

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): June 9, 2010

NEOSTEM, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-10909  
(Commission  
File Number)

22-2343568  
(IRS Employer  
Identification No.)

420 Lexington Avenue, Suite 450, New York, New York 10170  
(Address of Principal Executive Offices)(Zip Code)

(212) 584-4180  
Registrant's Telephone Number

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 8.01. Other Events

Effective as of June 9, 2010, NeoStem, Inc. (the “Company”) appointed Anthony Salerno as the Company’s Vice President, Operations and Academic Affairs. Mr. Salerno joined the Company in August, 2009 as its Vice President, Strategic Affairs and Academic Alliances and has more than 25 years of experience as an executive and entrepreneur in the life sciences industry. From 2008 to 2009, he served as Vice President Strategic Business Development with GenomeQuest, Inc., where he was responsible for guiding their entry into the next-generation DNA sequencing bioinformatics market. From 2002 through 2007, Mr. Salerno was Director, Market and Business Intelligence with Agilent Technologies, Inc. (NYSE: A) where he built and managed a global team charged with providing strategic insights to their \$2 billion Life Science and Chemical Analysis division. Before joining Agilent, he was a successful entrepreneur with notable accomplishments in technology planning, market development and strategy. Mr. Salerno was Founder and President of VectorObjects LLC, the earliest commercial entrant in the emerging field of synthetic biology, and was Managing Director of BioDynamics Associates, a life sciences marketing and strategy consulting firm. In addition, he was Senior Marketing Consultant at Vysis, Inc., now part of Abbott Diagnostics (NYSE: ABT), and also the founding Vice President, Sales and Marketing at Tropix, Inc., now part of Life Technologies, Inc. (NYSE: LIFE). He began his career in the clinical diagnostics industry, and managed several product lines for Diagnostic Products Corporation, recently acquired by Siemens AG (NYSE: SI). Mr. Salerno obtained his Bachelor of Arts degree from the College of the Holy Cross, and studied biochemistry and molecular biology in the Graduate School of Arts and Sciences, Harvard University.

On June 9, 2010, the Company entered into an amendment (the “Amendment”) to Mr. Salerno’s original Employment Agreement dated August 17, 2009 to reflect his new title, among other things. The terms of the Amendment are set forth in Exhibit 10.1 hereto.

Effective as of June 9, 2010, the Company appointed Ms. Zhang Jian as the Company’s Vice President, Pharmaceutical Operations. Ms. Zhang Jian has been the General Manager of Suzhou Erye Pharmaceuticals Company Ltd. (“Erye”) since 2003. The Company acquired a 51% interest in Erye on October 30, 2009 pursuant to the merger of China Biopharmaceuticals Holdings, Inc. (“CBH”), which held the interest in Erye, into a wholly-owned subsidiary of the Company. Ms. Zhang Jian was elected the Chairwoman and a director of CBH on April 30, 2007. Prior to being the General Manager for Erye, she served for more than 5 years as the deputy general manager of Suzhou Number 2 Pharmaceutical Company and more than a year as the deputy general manager of Suzhou Number 4 Pharmaceutical Company after working in various positions in charge of human resources and quality control. Ms. Zhang graduated from Central Television University majoring in electronics and later graduated with a certificate in accounting from Suzhou Adult Education University and a graduate degree in finance and accounting from the School of Finance and Economics of Suzhou University. Ms. Zhang has extensive background and experience in the pharmaceuticals industry having worked in various managerial positions and various aspects of the industry. She is an expert in managing a growth company, having turned Erye into a successful operation after taking it over from the PRC government with Mr. Shi Mingsheng (Chairman of the Board of Erye since March 2003 and a director of the Company since March 2010) and others in 2003. From the end of 2007 until the consummation of the Merger, Ms. Zhang Jian was the Chief Financial Officer of CBH.

On June 9, 2010, the Company entered into an offer letter (the "Offer Letter") with Ms. Zhang Jian, pursuant to which Ms. Zhang Jian will serve as the Company's Vice President, Pharmaceutical Operations. The terms of the Offer Letter include: (a) annual compensation of \$120,000; (b) a one-time signing bonus of up to \$72,500; and (c) the issuance to her pursuant and subject to the terms of the Company's 2009 Non-US Equity Plan (the Non-US Plan") of a warrant (the "Warrant") to purchase 650,000 shares of the Company's Common Stock at a per share purchase price equal to the closing price of the Common Stock on June 9, 2010, the commencement date of her employment (the "Commencement Date"), which shall vest and become exercisable as to: (i) 150,000 shares on the Commencement Date; (ii) 50,000 shares on each of the first, second, third, fourth and fifth one year anniversaries of the Commencement Date; and (iii) an aggregate of 250,000 shares upon the achievement of specified business milestones. The Company may enter into a final employment agreement with Ms. Zhang Jian which incorporates the terms of the Offer Letter with such modifications as may be necessary or desirable for compliance with any applicable domestic or foreign law, rule or regulation or for other applicable reasons. The Offer Letter is attached as Exhibit 10.2 hereto.

As previously disclosed, (i) Ms. Zhang Jian is a principal shareholder of Fullbright Finance Limited, which is the beneficial owner of approximately 7.8% of the Company's Common Stock, and (ii) Ms. Zhang Jian is a principal shareholder of Suzhou Erye Economy and Trading Co. Ltd ("EET"), which is the owner of a 49% interest in Erye. EET is a party to a joint venture agreement with a wholly-owned subsidiary of the Company entered into in connection with the Merger and effective December 28, 2009. Additionally, immediately prior to the closing of the Merger, in order to accelerate satisfaction of certain CBH obligations to EET, CBH and EET caused Erye to split-off its real estate assets into a new entity, with the end result that, subject to PRC approvals, (a) Erye is bound to transfer the land and building for its principal manufacturing facility to EET or its affiliate for a nominal sum to be agreed upon by the parties, and (b) EET or its affiliate is bound to lease such principal manufacturing facility back to Erye at a nominal fee for a term through the construction and validation period of Erye's new manufacturing facility and until such date as Erye's new facility is completed and fully operational, such that Erye is assured that there is no interruption of its operations by reason of such transfers and agreements. Mr. Shi Mingsheng is also a principal shareholder of Fullbright and EET.

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

(d) Exhibits

Exhibit 10.1 Amendment No. 1 dated June 9, 2010 to Employment Agreement dated August 17, 2009 between NeoStem, Inc. and Anthony Salerno

Exhibit 10.2 Offer Letter dated June 9, 2010 between NeoStem, Inc. and Madam Zhang Jian

**SIGNATURE**

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

**NEOSTEM, INC.**

By: /s/ Catherine M. Vaczy

Name: Catherine M. Vaczy

Title: Vice President and General Counsel

Date: June 11, 2010

**AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT DATED AUGUST 17, 2009**

AMENDMENT NO. 1 (the "Amendment") dated June 9, 2010 to EMPLOYMENT AGREEMENT dated as of August 17, 2009 by and between NeoStem, Inc. (the "Company") and Anthony M. Salerno (the "Employee").

**WITNESSETH:**

WHEREAS, the Company and Employee entered into that certain employment agreement dated as of August 17, 2009 (the "Agreement") to serve as its Vice President of Strategic Development and Academic Affairs on such terms as set forth in the Original Agreement;

WHEREAS, the Company and Employee wish to amend certain of the terms of the Agreement as hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

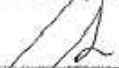
1. The termination date of the Agreement is hereby extended from August 16, 2011 through August 16, 2013.
2. Employee's annual salary is hereby fixed at \$190,000.
3. In order to reflect the expanded role taken on by Employee during his tenure at the Company, Employee's title is hereby changed from Vice President, Strategic Development and Academic Affairs to Vice President, Operations and Academic Affairs Employee's duties shall consist of duties typically associated with such position and as may be assigned to him from time to time by the CEO of the Company.
4. All options to purchase shares of common stock, \$.001 par value (the "Common Stock") of the Company issued to Employee under the Company's 2009 Equity Compensation Plan (the "Plan") as detailed in Exhibit A hereto, shall immediately vest and become exercisable as of the date hereof and remain exercisable in accordance with the terms of the Plan.
5. Employee is hereby granted an option under the Plan to purchase up to 300,000 shares of Common Stock at a per share exercise price equal to the closing price of the Common Stock on the date of this Amendment which shall be subject to all the terms and conditions of the Plan and shall vest and become exercisable as to 100,000 shares on each of the first, second and third year anniversaries of the date of this Amendment.
6. Employee shall be entitled to a bonus equal to \$25,000 no later than August 18, 2010, the one year anniversary of the Original Agreement Employee shall qualify for an optional annual cash bonus equal to the amount set forth below based on his achievement of annual milestones to be determined by and approved in advance by the Compensation Committee:
  - (i) during the period June 1, 2010 – May 31, 2011 an amount of to 25% of his

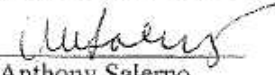
annual salary; (ii) during the period June 1, 2011 – May 31, 2012 an amount of up to 30% of his annual salary; (iii) during the period June 1, 2012 – May 31, 2013 an amount of up to 35% of his base salary.

5. Except as otherwise set forth herein, Employee's Original Agreement shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Employee has signed this Agreement, all as of the first date above written.

NEOSTEM, INC.

By:   
Name: Robin L. Smith  
Title: Chairman and CEO

  
Anthony Salerno





June 9, 2010

Madam Zhang Jian  
859, Pan Xu Road  
Suzhou, Jiangsu, China

Dear Madam Zhang:

We are pleased to advise you that after careful consideration NeoStem, Inc. ("NeoStem" or the "Company") has determined to make you an offer of employment to serve as the Company's Vice President, Pharmaceutical Operations. This letter sets forth certain terms that, if you accept the offer, will govern the terms of your employment.

Your commencement date shall be June 9, 2010 or such other date as may be mutually agreed (the "Commencement Date").

You will report to the Company's CEO and you will have such duties as shall be designated to you from time to time as shall be considered appropriate for your position. It is acknowledged that you currently serve as General Manager of Erye Pharmaceutical Company Ltd. ("Erye"), the Company's majority owned subsidiary, and you shall be based out of that facility with travel from time to time to the Company's executive offices in the United States and domestically in China. You shall devote a reasonable amount of time to the Company's business as shall be determined by the CEO in conjunction with you. In consideration for your services, you shall be entitled to annual compensation of \$120,000. In consideration for assistance you have provided the Company since November 1, 2009, you shall also receive a one-time signing bonus of \$72,500. You recognize that compensation must be paid in accordance with all applicable laws, including laws relating to tax and withholding obligations.

You will not be entitled to participate in the Company's benefits plans, it being understood that you receive benefits in your role as General Manager of Erye.

Subject to the approval by the Company's Compensation Committee, you shall be granted on your Commencement Date under the Company's 2009 Non-US Equity

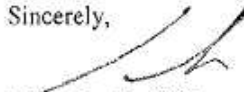


Compensation Plan (the "Plan"), an option (the "Option") to purchase 650,000 shares of the Company's Common Stock at a per share purchase price equal to the closing price of the Common Stock on the Commencement Date which shall vest and become exercisable as to: (i) 150,000 shares upon the date you sign this letter to accept and agree this offer; (ii) 50,000 shares on each of the first, second, third, fourth and fifth one year anniversaries of the Commencement Date; (iii) 50,000 shares upon Erye receiving the government approval for a tax rate reduction by 10% as it obtains the name of "High and New Technology Enterprise of Jiangsu Province"; (iv) 50,000 upon Erye completing the relocation of its facilities in Suzhou and all lines being GMP certified and operational; (v) 50,000 shares upon Erye obtaining the approval for the application of "Chinese Famous Brand" for one of its trademarks; (vi) 50,000 shares upon Erye's annual revenue reaching US\$ 100,000,000; and (vii) 50,000 shares upon you bringing NeoStem as it relates to Erye into SOX compliance and fixing the auditors identified material weaknesses in the financial reporting. The Option shall be subject in all respects to the terms of the Plan.

In accepting our offer of employment you certify your understanding your employment will be on an at will basis and that neither you nor the Company has entered into a contract regarding the terms or the duration of your employment except as set forth herein, provided that we will provide you with no less than 30 (thirty) days prior written notice should we desire to terminate your employment with the Company. You hereby agree that should you desire to terminate the employment you will provide it with no less than 90 (ninety) days prior written notice.

You acknowledge that application of local law may impact the foregoing and shall be reflected in a final employment agreement.

Sincerely,



Robin Smith, CEO

Accepted and Agreed:



Madam Zhang Jian

