

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 29, 2009

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 3.02. Unregistered Sales of Equity Securities.

As of July 6, 2009, NeoStem, Inc. (the "Company") closed on a private placement financing totaling approximately \$5 million from institutional and private investors. The financing consisted of the issuance of 400,280 units priced at \$12.50 per unit, with each unit consisting of one share of the Company's Series D Convertible Redeemable Preferred Stock (convertible, subject to shareholder approval as described below, into 10 shares of common stock) and ten warrants each to purchase one share of common stock. The terms of the units were substantially the same as those issued by the Company in its April 2009 Regulation S offering in which it raised \$11 million.

Upon the affirmative vote of holders of a majority of the voting power of the Company's stock required pursuant to the Company's Amended and Restated By-Laws and the NYSE Amex, each share of Series D Stock will automatically be converted into ten (10) shares of Company Common Stock at an initial conversion price of \$1.25 per share; provided that if by October 31, 2009 such affirmative vote is not achieved, the Company must redeem all shares of Series D Stock at a redemption price per share of \$12.50 plus the accrued dividends as of such date. The Series D Stock has an accruing dividend of ten percent (10%) per annum, payable (i) annually in cash on April 9th of each year, provided that the shares of Series D Stock remain outstanding on such date or (ii) upon a liquidation, dissolution or winding up of the Company. The Series D Stock (i) ranks senior to all of the Company's capital stock with respect to the payment of dividends and to the distribution of assets upon liquidation, dissolution or winding up, (ii) does not have any voting rights, (iii) does not have any anti-dilution protection, and (iv) does not have any preemptive rights.

The warrants have a per share exercise price equal to \$2.50 and are callable by the Company if the common stock trades at a price equal to \$3.50. Subject to the affirmative vote of the Company's shareholders and the rules of the NYSE Amex, the warrants will become exercisable for a period of five years.

The funds will be used to support the development of NeoStem's VSEL (very small embryonic-like stem cells) technology licensed from the University of Louisville and help advance NeoStem's expansion activities in China, including those relating to its pending acquisition and medical tourism – defined as travel by people whose primary and explicit purpose is to access in a foreign country medical treatment not yet available in their own nation. Through its connections with leading physicians in China and the U.S., NeoStem expects to connect U.S. citizens with advanced therapies not yet available in the U.S., and attract people from other countries to seek safe and effective regenerative therapies as they become available here. A portion of the funds also will be used to expand U.S.-based operations and other general corporate purposes.

One of the investors was an affiliate of the 49% owner of Suzhou Erye Pharmaceuticals Company, Ltd ("Erye"), whose total investment was \$800,000. As part of its China expansion activities, NeoStem is anticipating, subject to shareholder and other approvals, to merge with China Biopharmaceuticals Holdings, Inc., the owner of 51% of Erye.

The securities sold were sold without registration under the Securities Act of 1933, as amended (the "Act") pursuant to Regulation S and Regulation D, each promulgated under the Act and may not be resold in the United States or to U.S. persons unless registered under the Act or pursuant to an exemption from registration under the Act. Hedging transactions involving such securities may not be conducted unless in compliance with the Act.

Garden State Securities, Inc., a registered broker dealer with FINRA, acted as selling agent for the on-shore investors and received a fee equal to 8% of the gross proceeds plus 4% of the units sold by it resulting in an aggregate fee of \$324,280 and 12,971 units.

Item 9.01. Financial Statements and Exhibits.

- (d) Exhibits
Exhibit 99.1 Press Release dated July 1, 2009

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: July 6, 2009

NeoStem Raises Additional Funds from Principals of Suzhou Erye Pharmaceuticals Company Ltd. and U.S. Institutional and Private Investors, Bringing the Total Recent Financings to Over \$15 Million; Funds Will Support Expansion Activities in the United States and China as well as Further Development of NeoStem's VSEL and other Licensed Technologies

Press Release

Source: NeoStem, Inc.

On Wednesday July 1, 2009, 7:30 am EDT

NEW YORK, July 1 /PRNewswire-FirstCall/ -- NeoStem, Inc. (NYSE Amex: NBS) announced today that it has raised additional gross funds of over \$4 million from institutional and private investors. These funds, together with the \$11 million private placement from three Asia-based investors announced April 13, 2009, bring the total investment obtained by NeoStem in the past two and half months to over \$15 million. In addition, affiliates of Suzhou Erye Pharmaceuticals Company, Ltd. have increased their overall investment in the Company to over \$1,000,000. As part of its China expansion activities, NeoStem is anticipating, subject to approval of its shareholders, on closing before year end on the acquisition of a 51% interest in Suzhou Erye through a merger with its current 51% owner.

The funds will be used to support NeoStem's continuing initiatives in VSEL (very small embryonic-like) stem cell technology licensed from the University of Louisville and to advance NeoStem's expansion activities in China, as well as other general corporate purposes. A portion of the funds also will be used to expand U.S.-based operations and add seasoned management to the NeoStem team with experience in clinical drug development in pharmaceutical and biotechnology industry and administration of overseas based clinical trials.

The terms and conditions of the current financing are the same as those of the earlier April round. Units are priced at \$12.50 per unit, with each unit consisting of one share of the Company's Series D Convertible Redeemable Preferred Stock, convertible into ten shares of common stock and ten warrants each to purchase one share of common stock. The warrants have a per share exercise price equal to \$2.50 and are callable by the Company if the common stock trades at a price equal to \$3.50. Subject to the affirmative vote of the Company's shareholders and the rules of the NYSE Amex, the warrants will become exercisable for a period of five years and each share of Series D Convertible Redeemable Preferred Stock will automatically convert into ten shares of Common Stock.

Dr. Robin Smith, Chairman and CEO of NeoStem, stated, "We are very pleased to receive this additional investment from a group of institutional and private onshore investors who recognize the many recent achievements of NeoStem under our multi-faceted business plan. Our growing stem cell technology base and our expanding relationships with key business partners in the U.S. and China open the way to new markets, distribution channels and production capabilities in the world's two largest economies. By successfully leveraging both the medical and commercial potential of emerging adult stem cell therapies, NeoStem is establishing an international leadership position in this rapidly developing field." She added, "We are also excited that the principals of Suzhou Erye have made a second investment in our future, which we believe solidifies their commitment to our post-merger endeavors."

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About NeoStem, Inc.

NeoStem is managing a network of adult stem cell collection centers in major metropolitan areas in the United States, enabling people to donate and store their own (autologous) stem cells when they are young and healthy for their personal use in times of future medical need. The Company also has entered into research and development through the acquisition of a worldwide exclusive license of technology to identify and isolate VSEL(very small embryonic-like) stem cells, which have been shown to have several physical characteristics that are generally found in embryonic stem cells and is pursuing other technologies to advance its position in the field of adult stem cell tissue regeneration.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the Company's expansion activities in China and the future for the commercial use of stem cell therapies and the Company's VSEL technology. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from those projected in forward-looking statements include the "Risk Factors" described in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2008 and the Company's other periodic filings with the Securities and Exchange Commission. The Company's further development is highly dependent on future medical and research developments and market acceptance which are outside its control.

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