious co-morbidities. Two Phase 1 clinical trials of this technology in T1D demonstrated safety and tolerance, feasibility of manufacturing, an implied durability of effect as well as an early indication of potential therapeutic effect through the preservation of beta cell function. In the first quarter of 2016, we commenced patient enrollment in the first of two cohorts in The Sanford Project: T-Rex Study, a Phase 2 prospective, randomized, placebo-controlled, double-blind clinical trial (the "TRex Study") to evaluate the safety and efficacy of CLBS03 in adolescents with recent onset TID. In October 2016, we received a satisfactory safety evaluation by our independent Data Safety Monitoring Board based on safety data then available from the first 19 patients enrolled in the trial. A subsequent interim analysis of early therapeutic effect is planned after approximately 50% of patients reach the six-month follow-up milestone, which analysis is expected in late 2017 or early 2018. We entered into a strategic collaboration with Sanford Research to support the execution of this trial. Sanford Research is a U.S.-based non-profit research organization that supports an emerging translational research center focused on finding a cure for T1D. On February 23, 2017, the California Institute for Regenerative Medicine ("CIRM") awarded us funds of up to $12.2 million to support the T-Rex Study. The funding will be based upon the achievement of certain milestones related to the proportion of subjects enrolled in California, as well as manufacturing and development costs incurred in California. We received $5.7 million in initial funding on May 4, 2017. CLBS03 has been granted Fast Track and orphan drug designations from the U.S. Food and Drug Administration ("FDA") as well as Advanced Therapeutic Medicinal Product ("ATMP") classification from the European Medicines Agency ("EMA").

Ischemic Repair (CD34 Cell Technology)

Our CD34 cell technology has led to the development of therapeutic candidates designed to address diseases and conditions caused by ischemia. Ischemia occurs when the supply of oxygenated blood to healthy tissue is restricted. Through the administration of CD34 cells, we seek to promote the development and formation of new blood vessels and thereby increase blood flow to the impacted area. We believe that conditions caused by underlying ischemic injury can be improved through our CD34 cell technology, including critical limb ischemia ("CLI"). Published reports in Circulation Cardiovascular Interventions, Atherosclerosis, Stem Cells and Circulation Journal, provide preliminary evidence that CD34 cell therapy is safe and can exert significant therapeutic effects in patients with CLI, a condition in which blood flow to the legs is severely impaired, causing pain and non-healing ulcers and, ultimately, potentially resulting in the need for amputation. Our Clinical Trial Notification for a pivotal Phase 2 trial investigating CLBS12 (a candidate for CLI) was submitted to the Japanese Pharmaceutical and Medical Device Agency ("PMDA") and was cleared to proceed. The protocol design was agreed with PMDA and, if successful, could provide the basis for conditional approval under Japan's favorable regenerative medicine law. We are seeking to collaborate on CLBS12 with development and/or manufacturing partners. Furthermore, we submitted grant applications in an effort to seek non-dilutive financing to investigate

the CD34 technology for additional clinical indications in the United States and expect to learn the results of those applications in 2017.

We intend to develop this platform if capital becomes available through grants, partnerships or licensing, as well as potentially using reasonable amounts of our own capital.

Additional Out-licensing Opportunities

Our broad intellectual property portfolio of cell therapy assets includes notable programs available for out-licensing in order to continue their clinical development. These include additional indications for our Treg product, additional indications for our CD34 cell technology and a platform using tumor cell/dendritic cell technology for immuno-oncology application. The immuno-oncology program has the benefit of promising Phase 2 clinical data and applicability to multiple indications. In 2016, we completed multiple out-licensing agreements for this and other technology platforms in an effort to monetize non-core assets.

Our current long-term strategy focuses on advancing cell-based therapies to the market and assisting patients suffering from life-threatening medical conditions. We believe that we are positioned to realize potentially meaningful value increases within our own proprietary pipeline based on demonstration of proof-of-concept in man as well as process and manufacturing advancements.

Discontinued Operations

On May 18, 2017 (the "Closing Date"), the Company completed the previously announced sale of its remaining 80.1% membership interest in PCT, LLC, a Caladrius company ("PCT") to Hitachi Chemical Co. America, Ltd. ("Hitachi"), pursuant to the Interest Purchase Agreement (the "Purchase Agreement"), dated as of March 16, 2017, by and among Caladrius, PCT and Hitachi (the "2017 Hitachi Transaction"), for $75.0 million in cash, plus an additional cash adjustment based on PCT's cash and outstanding indebtedness as of the Closing Date ("Additional Consideration") and a potential future milestone payment (see Note 3). The sale of PCT represents a strategic shift that has a major effect on the Company's operations, and therefore, PCT is accounted for as discontinued operations. All periods presented were adjusted to reflect PCT as discontinued operations.

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying Consolidated Financial Statements of the Company and its subsidiaries, which are unaudited, include all normal and recurring adjustments considered necessary to present fairly the Company's financial position as of June 30, 2017 and the results of its operations and its cash flows for the periods presented. The unaudited consolidated financial statements herein should be read together with the historical consolidated financial statements of the Company for the years ended December 31, 2016 and 2015 included in our 2016 Form 10-K. Operating results for the six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes critical estimates and assumptions in determining useful lives of our long lived assets, allowances for doubtful accounts, and stock-based awards values. Accordingly, actual results could differ from those estimates and assumptions.

An accounting policy is considered to be critical if it is important to the Company's financial condition and results of operations and if it requires management's most difficult, subjective and complex judgments in its application.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Caladrius Biosciences, Inc. and its wholly-owned and partially-owned subsidiaries and affiliates, as well as the operations of our former subsidiaries PCT, LLC, a Caladrius company, NeoStem Family Storage, LLC, and PCT Allendale, LLC entities (collectively the "PCT Segment") through May 18, 2017, representing the

date which these entities were sold to Hitachi (see Note 3). The PCT Segment is reported in discontinued operations. All intercompany activities have been eliminated in consolidation, except for intercompany activities between Caladrius and the PCT Segment, which are reported without intercompany eliminations in continuing operations and discontinued operations, respectively.

Note 2 – Summary of Significant Accounting Policies

In addition to the policies below, our significant accounting policies are described in Note 2 of the Notes to Consolidated Financial Statements included in our 2016 Form 10-K. There were no changes to these policies during the three and six months ended June 30, 2017.

Concentration of Risks

We are subject to credit risk from our portfolio of cash and cash equivalents, and marketable securities. Under our investment policy, we limit amounts invested in such securities by credit rating, maturity, industry group, investment type and issuer, except for securities issued by the U.S. government. Cash is held at major banks in the United States. Therefore, the Company is not exposed to any significant concentrations of credit risk from these financial instruments. The goals of our investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk; liquidity of investments sufficient to meet cash flow requirements, and a competitive after-tax rate of return.

Share-Based Compensation

The Company expenses all share-based payment awards to employees, directors, consultants, including grants of stock options, warrants, and restricted stock, over the requisite service period based on the grant date fair value of the awards. Consultant awards are remeasured each reporting period through vesting. For awards with performance-based vesting criteria, the Company estimates the probability of achievement of the performance criteria and recognizes compensation expense related to those awards expected to vest. The Company determines the fair value of option awards using the Black-Scholes option-pricing model which uses both historical and current market data to estimate the fair value. This method incorporates various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options or warrants. The fair value of the Company's restricted stock and restricted stock units is based on the closing market price of the Company's common stock on the date of grant.

Long-Lived Assets

Long-lived assets consist of property, plant and equipment. The assets are depreciated on a straight line basis over their respective useful lives. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the fair value of the asset. If other events or changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, the Company will estimate the undiscounted future cash flows expected to result from the use of the asset and/or its eventual disposition, and recognize an impairment loss, if any. The impairment loss, if determined to be necessary, would be measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. No triggering events were noted in the three and six months ended June 30, 2017 or June 30, 2016 that would require interim impairment assessment.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires that a lessee recognize lease assets and lease liabilities for those leases classified as operating leases. The guidance is effective for interim and annual periods beginning after December 15, 2018, and will be applied at the beginning of the earliest period presented using a modified retrospective approach. This ASU may have a material impact on the Company's financial statements. The impact on the Company's results of operations is currently being evaluated. The impact of the ASU is non-cash in nature and will not affect the Company's cash position.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The guidance will be applied prospectively, retrospectively, or by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted, dependent upon the specific amendment that is adopted within the ASU. The

adoption of this new guidance did not have a material effect on the consolidated results of operations, cash flows, and financial position.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows where diversity in practice exists. ASU 2016-15 is effective in first quarter of fiscal 2018 and earlier adoption is permitted. The Company is currently evaluating the effect that the updated standard will have on the consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, Intra-Entity Transfers of Assets Other Than Inventory. ASU 2016-16 requires the income tax consequences of intra-entity transfers of assets other than inventory to be recognized as current period income tax expense or benefit at the transaction date and removes the option to defer and amortize the consolidated tax consequences of intra-entity transfers. The new standard will be effective on January 1, 2018 and will be adopted using a modified retrospective approach which requires a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. Early adoption is permitted at the beginning of a fiscal year. The Company is currently evaluating the effect that the updated standard will have on the consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting," to provide clarity and reduce both diversity in practice and cost complexity when applying the guidance in Topic 718 to a change to the terms and conditions of a stock-based payment award. ASU 2017-09 also provides guidance about the types of changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in accordance with Topic 718. For all entities, including emerging growth companies, the standard is effective for annual periods beginning after December 15, 2017, and for interim periods therein. Early adoption is permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

Note 3 – Collaboration and License Agreement

2016 Hitachi Transaction

On March 11, 2016, PCT entered into a global collaboration with Hitachi. This collaboration consists of an equity investment in and a license agreement with PCT.

Under the equity investment agreement, Hitachi purchased a 19.9% membership interest in PCT for $19.4 million of which $15.0 million of proceeds was distributed to Caladrius from PCT and $4.4 million remained at PCT to be used for the continued expansion and improvements at PCT in support of commercial product launch readiness as well as for general corporate purposes.

PCT and Hitachi also entered into an exclusive license agreement for the acceleration of the creation of a global commercial cell therapy development and manufacturing expertise in Asia pursuant to which PCT received $5.6 million from Hitachi in 2016. PCT licensed certain cell therapy technology and know-how (including an exclusive license in Asia) and agreed to provide Hitachi Chemical with certain training and support. As additional consideration, Hitachi Chemical agreed to pay PCT royalties on contract revenue generated in Asia for a minimum of ten years.

2017 Hitachi Transaction

On May 18, 2017, the Company completed the previously announced sale of its remaining 80.1% membership interest in PCT to Hitachi pursuant to the Purchase Agreement, dated as of March 16, 2017, by and among Caladrius PCT and Hitachi (the "2017 Hitachi Transaction"). The aggregate purchase price to the Company consisted of (i) $75.0 million in cash, (ii) $4.4 million, representing Additional Consideration based on PCT’s cash and outstanding indebtedness as of the Closing Date, and (iii) a potential future milestone payment of $5.0 million if PCT achieves $125 million in Cumulative Revenue (excluding clinical service reimbursables) (the “Milestone”) for the period from January 1, 2017 through December 31, 2018 (the “Milestone Period”).

Hitachi paid the Company $5.0 million in March 2017 as an advance payment pending shareholder approval of the transaction and other closing conditions. On the Closing Date, the Company received $65.0 million, with an additional $5.0 million of the purchase consideration (the "Escrow Amount") deposited into an escrow account to cover potential indemnification claims against Caladrius. In June 2018, the escrow agent will disburse to the Company the Escrow Amount less (i) that portion of the Escrow Amount previously paid in satisfaction of claims for indemnification pursuant to the terms of the Purchase Agreement and (ii) that portion of the Escrow Amount that is determined, in the reasonable judgment of Hitachi, to be necessary to satisfy all unsatisfied or disputed claims for indemnification specified in any claim notice delivered to the Company. The Company also received an

additional $4.4 million cash adjustment payment in July 2017. The Company incurred approximately $6.9 million in transaction costs related to the 2017 Hitachi Transaction, including $4.3 million in retention payments to PCT employees, of which 50% was paid in June 2017, and the other 50% payable on the one year anniversary of the Closing Date.

Concurrent with the signing of the Purchase Agreement, on March 16, 2017, Caladrius entered into a Retention and Incentive Agreement with Robert A. Preti, a former Caladrius director and a co-founder and the President of PCT, (the "Retention Agreement"). The Retention Agreement superseded all prior agreements and understandings between Dr. Preti and Caladrius regarding the subject matter of the Retention Agreement. Among other things, the Retention Agreement provided for:

- Simultaneously with the closing of the 2017 Hitachi Transaction, Caladrius paid to Dr. Preti $1.9 million (the "First Retention Payment").
- As an incentive to remain employed with PCT and to use commercially reasonable efforts to cause PCT to maximize its overall performance and in particular to achieve the Milestone (but not contingent upon achieving the Milestone), Dr. Preti will receive a lump-sum cash retention and incentive payment equal to $1.9 million for the period from the Closing Date until the date one year after the date of the Closing Date (the "Anniversary Date"), subject to Dr. Preti's continued employment with PCT through the Anniversary Date (the "Second Retention Payment").
- Dr. Preti will be entitled to 5% of the Milestone Payment if it is successfully earned.

Note 4 – Available-for-Sale-Securities

The following table is a summary of available-for-sale securities recorded in cash and cash equivalents or marketable securities in our Consolidated Balance Sheets (in thousands):

	June 30, 2017				December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificate of deposits	$ 1,489.6	$ —	$ —	$ 1,489.6	$ —	$ —	$ —	$ —
Corporate debt securities	46,724.4	—	(57.6)	46,666.8	—	—	—	—
Money market funds	7,188.6	0.1	—	7,188.7	4,426.8	—	—	4,426.8
Municipal debt securities	75.0	—	—	75.0	—	—	—	—
Sovereign government securities	350.4	—	(0.2)	350.2	—	—	—	—
Total	$ 55,828.0	$ 0.1	$ (57.8)	$ 55,770.3	$ 4,426.8	$ —	$ —	$ 4,426.8

Estimated fair values of available-for-sale securities are generally based on prices obtained from commercial pricing services. The following table summarizes the classification of the available-for-sale debt securities on our Consolidated Balance Sheets (in thousands):

	June 30, 2017	December 31, 2016
Cash and cash equivalents	$ 19,445.3	$ 4,426.8
Marketable securities	36,325.0	—
Total	$ 55,770.3	$ 4,426.8

The following table summarizes our portfolio of available-for-sale debt securities by contractual maturity (in thousands):

	June 30, 2017	
	Amortized Cost	Estimated Fair Value
Less than one year	$ 55,828.0	$ 55,770.3
Greater than one year	—	—
Total	$ 55,828.0	$ 55,770.3

Note 5 – Loss Per Share

For the three and six months ended June 30, 2017 and 2016, the Company incurred net losses from continuing operations and therefore no common stock equivalents were utilized in the calculation of diluted loss per share as they are anti-dilutive. At June 30, 2017 and 2016, the Company excluded the following potentially dilutive securities:

	June 30,	
	2017	2016
Stock Options	1,119,580	692,205
Warrants	285,462	460,047
Restricted Stock Awards	8,000	70,046
Restricted Stock Units	10,260	—

Note 6 – Fair Value Measurements

The fair value of financial assets and liabilities that are being measured and reported are defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 inputs are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The following table sets forth by level within the fair value hierarchy the Company's financial assets that were accounted for at fair value on a recurring basis as of June 30, 2017, and December 31, 2016 (in thousands).

	June 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Marketable securities - available for sale	$ —	$ 36,325.0	$ —	$ 36,325.0	$ —	$ —	$ —	$ —
	$ —	$ 36,325.0	$ —	$ 36,325.0	$ —	$ —	$ —	$ —

Note 7 – Accrued Liabilities

Accrued liabilities as of June 30, 2017 and December 31, 2016 were as follows (in thousands):

	June 30, 2017	December 31, 2016
Salaries, employee benefits and related taxes	$ 1,129.6	$ 1,406.3
Retention payments	2,233.1	—
Professional fees	192.5	224.5
Income tax payable	6,791.5	—
CIRM upfront funding - current	1,745.5	—
Other	316.4	1,028.6
Total	$ 12,408.6	$ 2,659.4

Note 8 – Debt

Notes Payable

As of June 30, 2017 and December 31, 2016, the Company had notes payable of approximately $0.6 million and $0.7 million, respectively. The notes relate to certain insurance policies and equipment financings, require monthly payments, and mature within one to three years.

Long-Term Debt

On September 26, 2014, the Company entered into a loan and security agreement (the “Loan and Security Agreement”) with Oxford Finance LLC (together with its successors and assigns, the “Lender”) pursuant to which the Lender disbursed $15.0 million (the “Loan”). The debt offering/issuance costs have been recorded as debt issuance costs in other assets in the consolidated balance sheet, and will be amortized to interest expense throughout the life of the Loan using the effective interest rate method.

In March 2016, concurrent with the 2016 Hitachi Transaction (see Note 3), the Company and the Lender entered into an amendment to the Loan and Security Agreement whereby (i) the Company paid $7.0 million to Lender, comprising principal, interest and early termination fees, (ii) the Company's subsidiaries PCT, PCT Allendale, LLC, and NeoStem Family Storage, LLC (collectively the "Removed Borrowers") were removed as borrowers under the Loan, (iii) Lender's security interests in any and all assets of the Removed Borrowers were released, (iv) the interest only period on the remaining outstanding Loan balance was extended until January 1, 2017, and (v) in the event the Company received gross proceeds from the sale or issuance of any equity securities or subordinated debt, or any partnership, licenses, collaboration, dividend, grant or asset sale through March 31, 2017, 20% of such proceeds will be paid to Lender, up to a $3.0 million maximum as additional partial repayment of Loan. On September 14, 2016, concurrent with the Company's September 2016 Registered Direct Offering and Concurrent Private Placement (see Note 10), the Company repaid $3.0 million of such proceeds to the Lender. The outstanding balance was approximately $5.7 million at December 31, 2016.

In May 2017, concurrent with the 2017 Hitachi Transaction (see Note 3), the Company retired the Loan in full, and paid $4.9 million to Lender, comprising principal, interest and early termination fees. The Company was making interest-only payments on the outstanding amount of the Loan on a monthly basis at a rate of 8.50% per annum. During the three and six months ended June 30, 2017, the Company recognized $0.2 million and $0.4 million of interest expense, respectively, related to the Loan and Security Agreement. During the three and six months ended June 30, 2016, the Company recognized $0.3 million and $0.5 million of interest expense, respectively, related to the Loan and Security Agreement.

Note 9 – Redeemable Securities

Under the 2016 Hitachi Transaction (see Note 3), Hitachi had the right, at any time following the tenth anniversary of the 2016 Hitachi Transaction to require Caladrius or PCT to purchase all or some of the equity securities in PCT then held by Hitachi ("Hitachi Put Right") for an amount equal to the lesser of (i) the fair market value of the Hitachi equity holdings and (ii) the original purchase price paid of $19.4 million on March 11, 2016 for its 19.9% ownership interest, plus interest at a rate of 2.0% per annum compounded annually; *provided, however*, that if Hitachi ownership interests increased subsequent to its initial ownership interest, and it offers to sell its equity holdings in excess of 21% of PCT’s outstanding equity securities, then the Company would be required to purchase all such equity holdings of Hitachi but in no event would the aggregate purchase price of such Hitachi equity holdings exceed $20.5 million plus interest at the rate of 2.0% per annum compounded annually.

As of December 31, 2016, since Hitachi had the right to deliver the equity interests in PCT it held in exchange for cash from Caladrius or PCT, the initial $19.4 million value of the non-controlling interest was considered redeemable equity, requiring it to be treated as mezzanine equity. Redeemable non-controlling interest is required to be initially measured at the initial carrying amount. If the non-controlling interest is not currently redeemable and also not probable of becoming redeemable (e.g., it is not probable a contingency that triggers redemption will be met), the non-controlling interest should be classified in mezzanine equity.

Concurrent with 2017 Hitachi Transaction (see Note 3), the Hitachi Put Right was eliminated, and $14.7 million previously classified as Redeemable Securities was classified to Additional Paid in Capital. In addition, the remaining portion classified as Redeemable Securities of $4.7 million was classified to Non-Controlling Interests, representing Hitachi's ownership interest in PCT at the time of the 2016 Hitachi Transaction, which was subsequently eliminated upon the 2017 Hitachi transaction and included the PCT gain on sale.

Note 10 – Shareholders' Equity

Reverse Stock Split

On July 28, 2016, the Company implemented the Reverse Stock Split, as authorized at the annual meeting of stockholders on June 22, 2016 and unanimously approved by the Company's board of directors on July 22, 2016. The Reverse Stock Split became effective on July 27, 2016 at 5:00 pm and the common stock of the Company began trading on The NASDAQ Capital Market on a post-split basis at the open of business on July 28, 2016. As of July 28, 2016, every ten shares of the Company's issued and outstanding common stock were combined into one share of its common stock, except to the extent that the Reverse Stock Split resulted in any of the Company's stockholders owning a fractional share, which was rounded up to the next highest whole share. In connection with the Reverse Stock Split, there was no change in the nominal par value per share of $0.001.

All share and per share amounts of common stock, options and warrants in the accompanying financial statements have been restated for all periods to give retroactive effect to the Reverse Stock Split. Accordingly, the consolidated statements of equity reflect the impact of the Reverse Stock Split by reclassifying from "common stock" to "Additional paid-in capital" in an amount equal to the par value of the decreased shares resulting from the Reverse Stock Split.

Equity Issuances

September 2016 Registered Direct Offering and Concurrent Private Placement

On September 14, 2016, the Company entered into a securities purchase agreement (the "RD Purchase Agreement") with a single institutional investor (the "Purchaser"), pursuant to which the Company issued and sold to the Purchaser, in a registered direct offering, an aggregate of 847,458 shares of the Company's common stock at a purchase price of $4.72 per share. The gross proceeds to the Company from the registered direct offering of the shares of common stock were $4.0 million.

In concurrent private placements, on September 14, 2016, the Company entered into Securities Purchase Agreements (each a "Private Placement Purchase Agreement" and, collectively, the "Private Placement Purchase Agreements") with certain accredited investors (the "Investors") with whom it had a substantive, pre-existing relationship, including certain existing stockholders, for the sale by the Company of an aggregate of 4,449,153 shares of Common Stock, at a purchase price of $4.72 per share. The investments will be placed in two tranches: (i) $12.6 million upon an initial closing (the "Initial Closing"), and (ii) $8.4 million, subject to certain conditions, including the enrollment of 70 subjects in the Company's Phase 2 CLBS03 clinical trial, in a second closing (the "Second Closing"). As of March 31, 2017, $6.0 million of the Initial Closing tranche had not been received from a single investor, who was in breach of his obligations under the Private Placement Purchase Agreement. This investor had also committed to fund $4.0 million in the Second Closing. As a result, the Company has terminated the Private Placement Purchase Agreement with this investor in the first quarter of 2017. On March 22, 2017, Sanford Health agreed to waive the conditions for the Second Closing and purchased 423,729 shares of common stock resulting in gross proceeds to the Company of $2.0 million.

Aspire Purchase Agreements

In November 2015, the Company entered into a common stock purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC, an Illinois limited liability company ("Aspire Capital"), which provides that, subject to certain terms and conditions, Aspire Capital is committed to purchase up to an aggregate of $30 million of shares (limited to a maximum of approximately 1.1 million shares, unless stockholder approval is obtained or certain minimum sale price levels are reached) of the Company's common stock over a 24-month term. As consideration for entering into the Purchase Agreement, the Company issued 84,270 shares of its common stock to Aspire Capital. During the six months ended June 30, 2017, the Company issued 210,506 shares of common stock under the Purchase Agreement for gross proceeds of $1.2 million. Overall, as of June 30, 2017, the Company has issued 319,776 shares under the Purchase Agreement for gross proceeds of $1.5 million.

Under the Purchase Agreement, at the Company's discretion, it may present Aspire Capital with purchase notices from time to time to purchase the Company's common stock, provided certain price, trading volume and conditions, including NASDAQ's trading requirements, are met. The purchase price for the shares of common stock is based upon one of two formulas set forth in the Purchase Agreement depending on the type of purchase notice the Company submits to Aspire Capital, and is based on market prices of the Company's common stock (in the case of regular purchases) or a discount of 5% applied to volume weighted average prices (in the case of VWAP purchases), in each case as determined by parameters defined in the Purchase Agreements. We have filed a registration statement with the SEC and a related prospectus supplement that covers the offering of shares of our common stock subject to the Purchase Agreement, and therefore can initiate sales to Aspire Capital at any time, subject to the limitation discussed above.

The Company is party to one other existing agreement with Aspire Capital (the "May 2015 Purchase Agreement"). The registration statement we previously filed with the SEC to cover offerings of shares of our common stock subject to the May 2015 Purchase Agreement has expired, and we have not, and currently have no intention to include such shares in a registration statement filed with the SEC. Unless and until we include such shares in a registration statement filed with the SEC, we are unable to initiate sales to Aspire under the May 2015 Purchase Agreement. Under the May 2015 Purchase Agreement, Aspire Capital is committed to purchase up to an aggregate of $30 million of shares. As consideration for entering into the May 2015 Purchase Agreement, the Company issued 36,484 shares of its common stock to Aspire Capital. The Company has not issued any additional shares under the May 2015 Purchase Agreement.

Stock Options and Warrants

The following table summarizes the activity for stock options and warrants for the six months ended June 30, 2017, as adjusted for the Reverse Stock Split:

	Stock Options				Warrants			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2016	952,790	$ 39.90	7.60	$ —	388,062	$ 76.50	1.24	$ —
Changes during the period:								
Granted	447,157	11.80			—	—		
Exercised	(3,835)	4.70			—	—		
Forfeited	(244,413)	18.70			(1,691)	700.00		
Expired	(32,119)	37.00			(100,909)	128.60		
Outstanding at June 30, 2017	1,119,580	$ 33.50	5.58	$ 231.8	285,462	$ 57.80	1.10	$ —
Vested at June 30, 2017 or expected to vest in the future	1,119,152	$ 33.60	5.58	$ 231.8	285,462	$ 57.80	1.10	$ —
Vested at June 30, 2017	1,111,740	$ 32.90	5.59	$ 231.5	285,462	$ 57.80	1.10	$ —

Restricted Stock

During the six months ended June 30, 2017 and 2016, the Company issued restricted stock for services as follows (in thousands, except share data):

	Six Months Ended June 30,	
	2017	**2016**
Number of restricted stock issued	132,726	107,719
Value of restricted stock issued	$ 469.9	$ 651.7

Note 11 – Share-Based Compensation

Share-based Compensation

We utilize share-based compensation in the form of stock options, warrants and restricted stock. The following table summarizes the components of share-based compensation expense for the three and six months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Research and development	$ 162.0	$ —	$ 208.2	$ 71.0
General and administrative	1,261.7	253.5	1,611.2	812.0
Discontinued operations	751.4	82.0	888.9	352.0
Total share-based compensation expense	$ 2,175.1	$ 335.5	$ 2,708.3	$ 1,235.0

The approval of the 2017 Hitachi Transaction (see Note 3) by our stockholders resulted in a change in control under our equity compensation plans (as defined in the 2009 Plan and the 2015 Equity Plan, and, together with the 2009 Plan, the “Equity Compensation Plans”). Accordingly, all outstanding unvested equity awards were accelerated upon the Closing Date, resulting in an acceleration of $1.9 million of equity compensation for the three and six months ended June 30, 2017. In addition, in connection with the 2017 Hitachi Transaction, the Company agreed to extend the post-termination option exercise period for all PCT employees transitioning to Hitachi from 90 days to the earlier of (i) two years (May 18, 2019) or (ii) the date of the employees' termination from PCT. The post-termination option exercise period modification resulted in an additional expense of $0.3 million, which was recorded entirely during the three months ended June 30, 2017 and recorded in discontinued operations, since there were no future service requirements to receive the extended benefit.

Total compensation cost related to nonvested awards not yet recognized and the weighted-average periods over which the awards are expected to be recognized at June 30, 2017 were as follows (in thousands):

	Stock Options	Restricted Stock
Unrecognized compensation cost	$ 38.8	$ 13.6
Expected weighted-average period in years of compensation cost to be recognized	0.69	0.39

Total fair value of shares vested and the weighted average estimated fair values of shares granted for the six months ended June 30, 2017 and 2016 were as follows, as adjusted for the Reverse Stock Split (in thousands):

	Stock Options	
	Six Months Ended June 30,	
	2017	2016
Total fair value of shares vested	$ 5,001.7	$ 1,153.1
Weighted average estimated fair value of shares granted	$ 1.72	$ 4.02

Valuation Assumptions

The fair value of stock options and warrants at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility is based upon historical volatility of the Company’s stock. The expected term for the options is based upon observation of actual time elapsed between date of grant and exercise of options for all employees. The expected term for the warrants is based upon the contractual term of the warrants.

Note 12 – Research Funding

California Institute of Regenerative Medicine Grant Award

In February 2017, the California Institute for Regenerative Medicine ("CIRM") awarded us funds of up to $12.2 million to support the T-Rex Study. The funding will be based upon the achievement of certain milestones related to the proportion of subjects enrolled in California, as well as manufacturing and development costs incurred in California. We received $5.7 million in initial funding in May 2017, which will be amortized over the estimated award period through July 2020 as a reduction to the related research and development expenses. As of June 30, 2017, $1.7 million of the funding received is recorded in Accrued Liabilities, representing the amount expected to be recognized over the next 12 months, and $3.6 million of the funding received is recorded in Other Long-Term Liabilities. During the three months ended June 30, 2017, the Company amortized and recognized a $0.3 million credit to research and development related to CIRM funds received.

Note 13 – Income Taxes

As of December 31, 2016, the Company had approximately $232.7 million of federal net operating loss carryforwards ("NOLs") available to offset future taxable income expiring from 2027 through 2036. In accordance with Section 382 of the Internal Revenue code, the usage of the Company's NOLs could be limited in the event of a change in ownership. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period when those temporary differences become deductible. If a change of ownership did occur, there would be an annual limitation on the usage of the Company's losses which are available through 2036.

In assessing the ability to realize deferred tax assets, including the NOLs, the Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize its existing deferred tax assets. During the quarter ended June 30, 2017, the Company generated a gain from the sale of 80.1% of their ownership in PCT. The gain from the sale of PCT is included in discontinued operations. The Company for the six months ended June 30, 2017 has generated losses from continuing operations and has forecasted losses for the remainder of the year. Based on generating taxable income for the 2017 year, the Company will utilize net operating losses which were offset by a full valuation allowance. The Company anticipates that they will maintain a valuation allowance on the remaining deferred tax assets at the end of the year.

Deferred tax liabilities were $0 and $1.1 million as of June 30, 2017 and December 31, 2016, respectively, and relate to the taxable temporary differences on the goodwill recognized in the PCT acquisition in 2011. The taxable temporary differences, which were tax deductible and were to be amortized over 15 years. The deferred tax liability was reversed during the three months ended June 30, 2017, as a result of the divestiture of PCT.

The Company applies ASC 740-10 for uncertain tax positions. The Company utilizes the two step process to determine the amount of recognized tax benefit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest and penalties associated with certain tax positions as a component of income tax expense.

As of June 30, 2017, management does not believe the Company has any material uncertain tax positions that would require it to measure and reflect the potential lack of sustainability of a position on audit in its financial statements. The Company will continue to evaluate its uncertain tax positions in future periods to determine if measurement and recognition in its financial statements is necessary. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

During the second quarter the Company has both continuing and discontinued operations. ASC 740-20-45-7 addresses the income tax accounting treatment when there is a loss from continuing operations and income from discontinuing operations. The Company must consider the gain from discontinued operations for purposes of allocating a tax benefit to the current year loss from continuing operations. The Company has adopted a method in which the income from discontinued operations are recognized as a discrete item in the period in which it occurs and apply the concepts of the annual effective tax rate (AETR) during each period in computing the income tax provision from continuing operations. This method results in a tax expense for discontinued operations and an income tax benefit for the loss generated from continuing operations. The Company is forecasting losses from continuing operations for the remainder of 2017 against which an income tax benefit will be recorded.

The Company completed the audit of its federal tax returns for the years 2012 and 2013 during the fourth quarter of 2016. The audit resulted in an adjustment to the Company's NOL carryforward. For years prior to 2014, the federal statute of limitations is closed for assessing tax. The Company's state tax returns remain open to examination for a period of three to four years from date of filing. The Company ceased doing business in China in 2012. After 2012, the Company had no foreign tax filing obligations. The foreign returns filed for 2012 and prior are subject to examination for five years.

Note 14 – Discontinued Operations

PCT Segment

On May 18, 2017, the Company completed the previously announced Sale of its remaining 80.1% membership interest in PCT to Hitachi. Pursuant to the Purchase Agreement, by and among Caladrius, PCT and Hitachi, the aggregate purchase price to the Company consisted of (i) $75.0 million in cash, (ii) a cash adjustment, based on PCT's cash and outstanding indebtedness as of the Closing Date, of approximately $4.4 million, and (iii) a potential future milestone payment of $5.0 million if PCT achieves $125 million in Cumulative Revenue (excluding clinical service reimbursables) (the "Milestone") for the period from January 1,

2017 through December 31, 2018 (the “Milestone Period”). The Company has determined that the fair value of the milestone payment as of the closing date was valued at zero.

Pursuant to the terms of the Purchase Agreement, Hitachi paid the Company $5.0 million in March 2017 as an advance payment pending shareholder approval of the transaction and other closing conditions included in the Purchase Agreement. On the Closing Date, the Company received $65.0 million, with an additional $5.0 million of the purchase consideration (the "Escrow Amount") deposited into an escrow account to cover potential indemnification claims against Caladrius. In June 2018, the escrow agent will disburse to the Company the Escrow Amount less (i) that portion of the Escrow Amount previously paid in satisfaction of claims for indemnification pursuant to the terms of the Purchase Agreement and (ii) that portion of the Escrow Amount that is determined, in the reasonable judgment of Hitachi, to be necessary to satisfy all unsatisfied or disputed claims for indemnification specified in any claim notice delivered to the Company. The Company also received the additional $4.4 million cash adjustment payment in July 2017. The Company incurred approximately $6.9 million in transaction costs related to the Sale, including $4.3 million in retention payments to PCT employees, of which 50% was paid in June 2017, and the other 50% payable on the one year anniversary of the Closing Date.

The Company recognized the following gain on the date of sale of its 80.1% interest in PCT (in thousands):

Fair value of consideration received	$	79,425
Transaction and retention costs		(6,919)
Carrying value of segment non-controlling interest		3,687
	$	76,193
Less carrying amount of assets and liabilities sold:		
Cash	$	6,727
Accounts Receivable		3,702
Deferred costs		4,685
Prepaid expenses and other current assets		743
Property, plant and equipment, net		14,900
Goodwill		7,013
Intangibles, net		2,090
Other assets		215
Accounts payable		(2,278)
Accrued liabilities		(2,927)
Due from Caladrius		450
Unearned revenues		(10,529)
Notes payable		(342)
	$	24,449
Gain on sale of PCT	$	51,744

The operations and cash flows of the PCT Segment were eliminated from ongoing operations with the sale of the Company's PCT Interest. The operating results of the PCT Segment for the three and six months ended June 30, 2017 and June 30, 2016 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	$ 5,729	$ 10,002	$ 16,039	$ 19,116
Cost of revenues	(5,268)	(8,125)	(15,321)	(15,640)
Research and development	(143)	(168)	(257)	(333)
Selling, general, and administrative	(8)	(1,789)	(3,251)	(3,420)
Other expense	(8)	(26)	(16)	(55)
Provision for income taxes	(11,559)	(47)	(11,608)	(100)
Gain on sale of segment	51,744	—	51,744	—
Income (loss) from discontinued operations	$ 40,487	$ (152)	$ 37,330	$ (432)

Note 15 – Commitments and Contingencies

Lease Commitments

We lease facilities under various operating lease agreements in Basking Ridge, NJ, New York, NY, and Irvine, CA, of which certain leases have escalation clauses and renewal options. We also lease equipment under certain noncancelable operating leases. Our leases expire from time to time through 2021.

A summary of future minimum rental payments required under operating leases that have initial or remaining terms in excess of one year as of June 30, 2017 are as follows (in thousands):

Years ended	Operating Leases
2017	$ 655.1
2018	817.4
2019	786.2
2020	801.6
2021 and thereafter	603.0
Total minimum lease payments	$ 3,663.3

Expense incurred under operating leases was approximately $0.4 million and $0.7 million for the three and six months ended June 30, 2017, respectively. Expense incurred under operating leases was approximately $0.3 million and $0.7 million for the three and six months ended June 30, 2016, respectively.

Contingencies

We have entered into a strategic collaboration with Sanford Research with the goal of developing a therapy for the treatment of T1D. The initial focus of the collaboration will be the execution of a prospective, randomized, placebo-controlled, double-blind clinical trial (The Sanford Project: T-Rex Study) to evaluate the safety and efficacy of the Company's T regulatory cell product candidate, CLBS03, in adolescents with recent onset T1D. The Phase 2 study has an open and active IND in place and subject enrollment commenced in the first quarter of 2016. We were initially responsible for the supply of all study drug to the first 19 enrolled patients while Sanford assumed all patient and clinical site costs for subjects enrolled in their two centers as well as the expense associated with general clinical monitoring services. For the remaining 92 patients in the study, we will continue to be responsible for the supply of all study drug and the costs of study enrollment for sites outside of the Sanford centers.

Under license agreements with third parties the Company is typically required to pay maintenance fees, make milestone payments and/or pay other fees and expenses and pay royalties upon commercialization of products. The Company also sponsors research at various academic institutions, which research agreements generally provide us with an option to license new technology discovered during the course of the sponsored research.

From time to time, the Company is subject to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of pending claims cannot be predicted with certainty, the Company does not

believe that the outcome of any pending claims will have a material adverse effect on the Company's financial condition or operating results.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Cautionary Note Regarding Forward-Looking Statements” herein and under “Risk Factors” in our 2016 Form 10-K. The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report and in our 2016 Form 10-K.

Overview

Caladrius Biosciences, Inc. (“we,” “us,” "our," “Caladrius” or the “Company”), is a company developing cellular therapeutics to treat certain diseases. We leverage specialized cell therapy clinical development expertise to select and develop early-stage cell therapy candidates with the intention of partnering these candidates post proof-of-concept in humans. Our current lead product candidate, CLBS03, is an autologous polyclonal regulatory T cell ("Treg") clinical phase 2 therapy targeting children aged 8-17 with recent-onset type 1 diabetes mellitus ("T1D").

Immunomodulation (Treg Technology)

We are developing strategically, through the utilization of our core clinical development expertise, a product candidate (CLBS03) that is an innovative therapy for T1D. This therapy is based on a proprietary platform technology for immunomodulation. We have selected as an initial target the unmet medical need of patients who are newly diagnosed with T1D, most of whom will be below the age of 18. This program is based on the use of Tregs to treat diseases caused by imbalances in an individual's immune system. This novel approach seeks to restore immune balance by enhancing Treg number and function. Tregs are a natural part of the human immune system and regulate the activity of effector T cells; the cells that are responsible for protecting the body from pathogens and foreign antigens. When Tregs function properly, only harmful foreign materials are attacked by effector T cells. In autoimmune disease, however, it is thought that deficient Treg activity and numbers permit the effector T cells to attack the body's own beneficial cells. In the case of T1D, the beta cells in the pancreas are attacked thereby reducing and/or eliminating over time the patient's ability to produce insulin. Insulin is necessary to regulate sugar metabolism and maintain proper sugar levels in the blood. Inconsistent or unnatural insulin levels can lead to many complications, including blindness, vascular disease and, if no insulin supplement is provided, even death. There are currently no curative treatments, only lifelong insulin therapy, which therapy often does not prevent serious co-morbidities. Two Phase 1 clinical trials of this technology in T1D demonstrated safety and tolerance, feasibility of manufacturing, an implied durability of effect as well as an early indication of potential therapeutic effect through the preservation of beta cell function. In the first quarter of 2016, we commenced patient enrollment in the first of two cohorts in The Sanford Project: T-Rex Study, a Phase 2 prospective, randomized, placebo-controlled, double-blind clinical trial (the "TRex Study") to evaluate the safety and efficacy of CLBS03 in adolescents with recent onset TID. In October 2016, we received a satisfactory safety evaluation by our independent Data Safety Monitoring Board based on safety data then available from the first 19 patients enrolled in the trial. A subsequent interim analysis of early therapeutic effect is planned after approximately 50% of patients reach the six-month follow-up milestone, which analysis is expected in late 2017 or early 2018. We entered into a strategic collaboration with Sanford Research to support the execution of this trial. Sanford Research is a U.S.-based non-profit research organization that supports an emerging translational research center focused on finding a cure for T1D. On February 23, 2017, the California Institute for Regenerative Medicine ("CIRM") awarded us funds of up to $12.2 million to support the T-Rex Study. The funding will be based upon the achievement of certain milestones related to the proportion of subjects enrolled in California, as well as manufacturing and development costs incurred in California. We received $5.7 million in initial funding on May 4, 2017. CLBS03 has been granted Fast Track and orphan drug designations from the U.S. Food and Drug Administration ("FDA") as well as Advanced Therapeutic Medicinal Product ("ATMP") classification from the European Medicines Agency ("EMA").

Ischemic Repair (CD34 Cell Technology)

Our CD34 cell technology has led to the development of therapeutic candidates designed to address diseases and conditions caused by ischemia. Ischemia occurs when the supply of oxygenated blood to healthy tissue is restricted. Through the administration of CD34 cells, we seek to promote the development and formation of new blood vessels and thereby increase blood flow to the impacted area. We believe that conditions caused by underlying ischemic injury can be improved through our CD34 cell technology, including critical limb ischemia ("CLI"). Published reports in Circulation Cardiovascular Interventions, Atherosclerosis, Stem

Cells and Circulation Journal, provide preliminary evidence that CD34 cell therapy is safe and can exert significant therapeutic effects in patients with CLI, a condition in which blood flow to the legs is severely impaired, causing pain and non-healing ulcers and, ultimately, potentially resulting in the need for amputation. Our Clinical Trial Notification for a pivotal Phase 2 trial investigating CLBS12 (a candidate for CLI) was submitted to the Japanese Pharmaceutical and Medical Device Agency ("PMDA") and was cleared to proceed. The protocol design was agreed with PMDA and, if successful, could provide the basis for conditional approval under Japan's favorable regenerative medicine law. We are seeking to collaborate on CLBS12 with development and/or manufacturing partners. Furthermore, we submitted grant applications in an effort to seek non-dilutive financing to investigate the CD34 technology for additional clinical indications in the United States and expect to learn the results of those applications in 2017.

We intend to develop this platform if capital becomes available through grants, partnerships or licensing, as well as potentially using reasonable amounts of our own capital as it becomes available.

Additional Out-licensing Opportunities

Our broad intellectual property portfolio of cell therapy assets includes notable programs available for out-licensing in order to continue their clinical development. These include additional indications for our Treg product, additional indications for our CD34 cell technology and a platform using tumor cell/dendritic cell technology for immuno-oncology application. The immuno-oncology program has the benefit of promising Phase 2 clinical data and applicability to multiple indications. This platform is based on our extensive intellectual property portfolio. In 2016, we completed multiple out-licensing agreements for this and other technology platforms in an effort to monetize non-core assets.

Our long-term strategy focuses on advancing cell-based therapies to the market and assisting patients suffering from life-threatening medical conditions. We believe that we are positioned to realize potentially meaningful value increases within our own proprietary pipeline based on demonstration of proof-of-concept in man as well as process and manufacturing advancements.

Discontinued Operations

On May 18, 2017 (the "Closing Date"), the Company completed the previously announced sale of its remaining 80.1% membership interest in PCT, LLC, a Caladrius company ("PCT") to Hitachi Chemical Co. America, Ltd. ("Hitachi"), pursuant to the Interest Purchase Agreement (the "Purchase Agreement"), dated as of March 16, 2017, by and among Caladrius, PCT and Hitachi (the "2017 Hitachi Transaction"), for $75.0 million in cash, plus an additional cash adjustment based on PCT’s cash and outstanding indebtedness as of the Closing Date ("Additional Consideration") and a potential future milestone payment. The sale of PCT represents a strategic shift that has a major effect on the Company’s operations, and therefore, PCT is accounted for as discontinued operations. All periods presented were adjusted to reflect PCT as discontinued operations.

Results of Operations

Three and Six Months Ended June 30, 2017 Compared to Three and Six Months Ended June 30, 2016

Net losses from continuing operations for the three months ended June 30, 2017 and June 30, 2016 were $2.0 million and $7.7 million, respectively. Income from discontinued operations for the three months ended June 30, 2017 was $40.5 million, compared to losses from discontinued operations for the three months ended June 30, 2016 of $0.2 million. Overall, net income for the three months ended June 30, 2017 was approximately $38.5 million and compared to net loss of $7.9 million for the three months ended June 30, 2016.

Net losses from continuing operations for the six months ended June 30, 2017 and June 30, 2016 were $8.7 million and $19.5 million, respectively. Income from discontinued operations for the six months ended June 30, 2017 was $37.3 million, compared to losses from discontinued operations for the six months ended June 30, 2016 of $0.4 million. Overall, net income for the six months ended June 30, 2017 was approximately $28.7 million compared to a net loss of $19.9 million for the six months ended June 30, 2016.

Operating Expenses

For the three months ended June 30, 2017, operating expenses totaled $7.7 million compared to $7.4 million for the three months ended June 30, 2016, representing an increase of $0.3 million, or 4%. Operating expenses were comprised of the following:

- Research and development expenses were approximately $4.3 million for the three months ended June 30, 2017, compared to $4.5 million for the three months ended June 30, 2016, representing a decrease of approximately $0.2 million, or 5%.

- *Immune Modulation* - Immune modulation expenses, primarily related to expenses associated with our Phase 2 study of CLBS03 in T1D, were $3.9 million for the three months ended June 30, 2017, compared to $2.4 million for the three months ended June 30, 2016.

- *Ischemic Repair* - Ischemic repair expenses were $0.2 million for the three months ended June 30, 2017, compared to $0.8 million for the three months ended June 30, 2016. The decrease is primarily due to lower program expenses associated with the decision to only conduct clinical study activity for a critical limb ischemia development program in Japan with a partner, and diminishing wind down expenses associated with the close-out activities of the PreSERVE-AMI Phase 2 study for CLBS10.

- *Other* - Other research and development expenses were $0.1 million for the three months ended June 30, 2017, compared to $1.3 million for the three months ended June 30, 2016. The decrease is related to $1.2 million of close-out activities for the Intus Phase 3 clinical trial for the immunotherapy product candidate CLBS20, announced in January 2016.

- General and administrative expenses were approximately $3.4 million for the three months ended June 30, 2017, compared to $2.9 million for the three months ended June 30, 2016, representing an increase of approximately $0.5 million, or 18%. The increase was due to higher equity-based compensation of $1.3 million during the three months ended June 30, 2017, compared with $0.3 million for the three months ended June 30, 2016, reflecting the acceleration of vesting of all options and restricted stock outstanding as of May 18, 2017 (the PCT Closing Date), as the transaction was determined to qualify as a change in control under our employee compensation plans which triggered the vesting. The increase was partially offset by lower overall administrative expenses.

For the six months ended June 30, 2017, operating expenses totaled $14.1 million compared to $18.3 million for the six months ended June 30, 2016, representing a decrease of $4.1 million or 23%. Operating expenses were comprised of the following:

- Research and development expenses were approximately $8.0 million for the six months ended June 30, 2017, compared to $10.5 million for the six months ended June 30, 2016, representing a decrease of approximately $2.5 million, or 24%.

  - *Immune Modulation* - Immune modulation expenses, including expenses associated with our Phase 2 study of CLBS03 in T1D, were $8.0 million for the six months ended June 30, 2017, compared to $4.7 million for the six months ended June 30, 2016.

  - *Ischemic Repair* - Ischemic repair expenses were $0.3 million for the six months ended June 30, 2017, compared to $2.0 million for the six months ended June 30, 2016. The decrease is primarily due to lower program expenses associated with the decision to only conduct clinical study activity for a critical limb ischemia development program in Japan with a partner, and diminishing wind down expenses associated with the close-out activities of the PreSERVE-AMI Phase 2 study for CLBS10 during the six months ended June 30, 2016.

  - *Other* - Other research and development expenses were $0.3 million for the six months ended June 30, 2017, compared to $3.9 million for the six months ended June 30, 2016. The decrease is related to $2.5 million of close-out activities for the Intus Phase 3 clinical trial for the immunotherapy product candidate CLBS20, announced in January 2016, along with $1.2 million of associated one-time restructuring costs for severance and asset impairments during the six months ended June 30, 2016.

- General and administrative expenses were approximately $6.1 million for the six months ended June 30, 2017 compared to $7.7 million for the six months ended June 30, 2016, representing a decrease of approximately $1.6 million, or 21%. The decrease was primarily related to operational and compensation-related cost reductions compared to the prior year period, but offset by higher transaction-related expenses associated with the PCT Sale. Equity-based compensation of $1.6 million was also higher during the six months ended June 30, 2017, compared with $0.8 million for the six months ended June 30, 2016, reflecting the acceleration of vesting of all options and restricted stock outstanding as of May 18, 2017 (the PCT Closing Date), as the transaction was determined to qualify as a change in control under our employee compensation plan which triggered the vesting.

Historically, to minimize our use of cash, we have used a variety of equity and equity-linked instruments to compensate employees, consultants and other service providers. The use of these instruments has resulted in charges to the results of operations, which have been significant in the past.

Interest Expense

Interest expense was $0.2 million for the three months ended June 30, 2017, compared with $0.3 million for the three months ended June 30, 2016, and $0.4 million for the six months ended June 30, 2017, compared with $1.2 million for the six months ended June 30, 2016. Interest expense is primarily related to interest expense on the loan from Oxford Finance LLC ("Oxford Finance"). Concurrent with the PCT Sale on May 18, 2017, the Oxford loan was fully repaid and retired.

Benefit from Income Taxes

The benefit from income taxes was $5.9 million for the three and six months ended June 30, 2017, respectively. During the second quarter the Company has both continuing and discontinued operations. ASC 740-20-45-7 addresses the income tax accounting treatment when there is a loss from continuing operations and income from discontinuing operations. The Company must consider the gain from discontinued operations for purposes of allocating a tax benefit to the current year loss from continuing operations. There are three acceptable methods on how a company can record its tax provision in interim periods. The Company has adopted a method in which the income from discontinued operations are recognized as a discrete item in the period in which it occurs and applies the concepts of the annual effective tax rate (AETR) during each period in computing the income tax provision from continuing operations. This method results in tax expense for discontinued operations and an income tax benefit for the loss generated from continuing operations. The Company is forecasting losses from continuing operations for the remainder of 2017 against which an income tax benefit will be recorded.

Discontinued Operations

On May 18, 2017, the Company completed the previously announced Sale of its remaining 80.1% membership interest in PCT to Hitachi. Pursuant to the Purchase Agreement, by and among Caladrius, PCT and Hitachi, the aggregate purchase price to the Company consisted of (i) $75.0 million in cash, (ii) a cash adjustment, based on PCT’s cash and outstanding indebtedness as of the Closing Date, which the Company has estimated to be approximately $4.4 million, and (iii) a potential future milestone payment of $5.0 million, if PCT achieves $125 million in Cumulative Revenue (excluding clinical service reimbursables) (the “Milestone”) for the period from January 1, 2017 through December 31, 2018 (the “Milestone Period”). The Company has determined that the fair value of the milestone payment as of the closing date was valued at zero.

Pursuant to the terms of the Purchase Agreement, Hitachi paid the Company $5.0 million in March 2017, as an advance payment pending shareholder approval of the transaction and other closing conditions included in the Purchase Agreement. On the Closing Date, the Company received $65.0 million, with an additional $5.0 million of the purchase consideration (the "Escrow Amount") deposited into an escrow account to cover potential indemnification claims against the Company. In June 2018, the escrow agent will disburse to the Company the Escrow Amount less (i) that portion of the Escrow Amount previously paid in satisfaction of claims for indemnification pursuant to the terms of the Purchase Agreement and (ii) that portion of the Escrow Amount that is determined, in the reasonable judgment of Hitachi, to be necessary to satisfy all unsatisfied or disputed claims for indemnification specified in any claim notice delivered to the Company. The Company also received the additional $4.4 million cash adjustment payment in July 2017. The Company incurred approximately $6.9 million in transaction costs related to the Sale, including $4.3 million in retention payments to PCT employees, of which 50% was paid in June 2017, and the other 50% payable on the one year anniversary of the Closing Date.

The Company recognized the following gain on the date of sale of its 80.1% interest in PCT (in thousands):

Fair value of consideration received	$	79,425
Transaction and retention costs		(6,919)
Carrying value of segment non-controlling interest		3,687
	$	76,193
Less carrying amount of assets and liabilities sold:		
Cash	$	6,727
Accounts Receivable		3,702
Deferred costs		4,685
Prepaid expenses and other current assets		743
Property, plant and equipment, net		14,900
Goodwill		7,013
Intangibles, net		2,090
Other assets		215
Accounts payable		(2,278)
Accrued liabilities		(2,927)
Due from Caladrius		450
Unearned revenues		(10,529)
Notes payable		(342)
	$	24,449
Gain on sale of PCT	$	51,744

The operations and cash flows of the PCT Segment were eliminated from ongoing operations with the sale of the Company's PCT Interest. The operating results of the PCT Segment for the three and six months ended June 30, 2017 and June 30, 2016 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	$ 5,729	$ 10,002	$ 16,039	$ 19,116
Cost of revenues	(5,268)	(8,125)	(15,321)	(15,640)
Research and development	(143)	(168)	(257)	(333)
Selling, general, and administrative	(8)	(1,789)	(3,251)	(3,420)
Other expense	(8)	(26)	(16)	(55)
Provision for income taxes	(11,559)	(47)	(11,608)	(100)
Gain on sale of segment	51,744	—	51,744	—
Income (loss) from discontinued operations	$ 40,487	$ (152)	$ 37,330	$ (432)

Analysis of Liquidity and Capital Resources

At June 30, 2017, we had cash and cash equivalents, restricted cash, and marketable securities of approximately $64.4 million, working capital of approximately $55.9 million, and stockholders' equity of approximately $54.4 million.

During the six months ended June 30, 2017, we met our immediate cash requirements through cash received from the transaction with Hitachi, proceeds from the issuances of our common stock, and existing cash balances. Additionally, we used equity and equity-linked instruments to pay for services and compensation.

Net cash provided by or used in operating, investing and financing activities from continuing operations were as follows (in thousands):

	Six Months Ended June 30,	
	2017	2016
Net cash used in operating activities - continuing operations	$ (14,939.1)	$ (17,178.2)
Net cash provided by (used in) investing activities - continuing operations	27,018.1	(1,068.1)
Net cash (used in) provided by financing activities - continuing operations	(2,838.1)	9,580.8

Operating Activities - Continuing Operations

Our cash used in operating activities in the six months ended June 30, 2017 totaled approximately $14.9 million, which is the sum of (i) our net income of $28.7 million, less discontinued operations of $37.3 million, adjusted for non-cash expenses totaling $2.2 million (which includes adjustments for equity-based compensation, depreciation and amortization, loss on disposal of assets, and deferred tax liabilities), and (ii) changes in operating assets and liabilities using approximately $8.5 million.

Our cash used in operating activities in the six months ended June 30, 2016 totaled approximately $17.2 million, which is the sum of (i) our net loss of $19.9 million, less discontinued operations of $0.4 million, adjusted for non-cash expenses totaling $1.7 million (which includes adjustments for equity-based compensation, depreciation and amortization, loss on disposal of assets, and deferred tax liabilities), and (ii) changes in operating assets and liabilities providing approximately $0.6 million.

Investing Activities - Continuing Operations

Our cash provided by investing activities in the six months ended June 30, 2017 totaled approximately $27.0 million. On May 18, 2017, Hitachi paid us $70.3 million in connection with the sale of our 80.1% ownership interest in PCT to Hitachi, less $6.7 million of cash held by our PCT subsidiary on the date of the acquisition. We also invested $36.4 million in marketable securities, spent approximately $0.1 million for property and equipment.

Our cash used in investing activities in the six months ended June 30, 2016 totaled approximately $1.1 million, representing property and equipment purchases.

Financing Activities - Continuing Operations

During the six months ended June 30, 2017, our financing activities consisted of the following:

- We paid $5.7 million in principal payments on our long term debt to Oxford Finance.
- On March 22, 2017, Sanford Health agreed to waive the conditions for the Second Closing (achievement of the enrollment of 70 subjects in our Phase 2 CLBS03 clinical trial) and purchased 423,729 shares of our common stock, relating to the September 2016 private placement offering, resulting in gross proceeds to us of $2.0 million.
- We raised gross proceeds of approximately $1.2 million through the issuance of approximately 210,506 shares of our common stock under the provisions of our Common Stock Purchase Agreement with Aspire.

During the six months ended June 30, 2016, our financing activities consisted of the following:

- Hitachi purchased a 19.9% membership interest in PCT for $19.4 million, of which $15.0 million of proceeds was distributed to Caladrius from PCT and $4.4 million remained at PCT.

- We raised $1.0 million in a private placement through the issuance of 141,844 shares of common stock and two-year warrants to purchase up to an aggregate of 141,844 shares our common stock, at an exercise price of $10.00 per share.

- Upon execution of the March 2016 Hitachi Transaction, we paid $6.3 million in principal payments on our long term debt to Oxford Finance.

Liquidity and Capital Requirements Outlook

To meet our short and long term liquidity needs, we expect to use existing cash balances, additional cash that may be received if certain milestones are met (as described below) pursuant to the private placement purchase agreements we entered into in September 2016, and a variety of other means, including raising capital through our common stock purchase agreements with Aspire Capital. Other sources of liquidity could include additional potential issuances of debt or equity securities in public or private financings, partnerships and/or collaborations and/or sale of assets. Our history of operating losses and liquidity challenges may make it difficult for us to raise capital on acceptable terms or at all. The demand for the equity and debt of biopharmaceutical companies like ours is dependent upon many factors, including the general state of the financial markets. During times of extreme market volatility, capital may not be available on favorable terms, if at all. Our inability to obtain such additional capital could materially and adversely affect our business operations. We will also continue to seek, as appropriate, grants for scientific and clinical studies from various governmental agencies and foundations. We believe that our cash on hand will enable us to fund the development of CLBS03 and other operating expenses for at least the next 12 months following the issuance of our financial statements.

In March 2016, Hitachi purchased a 19.9% membership interest in PCT for $19.4 million, of which $15.0 million of proceeds was distributed to Caladrius from PCT and $4.4 million remained at PCT. In May 2017, Hitachi paid us $70.3 million in connection with the sale of our 80.1% ownership interest in PCT to Hitachi, less $6.7 million of cash held by our PCT subsidiary on the date of the acquisition. In July 2017, Hitachi paid us an additional $4.4 million, representing Additional Consideration based on PCT’s cash and outstanding indebtedness as of the Closing Date,

In September 2016, we entered into a securities purchase agreement with a single institutional investor pursuant to which we issued in a registered direct offering, an aggregate of 0.8 million shares of our common stock at a purchase price of $4.72 per share. The gross proceeds to us from the registered direct offering of the shares of common stock were $4.0 million. In concurrent private placements, in September 2016, we entered into Private Placement Purchase Agreements with certain accredited investors for the sale of common stock, at a purchase price of $4.72 per share. However, we terminated the Private Placement Purchase Agreement with one accredited investor for failure to make payment. The investments, net of the terminated agreement, were placed in two tranches: (i) $6.6 million upon an initial closing (the “Initial Closing”), and (ii) $4.4 million, subject to certain conditions, including the enrollment of 70 subjects in our Phase 2 CLBS03 clinical trial, in a second closing (the “Second Closing”). We received the Initial Closing tranche in 2016 and issued 1.4 million shares of common stock. In March 2017, Sanford Health agreed to waive the conditions for the Second Closing and we received $2.0 million of the Second Closing tranche and issued 0.4 million shares of common stock. We expect to receive the balance in 2017.

In March 2016, we entered into a securities purchase agreement with certain investors, pursuant to which we issued and sold in a private placement an aggregate of 141,844 shares of common stock and two-year warrants to purchase up to an aggregate of 141,844 shares of our common stock, at an exercise price of $10.00 per share. The unit purchase price for a share of our common stock and warrants to purchase one share of our common stock was $7.05 per unit, with $1.0 million of gross proceeds received by us.

In November 2015, we entered into a common stock purchase agreement with Aspire Capital (the "Aspire Agreement"), whereby we can sell to Aspire Capital, subject to terms and conditions under the Aspire Agreement as well as NASDAQ rules, the lesser of (i) $30 million of common stock or (ii) the dollar value of approximately 1.1 million shares of common stock based on the market price of the common stock at the time of such sale as determined under the Purchase Agreement. We have issued 319,776 shares under the Aspire Agreement for gross proceeds of $1.5 million.

In September 2014, we entered into a Loan and Security Agreement with Oxford Finance LLC and received $15.0 million in gross proceeds. We had been making interest-only payments on the outstanding amount of the loan on a monthly basis at a rate of 8.50% per annum. In March 2016, upon execution of the March 2016 Hitachi Transaction, we and Oxford Finance LLC entered into an amendment to the Loan and Security Agreement whereby (i) we paid $7.0 million to Oxford Finance LLC, comprised of principal, interest and early termination fees, (ii) our subsidiaries PCT, PCT Allendale, LLC, and NeoStem Family Storage, LLC (collectively the "Removed Borrowers") were removed as borrowers under the Loan, (iii) Oxford Finance LLC's security interests in any and all assets of the Removed Borrowers were released, (iv) the interest only period on the remaining outstanding Loan balance was extended until January 1, 2017. In September 2016, we paid $3.0 million to repay a portion of the outstanding loan with Oxford Finance. In May 2017, upon execution of the May 2017 Hitachi Transaction, we and Oxford Finance LLC entered

into an amendment to the Loan and Security Agreement whereby we paid the remaining $5.7 million long-term debt balance to Oxford Finance LLC.

While we continue to seek capital through a number of means, there can be no assurance that additional financing will be available on acceptable terms, if at all, and our negotiating position in capital generating efforts may worsen as existing resources are used. Additional equity financing may be dilutive to our stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict our ability to operate as a business; our stock price may not reach levels necessary to induce option or warrant exercises; and asset sales may not be possible on terms we consider acceptable. If we are unable to access capital necessary to meet our long-term liquidity needs, we may have to delay the expansion of our business or raise funds on terms that we currently consider unfavorable.

Seasonality

We do not believe that our operations are seasonal in nature.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates during the three months ended June 30, 2017, compared to those reported in our 2016 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

As of June 30, 2017, we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective, at the reasonable assurance level, in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15, that occurred during our last quarter to which this Quarterly Report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There are no material changes to the disclosures previously reported in our 2016 Form 10-K.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously reported in our 2016 Form 10-K. See the risk factors set forth in our 2016 Annual Report on Form 10-K under the caption "Item 1 A - Risk Factors."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

The Exhibit Index appearing immediately after the signature page to this Form 10-Q is incorporated herein by reference.

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 thereunto duly authorized.

CALADRIUS BIOSCIENCES, INC.

August 10, 2017

By: /s/ David J. Mazzo, PhD
Name: David J. Mazzo, PhD
Title: Chief Executive Officer
(Principal Executive Officer)

August 10, 2017

By: /s/ Joseph Talamo
Name: Joseph Talamo
Title: Senior Vice President and Chief Financial Officer(Principal Financial and Accounting Officer)

CALADRIUS BIOSCIENCES, INC.
FORM 10Q

Exhibit Index

10.1*	2017 Employee Stock Purchase Plan
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** Furnished herewith.

Exhibit 10.1

CALADRIUS BIOSCIENCES, INC.

2017 EMPLOYEE STOCK PURCHASE PLAN

(formerly the NeoStem, Inc. 2012 Employee Stock Purchase Plan)

1. Purpose. The purpose of the Caladrius Biosciences, Inc. 2017 Employee Stock Purchase Plan (the "Plan") is to amend and restate the NeoStem, Inc. 2012 Employee Stock Purchase Plan in order to further promote the interest of Caladrius Biosciences, Inc., a Delaware corporation (the "Company") and its stockholders by providing employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. By encouraging stock ownership, the Company seeks to attract, retain and motivate employees and to encourage them to devote their best efforts to the business and financial success of the Company. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. The provisions of the Plan, accordingly, shall be construed in a manner consistent with the requirements of that section of the Code.

2. Definitions. For purposes of the Plan, the following capitalized terms shall have the following meanings:

2.1 "Account" means an account referred to in Section 6.2 of the Plan.

2.2 "Board of Directors" or "Board" means the Board of Directors of the Company.

2.3 "Code" means the Internal Revenue Code of 1986, as amended.

2.4 "Committee" means the Compensation Committee of the Board of Directors, or such other committee of members of the Board appointed by the Board, authorized under Section 14 to administer the Plan and to perform the functions assigned to the Committee under the Plan.

2.5 "Common Stock" means the common stock, $0.001 par value, of the Company.

2.6 "Company" means Caladrius Biosciences, Inc.

2.7 "Compensation" means, for any pay period, the gross cash compensation payable to an Employee for such period, including base salary, commissions, bonuses and incentive payments, but excluding severance and non-cash compensation. Any pre-tax contributions made to a Company 401(k) plan or "cafeteria plan" pursuant to Section 125 of the Code shall be treated as Compensation for purposes of the Plan.

2.8 "Designated Subsidiary" means any Subsidiary that has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

2.9 "Employee" means any individual who is an employee of the Employer; provided, however, Employees who have been employed less than ninety days by the Employer, Employees whose customary employment with the Employer is twenty (20) hours or less per week, and Employees whose customary employment with the Employer is for not more than five (5) months in any calendar year shall not be deemed Employees for the purposes of this Plan. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Employer. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

2.10 "Employer" means the Company and any Designated Subsidiary.

2.11 "Enrollment Date" means the first Trading Day of each Offering Period.

2.12 "Exercise Date" means the last Trading Day of each Offering Period.

2.13 "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

2.13.1 If the principal market for the Common Stock is the New York Stock Exchange, The NASDAQ Global Market, the NYSE MKT or another national securities exchange (an "Exchange"), then the "Fair Market Value" as of that date shall be the closing price of a share of Common Stock on the Exchange on such date or, if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which the Exchange is open for trading.

2.13.2 If the principal market for the Common Stock is not an Exchange, but the Common Stock is traded on an over-the-counter, bulletin board or comparable service, then the "Fair Market Value" as of that date shall be the closing price of a share of Common Stock for such day as reported by such service, or if no closing price is reported on such date, the closing price of a share of Common Stock on the nearest preceding date on which trades occurred.

2.13.3 If paragraphs 2.13.1 and 2.13.2 above are inapplicable, then the "Fair Market Value" of the Common Stock shall be as determined in good faith by the Committee.

2.14 "Highly Compensated Employee" has the same meaning as the term is used in Section 414(q) of the Code.

2.15 "Offering Periods" means the period of approximately six (6) months during which an Option shall be granted and may be exercised pursuant to the Plan, commencing on the first Trading Day on or after January 1st and July 1st of each year and terminating on the last Trading Day before the commencement of the next Offering Period. Subject to the approval of the Plan by the stockholders of the Company, the first Offering Period shall commence on January 1, 2017 and continue until June 30, 2017. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

2.16 "Option" means an Option to purchase shares of Common Stock under the Plan, as set forth in Section 7 of the Plan.

2.17 "Participant" means an eligible employee who becomes a participant of the Plan in accordance with Section 5.1 of the Plan.

2.18 "Plan" means this Caladrius Biosciences, Inc. 2017 Employee Stock Purchase Plan.

2.19 "Purchase Price" for each Offering Period means 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period or on the Exercise Date of such Offering Period, whichever is lower; provided , however , that the Purchase Price may be adjusted by the Board pursuant to Section 20.

2.20 "Reserves" means the number of shares of Common Stock covered by each Option under the Plan that have not yet been exercised and the number of shares of Common Stock that have been authorized for issuance under the Plan but not yet placed under Option.

2.21 "Subsidiary" has the meaning set forth for "subsidiary corporation" in Section 424(f) of the Code, whereby a Subsidiary means any corporation (other than the employer corporation) in an unbroken chain of corporations beginning with the employer corporation if, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.22 "Trading Day" means a day on which the NYSE MKT is open for trading.

3. Eligibility.

3.1 Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan.

3.2 Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an Option under the Plan: (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to section 424(d) of the Code) would own stock of the Company and/or hold outstanding Options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the stock of the Company or of any Subsidiary; (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) of fair market

value of such stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time; or (iii) if he or she has received a hardship withdrawal from the Company's 401(k) plan within the preceding six (6) months.

4. Offering Periods. The Plan shall be implemented by consecutive Offering Periods with a new Offering Period commencing and ending as set forth in Section 2.15, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof. The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation.

5.1 An eligible Employee may become a Participant in the Plan by completing a Subscription Agreement authorizing payroll deductions in the form of Exhibit A to this Plan and filing it with the Company's payroll office prior to the applicable Enrollment Date.

5.2 Payroll deductions for a Participant shall commence on the first payroll date following the Enrollment Date (provided that the Company has received the Participant's Subscription Agreement) and shall end on the last payroll in the Offering Period to which such Subscription Agreement is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

6. Payroll Deductions.

6.1 At the time a Participant files his or her Subscription Agreement, he or she shall elect to have payroll deductions made on each payday during the Offering Period in an amount equal to any whole percentage (not exceeding fifteen percent (15%)) of the Compensation that he or she receives on each payday during the Offering Period.

6.2 All payroll deductions made for a Participant shall be credited to his or her Account under the Plan. A Participant may not make any additional payments into such Account. Accounts shall be mere bookkeeping entries on the Company's books and records. Amounts credited to Accounts shall not be trust funds and may be commingled with the Company's general assets and applied to general corporate purposes. No interest or other earnings shall be paid or credited with respect to payroll deductions or any amounts accumulated in or credited to a Participant's Account.

6.3 A Participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing and filing with the Company a new Subscription Agreement authorizing a change in payroll deduction rate. The Committee may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new Subscription Agreement. A Participant's Subscription Agreement shall remain in effect for successive Offering Periods unless a new Subscription Agreement is filed by the Participant prior to the commencement of such Offering Period or the then existing Subscription Agreement is terminated as provided in Section 10 hereof.

6.4 Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3.2 hereof, a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's Subscription Agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10 hereof.

6.5 At the time the Option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the Option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's Compensation or other remuneration payable to the Participant the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee.

7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an Option to purchase on the Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Participant's Account as of the

Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in Sections 3.2 and 13 hereof. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Exercise of the Option shall occur as provided in Section 8 hereof, unless the Participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period.

8. Exercise of Option.

8.1 Unless a Participant withdraws from the Plan as provided in Section 10 hereof, his or her Option with respect to an Offering Period shall be exercised automatically on the Exercise Date of such Offering Period, and the maximum number of full shares subject to Option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions credited to his or her Account. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account which are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10 hereof. Any other monies left over in a Participant's Account after the Exercise Date shall be returned to the Participant. During a Participant's lifetime, a Participant's Option to purchase shares hereunder is exercisable only by him or her.

8.2 If the Board or the Committee determines that, on a given Exercise Date, the number of shares with respect to which Options are to be exercised may exceed: (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period; or (ii) the number of shares available for sale under the Plan on such Exercise Date, the Board may in its sole discretion: (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and continue all Offering Periods then in effect; or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Enrollment Date.

9. Delivery. Shares purchased under the Plan by a Participant will be credited to and held under a stock purchase account in the Participant's name maintained by such brokerage or other third-party firm as is designated by the Committee. Any and all stock dividends with respect to shares of Common Stock credited to a Participant's stock purchase account shall be paid directly to each Participant. A Participant may, by notice to the Company's applicable human resources location (or such other designee as established by the Committee) elect to have such cash dividends reinvested in shares of Common Stock. Any shares purchased with such dividend proceeds shall be purchased on the open market by such brokerage firm on the Participant's behalf (subject to applicable Company policies) and such shares shall not count in determining the maximum number of shares of Common Stock available for issuance under the Plan under Section 13, nor shall such shares count against the maximum number of shares that may be purchased by a Participant under Section 8. Subject to such restrictions, limitations and procedures as may be prescribed by the Committee, a Participant may withdraw shares in his or her stock purchase account from time to time. As soon as administratively practicable following termination of participation pursuant to Section 11, all shares credited to the Participant's stock purchase account shall be delivered to the Participant (or to the Participant's beneficiary or estate in the event of Participant's death), except to the extent that the Participant (or the Participant's beneficiary or estate in the event of Participant's death) elects to have such stock purchase account paid in cash.

10. Withdrawal.

10.1 A Participant may withdraw all but not less than all the payroll deductions credited to his or her Account and not yet used to exercise his or her Option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan or in such other manner prescribed by the Committee. All of the Participant's payroll deductions credited to his or her Account shall be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's Option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period by such Participant. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant delivers to the Company a new Subscription Agreement.

10.2 A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which

commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's Account during the Offering Period but not yet used to exercise the Option shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's Option shall be automatically terminated.

12. Interest. No interest or other earnings shall accrue on the payroll deductions of a Participant in the Plan.

13. Stock.

13.1 Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 100,000 shares.

13.2 A Participant shall have no ownership interest or voting right in shares covered by his or her Option until such Option has been exercised and the shares purchased as a result thereof have been delivered.

13.3 Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and his or her spouse jointly with the right of survivorship.

14. Administration.

14.1 The Plan shall be administered by the Committee. The Committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Committee shall, to the full extent permitted by law, be final and binding upon all parties. The Committee may retain the services of an outside firm to serve as its agent in administering the Plan on a day-to-day basis. No member of the Board or the Committee shall be liable for any act done or omitted to be done by such member or by any other member of the Board or the Committee in connection with the Plan, except for such member's own willful misconduct or as expressly provided by statute.

14.2 Any Participant who believes he or she is being denied any benefit or right under this Plan may file a written claim with the Committee. Any claim must be delivered to the Committee (care of the Company’s President and Chief Financial Officer) within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Committee in writing within one hundred and twenty (120) days of the date the written claim is delivered to the Committee shall be deemed denied. No lawsuit relating to this Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

15. Designation of Beneficiary.

15.1 A Participant, in its Subscription Agreement, may designate a beneficiary who is to receive any shares and cash, if any, from the Participant's Account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the Option is exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's Account under the Plan in the event of such Participant's death prior to exercise of the Option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

15.2 Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or Committee of the estate of the Participant, or if no such executor or Committee has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the exercise of an Option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such

attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

19.1 Changes in Capitalization. Subject to any required action by the shareholders of the Company, the Reserves, the maximum number of shares each Participant may purchase each Purchase Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided , however , that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration”. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

19.2 Dissolution or Liquidation. Unless provided otherwise by the Board, in the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall terminate immediately prior to the consummation of such proposed dissolution or liquidation and a cash amount shall be paid to each Participant that is equal to the amount of his or her Account.

19.3 Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Board may terminate any Offering Period then in progress by setting a new Exercise Date (the “New Exercise Date”). The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

20.1 The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect Options previously granted, provided that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its shareholders. Except as provided in Section 19 and this Section 20 hereof, no amendment may make any change in any Option theretofore granted which adversely affects the rights of any Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required.

20.2 Without shareholder consent and without regard to whether any Participant rights may be considered to have been “adversely affected,” the Board (or the Committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or its Committee) determines in its sole discretion advisable which are consistent with the Plan.

20.3 In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

20.3.1 Altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

20.3.2 Shortening any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board action; and

20.3.3 Allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan Participants.

21. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Term of Plan. The Plan, as amended and restated hereby, shall become effective on January 1, 2017, subject to approval of the Plan by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof. If the Company's stockholders do not approve the amended and restated Plan at their annual meeting in 2017, then the Plan and the Offering Period that commenced on January 1, 2017 shall automatically terminate without any issuance of any shares of Common Stock, and a cash amount shall be paid to each Participant that is equal to the amount of his or her Account.

23. No Employment Rights. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares of Common Stock under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time.

24. Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing this Plan and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social insurance or security number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Subsidiaries or affiliates, and details of all Awards (the "Personal Data"). In addition to transferring the Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of this Plan and the Participant's participation in this Plan, the Company and its Subsidiaries and affiliates may each transfer the Personal Data to any third parties assisting the Company in the implementation, administration and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Personal Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By enrolling in the Plan for any Offering Period, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration and management of this Plan and the Participant's participation in this Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of capital stock of the Company. The Personal Data related to a Participant will be held only as long as is necessary to implement, administer and manage this Plan and the Participant's participation in this Plan. A Participant may, at any time, view the Personal Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Personal Data with respect to such Participant, recommend any necessary corrections to the Personal Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by

contacting the Participant's local human resources representative. The Company may cancel the Participant's eligibility to participate in this Plan if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

25. No Effect Upon Benefits**.** Neither the grant nor the exercise of any Option hereunder will affect the benefits under any benefit plan of the Employer, and no amount or benefit granted or received hereunder shall be considered compensation for any purposes of any other benefit plan or program of the Employer.

26. Trading Policy Restrictions**.** Option exercises under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Company.

27. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

28. Equal Rights and Privileges**.** All eligible employees shall have equal rights and privileges with respect to the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of the Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 423. This Section 27 shall take precedence over all other provisions in the Plan.

29. Governing Law**.** Without regard to conflict of law principles, the laws of the State of Delaware will govern all matters relating to this Plan except to the extent it is superseded by the laws of the United States.

Exhibit A

Caladrius Biosciences, Inc.

2017 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

Original Application Enrollment Date: _____

_____ Change in Payroll Deduction Rate

_____ Change of Beneficiary(ies)

1.	I hereby elect to participate in the Caladrius Biosciences, Inc. 2017 Employee Stock Purchase Plan (the “Employee Stock Purchase Plan”) and subscribe to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Employee Stock Purchase Plan.
2.	I hereby authorize payroll deductions from each paycheck in the amount of ____% of my covered cash Compensation on each payday (FROM 1 TO 15%) during the Offering Period in accordance with the Employee Stock Purchase Plan. (Please note that no fractional percentages are permitted.)
3.	I understand that these payroll deductions shall be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Employee Stock Purchase Plan and that all of my payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions. I understand that no interest or other earnings will accrue on my payroll deductions.
4.	I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my Option.
5.	I have received and read the Prospectus for the Plan and am subscribing for the purchase shares of the Company's Common Stock after having considered the risks associated with an investment in such Common Stock. I have received a copy of the complete Employee Stock Purchase Plan. I understand that my participation in the Employee Stock Purchase Plan is in all respects subject to the terms of the Plan.
6.	I understand that my ability to exercise the Option under this Subscription Agreement is subject to shareholder approval of the Employee Stock Purchase Plan.
7.	Shares purchased for me under the Employee Stock Purchase Plan should be issued in the name(s) of (Employee or Employee and Spouse only):_____.
8.	I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or one year after the Exercise Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the amount I received in such disposition over the price which I paid for the shares. I hereby agree to notify the Company in writing within 30 days after the date of any disposition of my shares and I will make adequate provision for Federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of: (l) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares; or (2) the excess of the fair market value of the shares at the time the Enrollment Date (the first day of the Offering Period during which I purchased such shares) over the purchase price which I paid for the shares. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.
9.	I hereby agree to be bound by the terms of the Employee Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Employee Stock Purchase Plan.
10.	In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Employee Stock Purchase Plan:

NAME: (Please print)

_____
(First) (Middle) (Last)

Relationship _____

Address: _____

_____

Employee's Social Security Number: _____

Employee's Address:

_____

_____

_____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: _____ _____
Signature of Employee

Dated: _____ _____
Spouse's Signature
(If beneficiary is other than spouse)

Exhibit B

CALADRIUS BIOSCIENCES, INC.

2017 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

The undersigned Participant in the Offering Period of the Caladrius Biosciences, Inc. 2017 Employee Stock Purchase Plan which began on _____, 201_ (the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her Option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned shall be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

_____

(First) (Middle) (Last)

Participant's Address:

_____

_____

_____

_____ Dated: _____

Signature

Exhibit 31.1

CERTIFICATION

I, David J. Mazzo,PhD, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caladrius Biosciences, 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is 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 registrant'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 registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: August 10, 2017

/s/ David J. Mazzo, PhD
Name: David J. Mazzo, PhD
Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Joseph Talamo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caladrius Biosciences, 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is 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 registrant'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 registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: August 10, 2017

/s/ Joseph Talamo
Name: Joseph Talamo
Title: Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

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 Quarterly Report on Form 10-Q of Caladrius Biosciences, Inc. (the "Company") for the quarter ended June 30, 2017 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Mazzo, Chief Executive 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, to my knowledge 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 of the Company as of the dates presented and the results of operations of the Company for the periods presented.

Dated: August 10, 2017

/s/ David J. Mazzo, PhD
David J. Mazzo, PhD
Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Exhibit 32.2

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 Quarterly Report on Form 10-Q of Caladrius Biosciences, Inc. (the "Company") for the quarter ended June 30, 2017 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Talamo, Senior Vice President and 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, to my knowledge 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 of the Company as of the dates presented and the results of operations of the Company for the periods presented.

Dated: August 10, 2017

/s/ Joseph Talamo
Joseph Talamo
Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.