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): January 18, 2011

NEOSTEM, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	0-10909	22-2343568
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

The Merger — General.

On January 19, 2011 (the "Closing Date"), NBS Acquisition Company LLC ("Subco"), a newly formed wholly-owned subsidiary of NeoStem, Inc. ("NeoStem"), merged (the "Merger") with and into Progenitor Cell Therapy, LLC, a Delaware limited liability company ("PCT"), with PCT as the surviving entity, in accordance with the terms of the Agreement and Plan of Merger, dated September 23, 2010 (the "Merger Agreement"), among NeoStem, PCT and Subco. As a result of the consummation of the Merger, NeoStem acquired all of the membership interests of PCT, and PCT is now a wholly-owned subsidiary of NeoStem. PCT is engaged in a wide range of services in the stem cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, consulting, product characterization and comparability, and storage, distribution, manufacturing and transportation of cell therapy products.

Pursuant to the terms of the Merger Agreement, all of the membership interests of PCT outstanding immediately prior to the effective time of the Merger (the "Effective Time") were converted into the right to receive, in the aggregate, (i) 10,600,000 shares of the common stock, par value $0.001 per share, of NeoStem (the "NeoStem Common Stock") (reflecting certain final price adjustments agreed to at the closing) and (ii) warrants to purchase an aggregate 3,000,000 shares of NeoStem Common Stock as follows:

(i) common stock purchase warrants to purchase one million (1,000,000) shares of NeoStem Common Stock, exercisable over a seven year period at an exercise price of $7.00 per share (the "$7.00 Warrants"), and which will vest only if a specified business milestone (described in the Merger Agreement) is accomplished within three (3) years of the Closing Date of the Merger; and

(ii) common stock purchase warrants to purchase one million (1,000,000) shares of NeoStem Common Stock exercisable over a seven year term at an exercise price of $3.00 per share (the "$3.00 Warrants"); and

(iii) common stock purchase warrants to purchase one million (1,000,000) shares of NeoStem Common Stock exercisable over a seven year period at an exercise price of $5.00 per share (the "$5.00 Warrants" and, collectively with the $7.00 Warrants and the $3.00 Warrants, the "Warrants").

The Warrants will be delivered in book entry form to the former members of PCT as promptly as possible after the Effective Time and NeoStem's receipt of appropriate letters of transmittal from the former members. The Warrants are redeemable in certain circumstances. Transfer of the shares issuable upon exercise of the Warrants is restricted until the one year anniversary of the Closing Date.

In accordance with the Merger Agreement, NeoStem has deposited into an escrow account with the escrow agent (who is initially NeoStem's transfer agent), 10,600,000 shares of NeoStem Common Stock for eventual distribution to the former members of PCT (subject to downward adjustment to satisfy any indemnification claims of NeoStem, all as described in the Merger Agreement). The Escrow Agreement is filed as Exhibit 10.4 of this Current Report on Form 8-K.

The issuance of NeoStem securities in the Merger was approved at a special meeting of stockholders of NeoStem held on January 18, 2011 (the "NeoStem Special Meeting") (see Item 5.07 below), on which date the Merger was approved at a special meeting of members of PCT (the "PCT Special Meeting").

The description of the Merger contained in this Item 2.01 does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached to NeoStem's Joint Proxy Statement/Prospectus dated December 16, 2010 and filed with the Securities and Exchange Commission on December 17, 2010 (the "Joint Proxy Statement/Prospectus"), and is incorporated by reference as Exhibit 2.1 of this Current Report on Form 8-K.

The above description of the Warrants does not purport to be complete and is qualified in its entirety by reference to the Warrant Agreement between NeoStem and Continental Stock Transfer & Trust Company, and the forms of $3.00 Global Warrant, $5.00 Global Warrant and $7.00 Global Warrant attached thereto, which is filed as Exhibit 4.1 of this Current Report on Form 8-K.

Business Relationships Between NeoStem and PCT Existing Prior to the Merger.

Prior to the Merger, NeoStem and PCT had entered into certain agreements with each other for the provision of various services, as described in the Joint Proxy Statement/Prospectus.

Interests of Certain PCT Officers in the Merger.

Certain officers of PCT entered into employment agreements with PCT that became effective upon the closing of the Merger. The terms of these employment agreements are described in the Joint Proxy Statement/Prospectus. The Employment Agreements with Andrew L. Pecora (who will serve as Chief Medical Officer of PCT in a part-time capacity after the Merger) and Robert A. Preti (who will serve as President of PCT and Chairman of the to-be-formed Quality Assurance and Ethics Committee after the Merger) are filed with this Current Report on Form 8-K as Exhibits 10.1 and 10.2, respectively. In addition, Dr. Pecora will be invited to join the Board of Directors of NeoStem, as described in the Joint Proxy Statement/Prospectus.

Dr. Pecora (PCT's Chairman, CEO and Chief Medical Officer prior to the Merger), Mr. Preti (PCT's President and Chief Scientific Officer prior to the Merger), and George S. Goldberger (PCT's Chief Business and Financial Officer, Treasurer and Secretary prior to the Merger) beneficially owned approximately 17.4%, 16.9% and 2.5%, respectively, of the membership interests of PCT outstanding immediately prior to the Merger. Certain of the shares of NeoStem Common Stock that will be issued to these individuals in connection with the Merger will be released from escrow earlier than the first release of shares for other former members of PCT for the purpose of enabling them to pay taxes that will be due as a result of the Merger.

In addition, NeoStem has agreed to repay PCT's credit line with Northern New Jersey Cancer Associates ("NNJCA"), in an amount equal to $3 million, within seven days of the closing. Dr. Pecora has served as Managing Partner of NNJCA since 1996.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Compensatory Arrangements.

Amendment to the 2009 Plan.

At the NeoStem Special Meeting held on January 18, 2011, the stockholders of NeoStem duly approved an amendment to the NeoStem, Inc. 2009 Equity Compensation Plan (the "2009 Plan") to increase the number of shares of NeoStem Common Stock authorized for issuance thereunder by 4,000,000 shares (that is, from 13,750,000 shares to 17,750,000 shares), and NeoStem thereupon effected such amendment to the 2009 Plan. Persons eligible to receive restricted and unrestricted stock awards, options, stock appreciation rights or other awards under the 2009 Plan are those employees, consultants and directors of NeoStem and its subsidiaries who, in the opinion of the Compensation Committee of NeoStem's Board of Directors, are in a position to contribute to NeoStem's success. A description of the 2009 Plan and the amendment thereto is set forth in the Joint Proxy Statement/Prospectus, and the full text of the 2009 Plan, as amended, is filed as Exhibit 10.3 of this Current Report on Form 8-K.

Equity Awards.

On the Closing Date of the Merger, and in accordance with their respective employment agreements, NeoStem issued to Robert A. Preti, Andrew L. Pecora, George S. Goldberger and Daryl LeSueur, options covering an aggregate of 1,200,000 shares of NeoStem Common Stock.

Item 5.07. Submission of Matters to a Vote of Security Holders.

The following is a brief description of each matter voted upon at the NeoStem Special Meeting held on January 18, 2011 (for a full description of each such matter see the Joint Proxy Statement/Prospectus), as well as the final voting results with respect to each such matter:

The proposal to approve the issuance of NeoStem securities in connection with the Merger pursuant to the Merger Agreement among NeoStem, PCT and Subco was approved by the stockholders. The final voting results with respect to this matter were as follows: 44,180,657 votes for; 646,405 votes against; 508,724 votes abstaining; and 11,671,477 broker non-votes.

The proposal to approve an amendment to the NeoStem, Inc. 2009 Equity Compensation Plan (the "2009 Plan") to increase the number of shares of NeoStem Common Stock authorized for issuance thereunder by 4,000,000 shares (that is, from 13,750,000 shares to 17,750,000 shares), was approved by the stockholders. The final voting results with respect to this matter were as follows: 42,504,879 votes for; 2,609,658 votes against; 221,249 votes abstaining; and 11,671,477 broker non-votes.

The proposal to approve an amendment to NeoStem's Amended and Restated Certificate of Incorporation to effect a reverse stock split of NeoStem Common Stock at a ratio within the range of 1:2 to 1:5, as determined by the NeoStem Board of Directors, in the event it is deemed by the NeoStem Board of Directors advisable in connection with permitting NeoStem to maintain its listing with the NYSE Amex or to list NeoStem Common Stock on any other exchange, was approved by the stockholders. The final voting results with respect to this matter were as follows: 53,265,298 votes for; 3,514,688 votes against; 227,277 votes abstaining; and 0 broker non-votes.

The proposal to approve the issuance of NeoStem Common Stock upon the conversion or redemption of the NeoStem Series E 7% Senior Convertible Preferred Stock and upon exercise of the warrants issued with such shares of preferred stock was approved by the stockholders. The final voting results with respect to this matter were as follows: 44,468,689 votes for; 567,255 votes against; 299,842 votes abstaining; and 11,671,477 broker non-votes.

Item 7.01. Regulation FD Disclosure.

NeoStem intends, from time to time, to present and/or distribute to the investment community and utilize at various industry and other conferences a slide presentation. The slide presentation is accessible on NeoStem's website at www.neostem.com and is attached hereto as Exhibit 99.1. NeoStem undertakes no obligation to update, supplement or amend the materials attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Exchange Act of the Securities Act of 1933, as amended, except as shall be expressly set forth by reference in such a filing.

Item 8.01. Other Events.

On January 20, 2011, NeoStem issued a press release announcing the effectiveness of the Merger. A copy of the press release is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Forward Looking Statements

This Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically preceded by words such as “believes,” “expects,” “anticipates,” “intends,” “will,” “may,” “should,” or similar expressions. These forward-looking statements are subject to risks and uncertainties that may cause actual future experience and results to differ materially from those discussed in these forward-looking statements. Important factors that might cause such a difference include, but are not limited to, events and factors disclosed previously and from time to time in NeoStem’s filings with the Securities and Exchange Commission (the “SEC”), including NeoStem’s Annual Report on Form 10-K for the year ended December 31, 2009 (the “10-K”) and Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed after such 10-K. Additionally, this Current Report on Form 8-K contains forward-looking statements with respect to the Merger. Important factors that might cause such a difference relating to the Merger include the factors disclosed in NeoStem’s filings as set forth above and in the proxy statement / prospectus included in NeoStem’s registration statement on Form S-4 filed with the SEC in connection with the Merger. NeoStem’s further development is highly dependent on future medical and research developments and market acceptance, which is outside its control. NeoStem may experience difficulties in integrating PCT’s business and could fail to realize potential benefits of the Merger. Acquisitions may entail numerous risks for NeoStem, including difficulties in assimilating acquired operations, technologies or products, including the loss of key employees from acquired businesses.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of business acquired
(b) Pro Forma Financial Information

No financial statements of PCT or pro forma financial information with respect to PCT and NeoStem are required to be filed with, or incorporated in, this 8-K. NeoStem included in its Registration Statement on Form S-4 pertaining to the Merger (which was declared effective on December 16, 2010) certain financial statements of PCT and pro forma information because based on the information it had at the time the registration statement was filed, including estimates as to the value of the merger consideration to be issued, NeoStem believed that PCT would meet the definition of a "significant subsidiary" under Regulation S-X 3-05 and 8-04. However, based on updated information, NeoStem believes that PCT does not meet the definition of a "significant subsidiary."

(d) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of September 23, 2010 (incorporated by reference to Exhibit 2.1 to NeoStem’s Current Report on Form 8-K filed on September 23, 2010).
4.1	Warrant Agreement, dated as of January 19, 2011, between NeoStem, Inc. and Continental Stock Transfer & Trust Company, with the forms of $3.00 Warrant, $5.00 Warrant and $7.00 Warrant attached thereto.
10.1	Employment Agreement, dated as of September 23, 2010 and effective on January 19, 2011, by and between Progenitor Cell Therapy, LLC, NeoStem, Inc. and Andrew L. Pecora.
10.2	Employment Agreement, dated as of September 23, 2010 and effective on January 19, 2011, by and between Progenitor Cell Therapy, LLC, NeoStem, Inc. and Robert A. Preti.
10.3	NeoStem, Inc. 2009 Equity Compensation Plan, as amended.
10.4	Escrow Agreement, dated as of January 19, 2011, among NeoStem, Inc., Progenitor Cell Therapy, LLC, Andrew Pecora as PCT Representative and Continental Stock Transfer & Trust Company, as Escrow Agent.
99.1	Slide Presentation of NeoStem, Inc. dated January 2011*
99.2	Press release dated January 20, 2011.

*Exhibit 99.1 is furnished as part of this Current Report on Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, NeoStem, Inc. 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: January 21, 2011

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement"), dated as of January 19, 2011, is entered into by and between NeoStem, Inc., a Delaware corporation ("NeoStem" or the "Company"), and Continental Stock Transfer & Trust Company, a New York corporation (the "Warrant Agent").

WHEREAS, on January 19, 2011, the Company consummated a merger of its wholly-owned subsidiary NBS Acquisition Company LLC ("Subco") with and into Progenitor Cell Therapy, LLC, a Delaware limited liability company ("PCT") (the "Merger") pursuant to an Agreement and Plan of Merger, dated September 23, 2010 (as such agreement may be amended from time to time, the "Merger Agreement"), among NeoStem, PCT and Subco;

WHEREAS, the Merger Agreement provides that the Company will issue (i) warrants to purchase one million (1,000,000) shares of the Company's common stock, par value $0.001 per share, (the "NeoStem Common Stock") exercisable over a seven year period at an exercise price of $7.00 per share (the "$7.00 Warrants"); (ii) warrants to purchase one million (1,000,000) shares of NeoStem Common Stock exercisable over a seven year term at an exercise price of $3.00 per share (the "$3.00 Warrants"); and (iii) warrants to purchase one million (1,000,000) shares of NeoStem Common Stock exercisable over a seven year period at an exercise price of $5.00 per share (the "$5.00 Warrants" and together with the $7.00 Warrants and the $3.00 Warrants, the "Warrants");

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, transfer, exchange, redemption and exercise of the Warrants; and

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants.

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

1. Appointment of Warrant Agent and Depository. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in this Agreement. The Company initially appoints the Warrant Agent to act as Depository with respect to the Global Warrants as hereinafter defined.

2. Warrants.

2.1 Issuance of Warrants. Each $3.00 Warrant, $5.00 Warrant and $7.00 Warrant shall be (a) issued by book-entry registration only and (b) evidenced by the Global $3.00 Warrant, the Global $5.00 Warrant and the Global $7.00 Warrant, as applicable, in substantially the forms of Exhibit A, Exhibit B and Exhibit C hereto (individually a "Global Warrant" and together, the "Global Warrants"), respectively, the provisions of which are incorporated herein.

2.2 Execution and Delivery of the Global Warrants.

2.2.1 Each Global Warrant shall be dated and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the officers of the Company executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement or the respective Warrants, or as may be required to comply with any law or with any rule or regulation made pursuant thereto. The Global Warrants shall be signed on behalf of the Company by its chairman or vice chairman of the Board of Directors of the Company (the "Board of Directors"), the chief financial officer, the president, any vice president, any assistant vice president, the treasurer or any assistant treasurer of the Company, which may but need not be attested by its secretary or one of its assistant secretaries. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced on each Global Warrant. From time to time, in accordance with the Warrant Agent's customary practices, the Warrant Agent shall send to each Holder (as hereinafter defined) a statement reflecting such Holder's book-entry position in the Warrants and any changes thereto (the "Warrant Statement"). The terms and conditions of each Global Warrant are incorporated herein by this reference and made a part hereof. Notwithstanding anything contained herein to the contrary, if any terms or conditions of the Global Warrant or the Warrant Statement shall be found to conflict with any terms or conditions of this Agreement, the terms and conditions of the respective Global Warrants shall control except that the Warrant Agent's procedures relating to the exercise of book-entry interests in the Global Warrants shall control the exercise of the Warrants.

2.2.2 Each Global Warrant shall represent the respective number of outstanding Warrants from time to time endorsed thereon and the respective number of outstanding Warrants represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, exercises and other similar transactions.

2.2.3 No Warrant shall be valid for any purpose, and no Warrant evidenced thereby shall be exercisable, until the applicable Global Warrant has been countersigned by the Warrant Agent by manual or facsimile signature. Such signature by the Warrant Agent upon the Global Warrant executed by the Company shall be conclusive evidence, and the only evidence, that the Global Warrant so countersigned has been duly issued hereunder.

2.2.4 In case any officer of the Company who shall have signed any of the Global Warrants either manually or by facsimile signature shall cease to be such officer before such Global Warrant so signed shall have been countersigned and delivered by the Warrant Agent as provided herein, such Global Warrant may be countersigned and delivered notwithstanding that the person who signed such Global Warrant ceased to be such officer of the Company; and such Global Warrant may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Global Warrant, shall be the proper officers of the Company, although at the date of the execution of this Agreement any such person was not such officer.

2.2.5 The term "Holder," when used with respect to any Warrant, shall mean any person in whose name at the time such Warrant shall be registered upon the books to be maintained by the Warrant Agent for that purpose.

3. Terms and Exercise of Warrants.

3.1 Exercise Price. For purposes of this Agreement, "Exercise Price" shall mean the initial exercise price for each Warrant as set forth in the applicable Global Warrant, subject to adjustment as provided in the applicable Global Warrant.

3.2 Duration of Warrants. A Warrant may be exercised only during the period (“Exercise Period”) specified in the respective Global Warrant or as the same may be extended as hereinafter provided. Except with respect to the right to receive the Redemption Price if the Warrants have been redeemed (as set forth in the applicable Global Warrant), each Warrant not exercised on or before the expiration date, as set forth in the applicable Global Warrant, (the "Expiration Date") shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at the close of business on the Expiration Date.

3.3 Exercise of Warrants. Warrants may be exercised, at the option of the Holder, in whole or in part, at any time or from time to time during the Exercise Period, by complying with the Warrant Agent's procedures relating to the exercise of such book-entry interest in the Global Warrant. In addition, the Holder shall deliver to the Company at the then designated office of the Warrant Agent (the "Warrant Agent Office") (i) the Exercise Form substantially in the form attached to the applicable Global Warrant duly executed by such Holder or its duly authorized agent or attorney (the “Exercise Form) and (ii) payment of the aggregate Exercise Price. In case an exercise of Warrants is in part only, the Warrant Agent shall make an appropriate adjustment to the account of the Holder to reflect a number of Warrants for the number of shares of Common Stock equal (without giving effect to any adjustment thereof) to the number of such shares called for by such Holder's Warrants prior to such exercise, minus the number of shares designated by the Holder upon such exercise.

3.3.1 Payment. The Holder shall pay the applicable Exercise Price in accordance with the procedures in the applicable Global Warrant and this Agreement.

3.3.2 Procedures and Validity.

(a) Any exercise of a Warrant by a Holder pursuant to the terms of this Agreement shall be irrevocable and shall constitute a binding agreement between the Holder and the Company, enforceable in accordance with its terms.

(b) The Warrant Agent shall:

(i) examine all Exercise Forms and all other documents delivered to it by or on behalf of Holders as contemplated hereunder to ascertain whether or not, on their face, such Exercise Forms and any such other documents have been executed and completed in accordance with their terms and the terms hereof;

(ii) where an Exercise Form or other document appears on its face to have been improperly completed or executed or some other irregularity in connection with the exercise of the Warrants exists, the Warrant Agent shall endeavor to inform the appropriate parties (including the person submitting such instrument) of the need for fulfillment of all requirements, specifying those requirements which appear to be unfulfilled;

(iii) inform the Company of and cooperate with and assist the Company in resolving any reconciliation problems between the Exercise Forms received and the crediting of Warrant Shares to the respective Holders' accounts; and

(iv) advise the Company no later than two (2) business days after receipt of an Exercise Form, of (i) the receipt of such Exercise Form and the number of Warrants exercised in accordance with the terms and conditions of this Agreement, (ii) the percentage of the then outstanding Warrants represented by such exercise and (iii) such other information as the Company shall reasonably require.

(c) All questions as to the validity, form and sufficiency (including time of receipt) of an exercised Warrant and any Exercise Form will be determined by the Company in good faith. The Company reserves the right to reject any and all Exercise Forms not in proper form or for which any corresponding agreement by the Company to exchange would, in the opinion of the Company, be unlawful. Moreover, the Company reserves the absolute right to waive any of the conditions to the exercise of Warrants or defects in the exercise thereof with regard to any particular exercise of Warrants. Other than as required in Section 3.3.2(b)(ii) above, neither the Company nor the Warrant Agent shall be under any duty to give notice to the Holders of the Warrants of any irregularities in any exercise of Warrants or any Exercise Form, nor shall it incur any liability for the failure to give such notice.

3.3.3 Issuance of Certificates. As soon as practicable after the exercise of any Warrant and the clearance of the funds in payment of the Exercise Price, the Company shall cause its Transfer Agent to issue to the Holder of such Warrant a certificate or certificates representing the number of full shares of Common Stock to which he, she or it is entitled, registered in such name or names as may be directed by him, her or it. Notwithstanding the foregoing, the Company shall not be obligated to deliver any securities pursuant to the exercise of a Warrant unless (a) a registration statement under the Securities Act of 1933 (the "Securities Act") with respect to the Common Stock issuable upon exercise of such Warrants is effective and a current prospectus relating to the shares of Common Stock issuable upon exercise of the Warrants is available for delivery to the Holders or (b) in the opinion of counsel to the Company, the exercise of the Warrants is exempt from the registration requirements of the Securities Act and such securities are qualified for sale or exempt from qualification under applicable securities laws of the states or other jurisdictions in which the registered holder resides. Warrants may not be exercised by, or securities issued to, any Holder in any state in which such exercise or issuance would be unlawful. In the event that a registration statement under the Securities Act with respect to the Common Stock underlying the Warrants is not effective or a current prospectus is not available, the registered holder shall not be entitled to exercise such Warrants unless an exemption from registration is available. In the event that during the last 20 business days immediately prior to the Expiration Date both (i) a registration statement with respect to the Common Stock underlying the Warrants is not effective or a current prospectus is not available and (ii) the Exercise Price of the Warrants is less than the price at which the Common Stock is trading on the NYSE Amex (or if the Common Stock is no longer trading on the NYSE Amex, such other stock exchange on which the shares of Common Stock trades), the Exercise Period shall automatically be extended for a period of 20 business days after the date that the Company causes a registration statement covering the Common Stock underlying the Warrants to be effective and a current prospectus is made available**.** In no event will the Company be required to "net cash settle" the warrant exercise.

3.3.4 Valid Issuance. All shares of Common Stock issued upon the proper exercise of a Warrant in conformity with this Agreement shall be validly issued, fully paid and nonassessable.

3.3.5 Date of Issuance. All shares of Common Stock so issued shall be registered in the name of the Holder or such other name as shall be designated in the Exercise Form delivered by the Holder. Such shares of Common Stock shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become the holder of record of such shares of Common Stock as of the date of delivery of the Exercise Form to the Warrant Agent Office duly executed by the Holder thereof and upon the Company's receipt of payment of the Exercise Price.

4. Adjustments.

4.1 Adjustments Generally. The Exercise Price, the number of shares of Common Stock issuable upon exercise of the Warrants and the number of Warrants outstanding are subject to adjustment from time to time upon the occurrence of certain events in accordance with the provisions of the applicable Global Warrant.

4.2 Notices of Changes in Warrant. Upon every adjustment of the Exercise Price, the number of shares of Common Stock issuable upon exercise of the Warrants and the number of Warrants outstanding, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified in the applicable Global Warrant then, in any such event, the Company shall give written notice to each Holder, at the last address set forth for such Holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4.3 No Fractional Shares. Notwithstanding any provision contained in this Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants. If, by reason of any adjustment made pursuant to this Section 4, the Holder of any Warrant would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share, the Company shall, upon such exercise**,** round up or down to the nearest whole number the number of shares of Common Stock to be issued to the Holder.

4.4 Form of Warrant. The form of Global Warrant need not be changed because of any adjustment pursuant to this Section 4. However, the Company may, at any time, in its sole discretion, make any change in the form of Global Warrant that the Company may deem appropriate and that does not affect the substance thereof.

5. Transfer and Exchange of Warrants.

5.1 Exchange and Transfer.

5.1.1 The Warrant Agent shall keep, at the Warrant Agent Office, books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrants and exchanges and transfers of outstanding Warrants upon request to exchange or transfer such Warrants, provided, that the Warrant Agent shall have received a written instruction of transfer or exchange in form satisfactory to the Warrant Agent, duly executed by the Holder thereof or by his duly authorized agent or attorney, providing all information required to be delivered hereunder, such signature to be guaranteed by an eligible guarantor institution to the extent required by the Warrant Agent or the Depository. Upon any such registration of transfer, a Warrant Statement shall be issued to the transferee.

5.1.2 No service charge shall be made for any exchange or registration of transfer of Warrants; however, the Warrant Agent and/or the Company may require payment of a sum sufficient to cover any stamp or other tax or other charge that may be imposed in connection with any such exchange or registration of transfer. Neither the Warrant Agent nor the Company shall be required to pay any stamp or other tax or other charge required to be paid in connection with such transfer, and neither the Warrant Agent nor the Company shall be required to issue or deliver any Warrant Share until it has been established to the Company's and the Warrant Agent's satisfaction that such tax or other charge has been paid or that no such tax or other charge is due.

5.1.3 The Warrant Agent shall not effect any exchange or registration of transfer which will result in the issuance of a Warrant evidencing a fraction of a Warrant or a number of full Warrants and a fraction of a Warrant.

5.1.4 All Warrants credited to a Holder's or transferee's account upon any exchange or transfer of Warrants in accordance with the provisions of this Agreement shall be the valid obligations of the Company evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrants that were so exchanged or transferred.

5.2 Treatment of Holders of Warrants. Each Holder of Warrants, by accepting the same, consents and agrees with the Company, the Warrant Agent and every subsequent Holder of such Warrants that until the transfer of such Warrants is registered on the books of such Warrant Agent, the Company and the Warrant Agent may treat the registered Holder of such Warrants as the absolute owner thereof for any purpose and as the person entitled to exercise the rights represented by the Warrants evidenced thereby, any notice to the contrary notwithstanding.

5.3 Restrictions on Transfers. Notwithstanding anything in this Agreement to the contrary, in no event may any Holder transfer any Warrant Shares until after the first annual anniversary of the date of issuance of the applicable Global Warrant.

5.4 Cancellation of Global Warrant. Promptly following the Expiration Date or at such earlier time that there are no longer outstanding any Warrants, the applicable Global Warrant shall be cancelled or destroyed and the Warrant Agent shall deliver a certificate of such cancellation or destruction to the Company.

6. Redemption. The Warrants may be redeemed, at the option of the Company, in accordance with the provisions of the applicable Global Warrant.

7. Other Provisions Relating to Rights of Holders of Warrants.

7.1 No Rights as Stockholder. No Warrant shall, and nothing contained in this Agreement, in the Global Warrants or in the Warrant Statement shall be construed to, entitle the Holder or any beneficial owner thereof to any of the rights of a holder or beneficial owner of Warrant Shares, including, without limitation, the right to vote or to consent or to receive notice as a stockholder in respect of any meeting of stockholders for the election of directors of the Company or any other matter, to receive dividends on Warrant Shares or any rights whatsoever as stockholders of the Company, until such Warrant is duly exercised in accordance with this Agreement and such Holder is issued the Warrant Shares to which it is entitled in connection therewith.

7.2 Reservation of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Agreement.

7.3 Registration of Common Stock. The Company included the shares of Common Stock underlying the Warrants in the registration statement on Form S-4 that was filed with the Securities and Exchange Commission in connection with the Merger (the "Registration Statement"). The Company will use its commercially reasonable efforts to maintain the effectiveness of such Registration Statement or file and maintain the effectiveness of another registration statement covering the shares of Common Stock issuable upon exercise of the Warrants at any time that both (a) the Warrants are exercisable and (b) the Exercise Price of the Warrants is less than 105% of the price at which the Common Stock is trading on the NYSE Amex (or if the Common Stock is no longer trading on the NYSE Amex, such other stock exchange on which the shares of Common Stock trades). In no event will any Holder of a Warrant be entitled to receive a “net cash settlement” in lieu of physical settlement in shares of Common Stock regardless of whether the Company complies with this Section 7.3.

7.4 Limitation on Monetary Damages. In no event shall the Holder of a Warrant be entitled to receive monetary damages for failure to settle any Warrant exercise if the Common Stock issuable upon exercise of the Warrants has not been registered with the SEC pursuant to an effective registration statement or if a current prospectus is not available for delivery by the Warrant Agent, provided the Company has fulfilled its obligations under Section 7.3 to use its commercially reasonable efforts to effect the registration under the Securities Act of the Common Stock issuable upon exercise of the Warrants. The foregoing limitation on damages shall not apply to an exercise in connection with a Redemption.

8. Concerning the Warrant Agent and Other Matters.

8.1 Payment of Taxes. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of shares of Common Stock upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or such shares.

8.2 Resignation, Consolidation, or Merger of Warrant Agent.

8.2.1 Appointment of Successor Warrant Agent. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) days' notice in writing to the Company and to each Holder. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by any Holder of a Warrant, then the Holder of any Warrant may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent at the Company's cost. Any successor Warrant Agent, whether appointed by the Company or by such court, shall be a corporation organized and existing under the laws of the State of New York, in good standing and having its principal office in the Borough of Manhattan, City and State of New York, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

8.2.2 Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to each Holder, the predecessor Warrant Agent and the transfer agent for the Common Stock not later than the effective date of any such appointment.

8.2.3 Merger or Consolidation of Warrant Agent. Any corporation into which the Warrant Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Agreement without any further act.

8.3 Fees and Expenses of Warrant Agent.

8.3.1 Remuneration. The Company agrees to pay the Warrant Agent reasonable remuneration for its services as such Warrant Agent hereunder and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

8.3.2 Further Assurances. The Company agrees to perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.

8.4 Liability of Warrant Agent.

8.4.1 Reliance on Company Statement. Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the General Counsel, President or Chairman of the Board of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon such statement for any action taken or suffered in good faith by it pursuant to the provisions of this Agreement.

8.4.2 Indemnity. The Warrant Agent shall be liable hereunder only for its own gross negligence, willful misconduct or bad faith. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Agreement, except as a result of the Warrant Agent's gross negligence, willful misconduct or bad faith.

8.4.3 Exclusions. The Warrant Agent shall have no responsibility with respect to the validity of this Agreement or with respect to the validity or execution of any Warrant (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant; nor shall it be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrant or as to whether any shares of Common Stock will when issued be valid and fully paid and nonassessable.

8.5 Acceptance of Agency. The Warrant Agent hereby accepts the agency established by this Agreement and agrees to perform the same upon the terms and conditions herein set forth and, among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all moneys received by the Warrant Agent for the purchase of shares of Common Stock through the exercise of Warrants.

9. Miscellaneous Provisions.

9.1 Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

9.2 Notices. Any notice, statement or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Company with the Warrant Agent) as follows:

NeoStem, Inc.
420 Lexington Avenue, Suite 450
New York, New York 10170
Attention: General Counsel

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Company with the Warrant Agent) as follows:

Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Attn: Compliance Department

with a copy in each case to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Telephone: 973-597-2564
Facsimile: 973-597-2565
Attention: Alan Wovsaniker, Esq.

Any notice, sent pursuant to this Agreement shall be effective, if delivered by hand, upon receipt thereof by the party to whom it is addressed, if sent by overnight courier, on the next business day of the delivery to the courier, and if sent by registered or certified mail on the third day after registration or certification thereof.

9.3 Notices to Holders of Warrants. Any notice to Holders of Warrants which by any provisions of this Warrant Agreement is required or permitted to be given shall be given by first class mail prepaid at such Holder's address as it appears on the books of the Warrant Agent.

9.4 Applicable Law. The validity, interpretation and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.2 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim.

9.5 Persons Having Rights under this Agreement. Nothing in this Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the registered holders of the Warrants, any right, remedy, or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise, or agreement hereof. All covenants, conditions, stipulations, promises, and agreements contained in this Agreement shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns and of the registered holders of the Warrants.

9.6 Examination of the Warrant Agreement. A copy of this Agreement shall be available at all reasonable times at the office of the Warrant Agent in the Borough of Manhattan, City and State of New York, for inspection by the Holder of any Warrant. The Warrant Agent may require any such Holder to submit his, her or its Warrant Statements for inspection by it.

9.7 Counterparts. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

9.8 Effect of Headings. The section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

9.9 Amendments. This Agreement may be amended by the parties hereto without the consent of any Holder for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters or questions arising under this Agreement as the parties may deem necessary or desirable and provided such amendment shall not adversely affect the interest of the Holders. All other modifications, adjustments or amendments of this Agreement, shall require the written consent of the registered holders of a majority of the then outstanding Warrants provided that no amendment to the Global Warrant shall be effective to charge any Holder who has not consented thereto. The Warrant Agent may request from either the Company or the Holders an opinion of counsel with respect to the validity of any amendment as a condition to its exercise of any amendment.

9.10 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

NEOSTEM, INC.

By: /s/ Robin L. Smith
Name: Robin L. Smith
Title: CEO

CONTINENTAL STOCK TRANSFER & TRUST COMPANY

By: /s/ John W. Comer, Jr.
Name: John W. Comer, Jr.
Title: Vice President

EXHIBIT A

FORM OF GLOBAL WARRANT CERTIFICATE FOR $3.00 WARRANTS

[FORM OF GLOBAL WARRANT CERTIFICATE FOR $3.00 WARRANTS]

EXERCISABLE ONLY IF AUTHENTICATED BY THE
WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON JANUARY 18, 2018

NEOSTEM, INC.

Global Warrant Certificate representing
Warrants to purchase 1,000,000 shares of common stock, par value $0.001 per share
as described herein

NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

Each $3.00 Warrant (each a "Warrant") represented hereby, entitles the holder to purchase one share (the "*Warrant Share*") of common stock, $.001 par value (the "*Common Stock*") of NeoStem, Inc., a Delaware corporation, (the "*Corporation*") for the benefit of certain Holders (as defined in the Warrant Agreement) of such Warrants on the following terms. This Global Warrant Certificate represents the number of outstanding Warrants from time to time endorsed hereon and the number of outstanding Warrants represented hereby may from time to time be reduced or increased, as appropriate to reflect exchanges, redemptions, exercises and other similar transactions. This Global Warrant Certificate is issued under and in accordance with the Warrant Agreement, and is subject to the terms and provisions contained therein, all of which terms and provisions the Holders consent to by acceptance of their book-entry interests in the Global Warrant Certificate. Copies of the Warrant Agreement are on file at the Corporation's headquarters. In the event of any conflict or inconsistency between this Global Warrant Certificate and the Warrant Agreement, this Global Warrant Certificate shall control. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Warrant Agreement dated as of January 19, 2011 by and between the Corporation and Continental Stock Transfer & Trust Company (as such agreement may be amended from time to time, the "*Warrant Agreement*").

1. Exercise Period. The Warrants shall vest in full and become exercisable on January 19, 2011 (the "*Vesting Date*") and, notwithstanding anything to the contrary contained herein, shall expire at 5:00 p.m. (Eastern Time) on January 18, 2018 (the "*Termination Date*").

2. Exercise of Warrants. Each Holder may, at any time on or after the Vesting Date and prior to the Termination Date, exercise his, her or its Warrant in whole or in part at an exercise price per share equal to $3.00 per share, subject to adjustment as provided herein (the "*Exercise Price*"), by the delivery of the Warrant Exercise Form annexed hereto duly completed and executed to the Warrant Agent at the Warrant Agent Office or at such other agency or office of the Corporation in the United States of America as the Corporation may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Corporation, and by payment to the Corporation of the Exercise Price in lawful money of the United States by certified check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of a Warrant, the Warrant Agent shall make an appropriate adjustment to the account of the Holder to reflect a number of warrants for the account of the Holder equal (without giving effect to any adjustment thereof) to the number of shares called for by such Holder's Warrants prior to such exercise, minus the number of shares designated by the Holder upon such exercise. In the event of the exercise of the rights represented by any Warrant, a certificate or certificates for the Warrant Shares so purchased, as applicable, registered in the name of the Holder, shall be delivered to the Holder hereof as soon as practicable after the rights represented by such Warrant shall have been so exercised.

3. Reservation of Warrant Shares. The Corporation agrees that, prior to the expiration of this Warrant, it will at all times have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of all outstanding Warrants represented by this Global Warrant Certificate, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

4. No Stockholder Rights; No Rights to Net Cash Settled. No Warrant shall entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may any Warrant be net cash settled.

5. Transferability of Warrant and Underlying Shares. Prior to the Termination Date and subject to compliance with applicable Federal and State securities and other laws, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Corporation by the Holder in person or by duly authorized attorney in accordance with the provisions of the Warrant Agreement and upon delivery of the Assignment Form annexed hereto properly endorsed for transfer. The Corporation or the Warrant Agent shall be entitled to require, as a condition of any such transfer, that the Holder and the transferee execute or provide such documents and make such representations and warranties as the Corporation or the Warrant Agent may deem appropriate to evidence compliance with applicable law or otherwise. None of the Warrant Shares, if issued, may be transferred by the Holder until after the date that is one year after the date of issuance of this Warrant.

6. Certain Adjustments. With respect to any rights that any Holder has to exercise any Warrant and convert into shares of Common Stock, Holder shall be entitled to the following adjustments:

(a) Merger or Consolidation. If at any time there shall be a merger or a consolidation of the Corporation with or into another entity when the Corporation is not the surviving corporation, then, as part of such merger or consolidation, lawful provision shall be made so that the holder hereof shall thereafter be entitled to receive upon exercise of each Warrant, during the period specified herein and upon payment of the aggregate Exercise Price then in effect, the number of shares of stock or other securities or property (including cash) of the successor corporation resulting from such merger or consolidation, to which the holder hereof as the holder of the stock deliverable upon exercise of each Warrant would have been entitled in such merger or consolidation if each Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of each Warrant with respect to the rights and interests of the holder hereof as the holder of each Warrant after the merger or consolidation.

(b) Reclassification, Recapitalization, etc. If the Corporation at any time shall, by subdivision, combination or reclassification of securities, recapitalization, automatic conversion, or other similar event affecting the number or character of outstanding shares of Common Stock, or otherwise, change any of the securities as to which purchase rights under each Warrant exist into the same or a different number of securities of any other class or classes, each Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under each Warrant immediately prior to such subdivision, combination, reclassification or other change.

(c) Split or Combination of Common Stock and Stock Dividend. In case the Corporation shall at any time subdivide, redivide, recapitalize, split (forward) or change its outstanding shares of Common Stock into a greater number of shares or declare a dividend upon its Common Stock payable solely in shares of Common Stock, the Exercise Price shall be proportionately reduced and the number of Warrant Shares proportionately increased. Conversely, in case of a reverse stock split or the outstanding shares of Common Stock of the Corporation shall be combined into a smaller number of shares, the Exercise Price shall be proportionately increased and the number of Warrant Shares proportionately reduced.

7. Compliance with Securities Laws; Legend and Stop Transfer Orders. Unless the Warrant Shares are subject to an effective registration statement under the Securities Act, upon exercise of any part of any Warrant represented hereby, (i) the Corporation shall be entitled to require that the Holder make such representations and warranties as may be reasonably required by the Corporation to assure that the issuance of Warrant Shares is exempt from the registration requirements of applicable securities laws and (ii) the Corporation shall instruct its transfer agent to enter stop transfer orders with respect to such Warrant Shares, and all certificates or instruments representing the Warrant Shares shall bear on the face thereof substantially the following legend:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

8. Redemption of Warrant. Each Warrant is subject to redemption by the Corporation as provided in this Section 8.

(a) Each Warrant may be redeemed, at the option of the Corporation, in whole and not in part, at a redemption price of $.0001 per Warrant (the "Redemption Price"), provided the average closing price of the Common Stock as quoted by Bloomberg, LP., or the Principal Trading Market (as defined below) on which the Common Stock is included for quotation or trading, shall equal or exceed $5.00 per share (taking into account all adjustments) for twenty (20) out of thirty (30) consecutive trading days.

(b) If the conditions set forth in Section 8(a) are met, and the Corporation desires to exercise its right to redeem each Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of each Warrant by first class mail, postage prepaid, at least fourteen (14) business days prior to the date fixed by the Corporation for redemption of the Warrants (the "Redemption Date").

(c) The Redemption Notice shall specify (i) the Redemption Price, (ii) the Redemption Date, (iii) the redemption price payable, and (iv) that the right to exercise each Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to a holder (a) to whom notice was not mailed, or (b) whose notice was defective. An affidavit of the Secretary or an Assistant Secretary of the Corporation that the Redemption Notice has been mailed shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

(d) Any right to exercise a Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. On and after the Redemption Date, the holder of each Warrant shall have no further rights except to receive the Redemption Price.

(e) From and after the Redemption Date, the Corporation shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Corporation by or on behalf of the holder thereof the warrant certificates evidencing each Warrant being redeemed, deliver, or cause to be delivered to or upon the written order of such holder, a sum in cash equal to the Redemption Price of each Warrant. From and after the Redemption Date, each Warrant shall expire and become void and all rights hereunder, except the right to receive payment of the Redemption Price, shall cease.

9. Miscellaneous. This Global Warrant Certificate and each Warrant represented hereby shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this Global Warrant Certificate and each Warrant by or for the benefit of the Corporation shall bind and inure to the benefit of its successors and assigns hereunder. Nothing in this Global Warrant Certificate shall be construed to give to any person or corporation other than the Corporation and the holder of each Warrant represented hereby any legal or equitable right, remedy, or claim under this Global Warrant Certificate and each Warrant represented hereby. This Global Warrant Certificate and each Warrant represented hereby shall be for the sole and exclusive benefit of the Corporation and the Holder. The section headings herein are for convenience only and are not part of this Global Warrant Certificate and shall not affect the interpretation hereof.

10. Validity. This Global Warrant Certificate shall not be valid or obligatory for any purpose until authenticated by the Warrant Agent.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by its duly authorized officer, this _____ day of January 2011.

NEOSTEM, INC.

Robin L. Smith
Chairman & Chief Executive Officer

Certificate of Authentication

This is the Global Warrant Certificate for the $3.00 Warrants referred to in the within-mentioned Warrant Agreement.

CONTINENTAL STOCK TRANSFER
& TRUST COMPANY, As Warrant Agent

By: _____
Authorized Signature

[TO BE ATTACHED TO GLOBAL WARRANT CERTIFICATE]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL WARRANT CERTIFICATE

$3.00 WARRANT

The following increases or decreases in this Global Warrant have been made:

Date	Amount of decrease in the number of Warrants represented by this Global Warrant	Amount of increase in number of Warrants represented by this Global Warrant	Number of Warrants represented by this Global Security following such decrease or increase	Signature of authorized officer of the Depositary

FORM OF EXERCISE FORM

To Be Executed by the Holder in Order to Exercise $3.00 Warrant

The undersigned hereby irrevocably elects to exercise the right, represented by the book-entry Warrant(s), to purchase _____ shares of the Common Stock of NeoStem, Inc. (the "Warrant Shares") and undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant in accordance with the terms of the Warrant Agreement. Such payment takes the form of $_____ in lawful money of the United States.

The undersigned hereby requests that certificates for the Warrant Shares purchased hereby be issued in the name of:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and be delivered as follows:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and if such number of shares of Common Stock shall not be all the shares evidenced by this Warrant Certificate, that a new Warrant for the balance of such shares be registered in the name of, and delivered to, Holder.

_____
Signature of Holder

SIGNATURE GUARANTEE:

_____

This Warrant may be exercised by delivering the Exercise Form to Continental Stock Transfer & Trust Company at the following addresses:

By mail at Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Attn: [_____]

[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE WARRANT)

For value received, _____ hereby sells, assigns and transfers unto the Assignee(s) named below the rights represented by such number of $3.00 Warrants listed opposite the respective name(s) of the Assignee(s) named below and all other rights of the Holder with respect to such Warrants, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the Depositary and/or the Warrant Agent with respect to the number of Warrants set forth below, with full power of substitution:

Name(s) of Assignee(s)	Address	No. of Warrants

Dated: _____

_____
Signature
(Signed exactly as name appears in the records of the Depositary)

Signature Guarantee:

_____

EXHIBIT B

FORM OF GLOBAL WARRANT CERTIFICATE FOR $5.00 WARRANTS

[FORM OF GLOBAL WARRANT CERTIFICATE FOR $5.00 WARRANTS]

EXERCISABLE ONLY IF AUTHENTICATED BY THE
WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON JANUARY 18, 2018

NEOSTEM, INC.

Global Warrant Certificate representing
Warrants to purchase 1,000,000 shares of common stock, par value $0.001 per share
as described herein

NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

Each $5.00 Warrant (each a "*Warrant*") represented hereby, entitles the holder to purchase one share (the "*Warrant Share*") of common stock, $.001 par value (the "*Common Stock*") of NeoStem, Inc., a Delaware corporation, (the "*Corporation*") for the benefit of certain Holders (as defined in the Warrant Agreement) of such Warrants on the following terms. This Global Warrant Certificate represents the number of outstanding Warrants from time to time endorsed hereon and the number of outstanding Warrants represented hereby may from time to time be reduced or increased, as appropriate to reflect exchanges, redemptions, exercises and other similar transactions. This Global Warrant Certificate is issued under and in accordance with the Warrant Agreement, and is subject to the terms and provisions contained therein, all of which terms and provisions the Holders consent to by acceptance of their book-entry interests in the Global Warrant Certificate. Copies of the Warrant Agreement are on file at the Corporation's headquarters. In the event of any conflict or inconsistency between this Global Warrant Certificate and the Warrant Agreement, this Global Warrant Certificate shall control. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Warrant Agreement dated as of January 19, 2011 by and between the Corporation and Continental Stock Transfer & Trust Company (as such agreement may be amended from time to time, the "*Warrant Agreement*").

1. Exercise Period. The Warrants shall vest in full and become exercisable on January 19, 2011 (the "*Vesting Date*") and, notwithstanding anything to the contrary contained herein, shall expire at 5:00 p.m. (Eastern Time) on January 18, 2018 (the "*Termination Date*").

2. Exercise of Warrant. Each Holder may, at any time on or after the Vesting Date and prior to the Termination Date, exercise his, her or its Warrant in whole or in part at an exercise price per share equal to $5.00 per share, subject to adjustment as provided herein (the "*Exercise Price*"), by the delivery of the Warrant Exercise Form annexed hereto duly completed and executed to the Warrant Agent at the Warrant Agent Office or at such other agency or office of the Corporation in the United States of America as the Corporation may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Corporation, and by payment to the Corporation of the Exercise Price in lawful money of the United States by certified check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of a Warrant, the Warrant Agent shall make an appropriate adjustment to the account of the Holder to reflect a number of warrants for the account of the Holder equal (without giving effect to any adjustment thereof) to the number of shares called for by such Holder's Warrants prior to such exercise, minus the number of shares designated by the Holder upon such exercise. In the event of the exercise of the rights represented by any Warrant, a certificate or certificates for the Warrant Shares so purchased, as applicable, registered in the name of the Holder, shall be delivered to the Holder hereof as soon as practicable after the rights represented by such Warrant shall have been so exercised.

3. Reservation of Warrant Shares. The Corporation agrees that, prior to the expiration of this Warrant, it will at all times have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of all outstanding Warrants represented by this Global Warrant Certificate, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

4. No Stockholder Rights; No Rights to Net Cash Settled. No Warrant shall entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may any Warrant be net cash settled.

5. Transferability of Warrant and Underlying Shares. Prior to the Termination Date and subject to compliance with applicable Federal and State securities and other laws, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Corporation by the Holder in person or by duly authorized attorney in accordance with the provisions of the Warrant Agreement and upon delivery of the Assignment Form annexed hereto properly endorsed for transfer. The Corporation or the Warrant Agent shall be entitled to require, as a condition of any such transfer, that the Holder and the transferee execute or provide such documents and make such representations and warranties as the Corporation or the Warrant Agent may deem appropriate to evidence compliance with applicable law or otherwise. None of the Warrant Shares, if issued, may be transferred by the Holder until after the date that is one year after the date of issuance of this Warrant.

6. Certain Adjustments. With respect to any rights that any Holder has to exercise any Warrant and convert into shares of Common Stock, Holder shall be entitled to the following adjustments:

(a) Merger or Consolidation. If at any time there shall be a merger or a consolidation of the Corporation with or into another entity when the Corporation is not the surviving corporation, then, as part of such merger or consolidation, lawful provision shall be made so that the holder hereof shall thereafter be entitled to receive upon exercise of each Warrant, during the period specified herein and upon payment of the aggregate Exercise Price then in effect, the number of shares of stock or other securities or property (including cash) of the successor corporation resulting from such merger or consolidation, to which the holder hereof as the holder of the stock deliverable upon exercise of each Warrant would have been entitled in such merger or consolidation if each Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of each Warrant with respect to the rights and interests of the holder hereof as the holder of each Warrant after the merger or consolidation.

(b) Reclassification, Recapitalization, etc. If the Corporation at any time shall, by subdivision, combination or reclassification of securities, recapitalization, automatic conversion, or other similar event affecting the number or character of outstanding shares of Common Stock, or otherwise, change any of the securities as to which purchase rights under each Warrant exist into the same or a different number of securities of any other class or classes, each Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under each Warrant immediately prior to such subdivision, combination, reclassification or other change.

(c) Split or Combination of Common Stock and Stock Dividend. In case the Corporation shall at any time subdivide, redivide, recapitalize, split (forward) or change its outstanding shares of Common Stock into a greater number of shares or declare a dividend upon its Common Stock payable solely in shares of Common Stock, the Exercise Price shall be proportionately reduced and the number of Warrant Shares proportionately increased. Conversely, in case of a reverse stock split or the outstanding shares of Common Stock of the Corporation shall be combined into a smaller number of shares, the Exercise Price shall be proportionately increased and the number of Warrant Shares proportionately reduced.

7. Compliance with Securities Laws; Legend and Stop Transfer Orders. Unless the Warrant Shares are subject to an effective registration statement under the Securities Act, upon exercise of any part of any Warrant represented hereby, (i) the Corporation shall be entitled to require that the Holder make such representations and warranties as may be reasonably required by the Corporation to assure that the issuance of Warrant Shares is exempt from the registration requirements of applicable securities laws and (ii) the Corporation shall instruct its transfer agent to enter stop transfer orders with respect to such Warrant Shares, and all certificates or instruments representing the Warrant Shares shall bear on the face thereof substantially the following legend:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

8. Redemption of Warrant. Each Warrant is subject to redemption by the Corporation as provided in this Section 8.

(a) Each Warrant may be redeemed, at the option of the Corporation, in whole and not in part, at a redemption price of $.0001 per Warrant (the "Redemption Price"), provided the average closing price of the Common Stock as quoted by Bloomberg, LP., or the Principal Trading Market (as defined below) on which the Common Stock is included for quotation or trading, shall equal or exceed $7.00 per share (taking into account all adjustments) for twenty (20) out of thirty (30) consecutive trading days.

(b) If the conditions set forth in Section 8(a) are met, and the Corporation desires to exercise its right to redeem each Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of each Warrant by first class mail, postage prepaid, at least fourteen (14) business days prior to the date fixed by the Corporation for redemption of the Warrants (the "Redemption Date").

(c) The Redemption Notice shall specify (i) the Redemption Price, (ii) the Redemption Date, (iii) the redemption price payable, and (iv) that the right to exercise each Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to a holder (a) to whom notice was not mailed, or (b) whose notice was defective. An affidavit of the Secretary or an Assistant Secretary of the Corporation that the Redemption Notice has been mailed shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

(d) Any right to exercise a Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. On and after the Redemption Date, the holder of each Warrant shall have no further rights except to receive the Redemption Price.

(e) From and after the Redemption Date, the Corporation shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Corporation by or on behalf of the holder thereof the warrant certificates evidencing each Warrant being redeemed, deliver, or cause to be delivered to or upon the written order of such holder, a sum in cash equal to the Redemption Price of each Warrant. From and after the Redemption Date, each Warrant shall expire and become void and all rights hereunder, except the right to receive payment of the Redemption Price, shall cease.

9. Miscellaneous. Miscellaneous. This Global Warrant Certificate and each Warrant represented hereby shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this Global Warrant Certificate and each Warrant by or for the benefit of the Corporation shall bind and inure to the benefit of its successors and assigns hereunder. Nothing in this Global Warrant Certificate shall be construed to give to any person or corporation other than the Corporation and the holder of each Warrant represented hereby any legal or equitable right, remedy, or claim under this Global Warrant Certificate and each Warrant represented hereby. This Global Warrant Certificate and each Warrant represented hereby shall be for the sole and exclusive benefit of the Corporation and the Holder. The section headings herein are for convenience only and are not part of this Global Warrant Certificate and shall not affect the interpretation hereof.

10. Validity. This Global Warrant Certificate shall not be valid or obligatory for any purpose until authenticated by the Warrant Agent.

IN WITNESS WHEREOF, the Corporation has caused this $5.00 Warrant to be executed by its duly authorized officer, this _____ day of January, 2011.

NEOSTEM, INC.

Robin L. Smith
Chairman & Chief Executive Officer

Certificate of Authentication

This is the Global Warrant Certificate for the $5.00 Warrant referred to in the within-mentioned Warrant Agreement.

CONTINENTAL STOCK TRANSFER
& TRUST COMPANY, As Warrant Agent

By: _____
Authorized Signature

[TO BE ATTACHED TO GLOBAL WARRANT CERTIFICATE]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL WARRANT CERTIFICATE

$5.00 WARRANTS

The following increases or decreases in this Global Warrant have been made:

Date	Amount of decrease in the number of Warrants represented by this Global Warrant	Amount of increase in number of Warrants represented by this Global Warrant	Number of Warrants represented by this Global Security following such decrease or increase	Signature of authorized officer of the Depositary

FORM OF EXERCISE FORM

To Be Executed by the Holder in Order to Exercise $5.00 Warrant

The undersigned hereby irrevocably elects to exercise the right, represented by the book-entry Warrant(s), to purchase _____ shares of the Common Stock of NeoStem, Inc. (the "Warrant Shares") and undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant in accordance with the terms of the Warrant Agreement. Such payment takes the form of $_____ in lawful money of the United States.

The undersigned hereby requests that certificates for the Warrant Shares purchased hereby be issued in the name of:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and be delivered as follows:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and if such number of shares of Common Stock shall not be all the shares evidenced by this Warrant Certificate, that a new Warrant for the balance of such shares be registered in the name of, and delivered to, Holder.

_____
Signature of Holder

SIGNATURE GUARANTEE:

_____

This Warrant may be exercised by delivering the Exercise Form to Continental Stock Transfer & Trust Company at the following addresses:

By mail at Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Attn: [_____]

[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE WARRANT)

For value received, _____ hereby sells, assigns and transfers unto the Assignee(s) named below the rights represented by such number of $5.00 Warrants listed opposite the respective name(s) of the Assignee(s) named below and all other rights of the Holder with respect to such Warrants, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the Depositary and/or the Warrant Agent with respect to the number of Warrants set forth below, with full power of substitution:

Name(s) of Assignee(s)	Address	No. of Warrants

Dated: _____

_____
Signature
(Signed exactly as name appears in the records of the Depositary)

Signature Guarantee:

_____

EXHIBIT C

FORM OF GLOBAL WARRANT CERTIFICATE FOR $7.00 WARRANTS

[FORM OF GLOBAL WARRANT CERTIFICATE FOR $7.00 WARRANTS]

EXERCISABLE ONLY IF AUTHENTICATED BY THE
WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON JANUARY 18, 2018

NEOSTEM, INC.

Global Warrant Certificate representing
Warrants to purchase 1,000,000 shares of common stock, par value $0.001 per share
as described herein

NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

Each $7.00 Warrant (each a "*Warrant*") represented hereby, entitles the holder to purchase one share (the "*Warrant Share*") of common stock, $.001 par value (the "*Common Stock*") of NeoStem, Inc., a Delaware corporation, (the "*Corporation*") for the benefit of certain Holders (as defined in the Warrant Agreement) of such Warrants on the following terms. This Global Warrant Certificate represents the number of outstanding Warrants from time to time endorsed hereon and the number of outstanding Warrants represented hereby may from time to time be reduced or increased, as appropriate to reflect exchanges, redemptions, exercises and other similar transactions. This Global Warrant Certificate is issued under and in accordance with the Warrant Agreement, and is subject to the terms and provisions contained therein, all of which terms and provisions the Holders consent to by acceptance of their book-entry interests in the Global Warrant Certificate. Copies of the Warrant Agreement are on file at the Corporation's headquarters. In the event of any conflict or inconsistency between this Global Warrant Certificate and the Warrant Agreement, this Global Warrant Certificate shall control. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Warrant Agreement dated as of January 19, 2011 by and between the Corporation and Continental Stock Transfer & Trust Company (as such agreement may be amended from time to time, the "*Warrant Agreement*").

1. Exercise Period. The Warrants shall vest in full and become exercisable upon achievement of the $7.00 Warrant Condition set forth in Section 9 below (the "*Vesting Date*") and, notwithstanding anything to the contrary contained herein, shall expire at 5:00 p.m. (Eastern Time) on January 18, 2018 (the "*Termination Date*").

2. Exercise of Warrants. Each Holder may, at any time on or after the Vesting Date and prior to the Termination Date, exercise his, her or its Warrant in whole or in part at an exercise price per share equal to $7.00 per share, subject to adjustment as provided herein (the "*Exercise Price*"), by the delivery of the Warrant Exercise Form annexed hereto duly completed and executed to the Warrant Agent at the Warrant Agent Office or at such other agency or office of the Corporation in the United States of America as the Corporation may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Corporation, and by payment to the Corporation of the Exercise Price in lawful money of the United States by certified check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of a Warrant, the Warrant Agent shall make an appropriate adjustment to the account of the Holder to reflect a number of warrants for the account of the Holder equal (without giving effect to any adjustment thereof) to the number of shares called for by such Holder's Warrants prior to such exercise, minus the number of shares designated by the Holder upon such exercise. In the event of the exercise of the rights represented by any Warrant, a certificate or certificates for the Warrant Shares so purchased, as applicable, registered in the name of the Holder, shall be delivered to the Holder hereof as soon as practicable after the rights represented by such Warrant shall have been so exercised.

3. Reservation of Warrant Shares. The Corporation agrees that, prior to the expiration of this Warrant, it will at all times have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of all outstanding Warrants represented by this Global Warrant Certificate, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

4. No Stockholder Rights; No Rights to Net Cash Settled. No Warrant shall entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may any Warrant be net cash settled.

5. Transferability of Warrant and Underlying Shares. Prior to the Termination Date and subject to compliance with applicable Federal and State securities and other laws, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Corporation by the Holder in person or by duly authorized attorney in accordance with the provisions of the Warrant Agreement and upon delivery of the Assignment Form annexed hereto properly endorsed for transfer. The Corporation or the Warrant Agent shall be entitled to require, as a condition of any such transfer, that the Holder and the transferee execute or provide such documents and make such representations and warranties as the Corporation or the Warrant Agent may deem appropriate to evidence compliance with applicable law or otherwise. None of the Warrant Shares, if issued, may be transferred by the Holder until after the date that is one year after the date of issuance of this Warrant.

6. Certain Adjustments. With respect to any rights that any Holder has to exercise any Warrant and convert into shares of Common Stock, Holder shall be entitled to the following adjustments:

(a) Merger or Consolidation. If at any time there shall be a merger or a consolidation of the Corporation with or into another entity when the Corporation is not the surviving corporation, then, as part of such merger or consolidation, lawful provision shall be made so that the holder hereof shall thereafter be entitled to receive upon exercise of each Warrant, during the period specified herein and upon payment of the aggregate Exercise Price then in effect, the number of shares of stock or other securities or property (including cash) of the successor corporation resulting from such merger or consolidation, to which the holder hereof as the holder of the stock deliverable upon exercise of each Warrant would have been entitled in such merger or consolidation if each Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of each Warrant with respect to the rights and interests of the holder hereof as the holder of each Warrant after the merger or consolidation.

(b) Reclassification, Recapitalization, etc. If the Corporation at any time shall, by subdivision, combination or reclassification of securities, recapitalization, automatic conversion, or other similar event affecting the number or character of outstanding shares of Common Stock, or otherwise, change any of the securities as to which purchase rights under each Warrant exist into the same or a different number of securities of any other class or classes, each Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under each Warrant immediately prior to such subdivision, combination, reclassification or other change.

(c) Split or Combination of Common Stock and Stock Dividend. In case the Corporation shall at any time subdivide, redivide, recapitalize, split (forward) or change its outstanding shares of Common Stock into a greater number of shares or declare a dividend upon its Common Stock payable solely in shares of Common Stock, the Exercise Price shall be proportionately reduced and the number of Warrant Shares proportionately increased. Conversely, in case of a reverse stock split or the outstanding shares of Common Stock of the Corporation shall be combined into a smaller number of shares, the Exercise Price shall be proportionately increased and the number of Warrant Shares proportionately reduced.

7. Compliance with Securities Laws; Legend and Stop Transfer Orders. Unless the Warrant Shares are subject to an effective registration statement under the Securities Act, upon exercise of any part of any Warrant represented hereby, (i) the Corporation shall be entitled to require that the Holder make such representations and warranties as may be reasonably required by the Corporation to assure that the issuance of Warrant Shares is exempt from the registration requirements of applicable securities laws and (ii) the Corporation shall instruct its transfer agent to enter stop transfer orders with respect to such Warrant Shares, and all certificates or instruments representing the Warrant Shares shall bear on the face thereof substantially the following legend:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

8. Redemption of Warrant. Each Warrant is subject to redemption by the Corporation as provided in this Section 8.

(a) Each Warrant may be redeemed, at the option of the Corporation, in whole and not in part, at a redemption price of $.0001 per Warrant (the "Redemption Price"), provided the average closing price of the Common Stock as quoted by Bloomberg, LP., or the Principal Trading Market (as defined below) on which the Common Stock is included for quotation or trading, shall equal or exceed $9.00 per share (taking into account all adjustments) for twenty (20) out of thirty (30) consecutive trading days. Notwithstanding the foregoing, the Corporation may not redeem such Warrant (a) unless it waives (if then applicable) the last sentence of Section 5 of the Warrant, (b) unless the issuance of the Warrant Shares is registered or there is an effective resale registration statement available to the Holders with respect to the Warrant Shares and (c) unless the $7.00 Warrant Condition has been achieved or the Corporation waives the $7.00 Warrant Condition concurrently with its provision of the Redemption Notice (as defined below).

(b) If the conditions set forth in Section 8(a) are met, and the Corporation desires to exercise its right to redeem each Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of each Warrant by first class mail, postage prepaid, at least fourteen (14) business days prior to the date fixed by the Corporation for redemption of the Warrants (the "Redemption Date").

(c) The Redemption Notice shall specify (i) the Redemption Price, (ii) the Redemption Date, (iii) the redemption price payable, and (iv) that the right to exercise each Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to a holder (a) to whom notice was not mailed, or (b) whose notice was defective. An affidavit of the Secretary or an Assistant Secretary of the Corporation that the Redemption Notice has been mailed shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

(d) Any right to exercise a Warrant shall terminate at 5:00 p.m. (New York time) on the business day immediately preceding the Redemption Date. On and after the Redemption Date, the holder of each Warrant shall have no further rights except to receive the Redemption Price.

(e) From and after the Redemption Date, the Corporation shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Corporation by or on behalf of the holder thereof the warrant certificates evidencing each Warrant being redeemed, deliver, or cause to be delivered to or upon the written order of such holder, a sum in cash equal to the Redemption Price of each Warrant. From and after the Redemption Date, each Warrant shall expire and become void and all rights hereunder, except the right to receive payment of the Redemption Price, shall cease.

9. $7.00 Warrant Condition. The $7.00 Warrants will not vest and will not become exercisable unless the Surviving Company secures, prior to the third annual anniversary of the Closing Date, one or more material binding commercial manufacturing contracts with one or more third parties, each on an arm's length basis, which commercial manufacturing contracts result in aggregate revenues to the Surviving Company in excess of $5 million per year over a period of at least 3 years and in the reasonable judgment of the Corporation's Board of Directors the manufacturing contracts will be profitable each year during the term of such contracts in accordance with GAAP (the "$7.00 Warrant Condition"). The $7.00 Warrant Condition will be deemed to have been achieved, and the $7.00 Warrants will vest, upon certification by the Corporation's Board of Directors that all the elements of the $7.00 Warrant Condition have been met, which certification shall be provided as soon as practicable following the presentation by the PCT Representative to the Corporation's Board of Directors of all appropriate supporting documents and materials necessary to determine whether each of the elements of the $7.00 Warrant Condition has been met.

10. Miscellaneous. This Global Warrant Certificate and each Warrant represented hereby shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this Global Warrant Certificate and each Warrant by or for the benefit of the Corporation shall bind and inure to the benefit of its successors and assigns hereunder. Nothing in this Global Warrant Certificate shall be construed to give to any person or corporation other than the Corporation and the holder of each Warrant represented hereby any legal or equitable right, remedy, or claim under this Global Warrant Certificate and each Warrant represented hereby. This Global Warrant Certificate and each Warrant represented hereby shall be for the sole and exclusive benefit of the Corporation and the Holder. The section headings herein are for convenience only and are not part of this Global Warrant Certificate and shall not affect the interpretation hereof.

11. Validity. This Global Warrant Certificate shall not be valid or obligatory for any purpose until authenticated by the Warrant Agent.

IN WITNESS WHEREOF, the Corporation has caused this $7.00 Warrant to be executed by its duly authorized officer, this _____ day of January 2011.

NEOSTEM, INC.

Robin L. Smith
Chairman & Chief Executive Officer

Certificate of Authentication

This is the Global Warrant Certificate for the $7.00 Warrants referred to in the within-mentioned Warrant Agreement.

CONTINENTAL STOCK TRANSFER
& TRUST COMPANY, As Warrant Agent

By: _____
Authorized Signature

[TO BE ATTACHED TO GLOBAL WARRANT CERTIFICATE]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL WARRANT CERTIFICATE

$7.00 WARRAMT

The following increases or decreases in this Global Warrant have been made:

Date	Amount of decrease in the number of Warrants represented by this Global Warrant	Amount of increase in number of Warrants represented by this Global Warrant	Number of Warrants represented by this Global Security following such decrease or increase	Signature of authorized officer of the Depositary

FORM OF EXERCISE FORM

To Be Executed by the Holder in Order to Exercise $7.00 Warrant

The undersigned hereby irrevocably elects to exercise the right, represented by the book-entry Warrant(s), to purchase _____ shares of the Common Stock of NeoStem, Inc. (the "Warrant Shares") and undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant in accordance with the terms of the Warrant Agreement. Such payment takes the form of $_____ in lawful money of the United States.

The undersigned hereby requests that certificates for the Warrant Shares purchased hereby be issued in the name of:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and be delivered as follows:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and if such number of shares of Common Stock shall not be all the shares evidenced by this Warrant Certificate, that a new Warrant for the balance of such shares be registered in the name of, and delivered to, Holder.

_____
Signature of Holder

SIGNATURE GUARANTEE:

_____

This Warrant may be exercised by delivering the Exercise Form to Continental Stock Transfer & Trust Corporation at the following addresses:

By mail at Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Attn: [_____]

[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE $7.00 WARRANT)

For value received, _____ hereby sells, assigns and transfers unto the Assignee(s) named below the rights represented by such number of Warrants listed opposite the respective name(s) of the Assignee(s) named below and all other rights of the Holder with respect to such Warrants, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the Depositary and/or the Warrant Agent with respect to the number of Warrants set forth below, with full power of substitution:

Name(s) of Assignee(s)	Address	No. of Warrants

Dated: _____

_____
Signature
(Signed exactly as name appears in the records of the Depositary)

Signature Guarantee:

_____

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of Sept. 23, 2010 and effective on the Commencement Date (as defined below) by and between Progenitor Cell Therapy, LLC (the "Company" or "PCT"), NeoStem, Inc. (the "Parent") and Andrew Pecora (the "Employee").

WITNESSETH:

WHEREAS, Employee currently serves as the Company's Chairman, Chief Executive Officer and Chief Medical Officer;

WHEREAS, in connection with the acquisition of the Company by the Parent, pursuant to the terms of an Agreement and Plan of Merger dated as of September 23, 2010 (the "Merger Agreement"), the Company wishes to ensure the Employee's continued service in the capacity of Chief Medical Officer pursuant to the terms of this Agreement and Employee desires to do so; and

WHEREAS, it is a condition to Parent's obligation to consummate the transactions under the Merger Agreement that the Employee execute this Agreement and the Employee, as a major shareholder of the Company, wishes to induce the Parent to consummate the Merger by executing this Agreement and Annex A hereto;

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

Section 1. ***Employment.*** The Company agrees to employ the Employee, and the Employee agrees to be employed by the Company on a part-time basis, upon the terms and conditions hereinafter provided, for a period commencing on the Closing Date of the Merger (each capitalized term as defined in the Merger Agreement) (the "Commencement Date") and, subject to earlier termination pursuant to Section 6 hereof, continuing for a four (4) year period until _____, 2014 (the "Term") and renewable upon mutual agreement of the parties hereto and the Parent. The Employee hereby represents and warrants that he has the legal capacity to execute and perform this Agreement, and that its execution and performance by him will not violate the terms of any existing agreement or understanding to which the Employee is a party. If the Merger is not consummated, or if the Merger Agreement is terminated, this Agreement shall be void ab initio.

Section 2. ***Position and Duties.*** During the Term, the Employee shall (i) render services as the Chief Medical Officer of the Company and (ii) perform duties consistent with such title and such other related duties as the CEO of the Parent otherwise shall reasonably request. Employee will report to the CEO of the Parent. During the Term, and except for reasonable vacation periods pursuant to the Company's policies, the Employee shall devote such number of hours per week of his business time, attention, skill and efforts to the business and affairs of the Company and its subsidiaries and affiliates as shall mutually be agreed upon by the parties from time-to-time in the exercise of their reasonable discretion. It is acknowledged that Employee currently serves on the Board of Cancer Genetics, Inc. and is Chairman of the Board of TetraLogic Pharmaceuticals and is entitled to maintain such positions; provided, that

Employee will be required to receive prior approval from the Board of Directors of the Parent in order to serve or continue to serve on any other boards or advisory boards of for-profit entities during the Term. Employee shall be based in or around Allendale, New Jersey or San Francisco, California; however, it is understood that reasonable travel shall be required from time-to-time to the Parent's executive offices in New York, NY and to other locations in which the Parent operates, including but not limited to China.

Section 3. ***Compensation***. For all services rendered by the Employee in any capacity required hereunder during the Term, the Employee shall be compensated as follows:

(a) The Company shall pay the Employee a fixed annual salary equal to $180,000 (the "Base Salary") in accordance with the Company's payroll practices, including the withholding of appropriate payroll taxes.

(b) The Employee shall be entitled to participate in all compensation and employee benefit plans or programs, and to receive all benefits and perquisites, which are approved by the Board of Directors of the Parent and are generally made available by the Company or the Parent to all salaried employees of the Company and to the extent permissible under the general terms and provisions of such plans or programs and in accordance with the provisions thereof. Notwithstanding any of the foregoing, nothing in this Agreement shall require the Company, the Parent nor any subsidiary or affiliate thereof to establish, maintain or continue any particular plan or program nor preclude the amendment, rescission or termination of any such plan or program that may be established from time to time.

(c) Effective upon the Commencement Date of this Agreement, the Employee shall be granted an option (the "Option") to purchase 400,000 shares (the "Option Shares") of the Parent's common stock, $.001 par value (the "Common Stock") under and subject to the Parent's 2009 Equity Compensation Plan ("2009 Equity Plan") at an exercise price equal to the closing price of the Common Stock on the Commencement Date. The Option shall vest and become exercisable subject to Employee's continued employment as to 100,000 Option Shares on each of the first, second, third and fourth one year anniversaries of the Commencement Date respectively, provided that the Employee remains employed by the Company on each of such dates. The foregoing Option is subject in all respects to the terms and conditions of the 2009 Equity Plan and applicable law and shall be subject to a written grant agreement setting forth the terms and conditions to which such Option grant shall be subject. All Option and Option Share issuances are subject to Employee's execution of the Parent's Insider Trading Policy. In addition, Employee acknowledges that in his position, he will be an "affiliate" of the Parent for purposes of U.S. securities laws and the Option Shares and any transfer of the Option Shares will be treated as such.

Section 4. ***Business Expenses***. The Company shall pay or reimburse the Employee for all reasonable travel (it being understood that travel shall be arranged by the Company or the Parent) and other reasonable expenses incurred by the Employee in connection with the performance of his duties and obligations under this Agreement, subject to the Employee's presentation of appropriate vouchers or receipts in accordance with such policies and approval procedures as the Parent or the Company may from time to time establish for employees (including but not limited to prior approval of extraordinary expenses) and to

preserve any deductions for Federal income taxation purposes to which the Parent or the Company may be entitled.

Section 5. ***Benefits; Perquisites; Expense Reimbursement.*** In addition to those payments set forth above, Employee shall be entitled to the following benefits and payments:

(a) Vacation. Employee shall be entitled to four (4) weeks paid vacation per calendar year (pro rated in the event of a service year which is shorter than a calendar year), in addition to Company holidays. Any vacation time not used during a calendar year will be forfeited without compensation.

(b) Perquisites and Reimbursement of Expenses. Employee shall receive perquisites generally available to senior executives of the Parent, including, but not limited to, payment or reimbursement for cell phone, blackberry and internet service.

Section 6. ***Termination of Employment.***

The Employee's employment hereunder may be terminated upon the occurrence of any of the following events:

(a) Termination for Cause. The Company may terminate the Employee's employment hereunder for Cause at any time. For purposes of this Agreement, "Cause" shall mean (i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company; (iii) personal dishonesty, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with Employee's duties; (v) chronic use of alcohol, drugs or other similar substances which affects the Employee's work performance; or (vi) material breach by Employee of Employee's (x) employment agreement or (y) non-disclosure, non-competition, non-solicitation or other similar agreement executed by the Employee for the benefit of the Company or the Parent, where in the case of a breach of the employment agreement pursuant to clause (vi)(x) such breach is not cured by Employee within 30 days following receipt of written notice specifying the breach.

(b) Termination without Cause. The Company may terminate the Employee's employment hereunder other than for Cause at any time upon thirty (30) days prior written notice.

(c) Resignation for Good Reason. The Employee may voluntarily terminate his employment hereunder for Good Reason upon ninety (90) days' prior written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean (i) material breach by the Company of Employee's employment agreement; (ii) Employee's position has been materially reduced or Employee has repeatedly been assigned duties that are materially inconsistent with his duties set forth herein; or (iii) the Company seeks to relocate Employee more than 150 miles from Allendale, New Jersey or San Francisco, California, as applicable. Anything herein to the contrary notwithstanding, "Good Reason" shall not be deemed to occur

within the meaning of clauses (i) - (iii) above unless the Employee provides written notice to the Company within thirty (30) days of the initial occurrence of the event or condition constituting Good Reason stating the basis of such termination and the Company fails to cure such event or condition within thirty (30) days of receipt of such notice, and the Employee's employment shall not be deemed to be terminated for Good Reason unless the Employee's voluntary termination for Good Reason occurs no more than one (1) year after the initial occurrence of the event or condition constituting Good Reason.

(d) Resignation without Good Reason. The Employee may voluntarily terminate his employment hereunder for any reason at any time, including for any reason that does not constitute Good Reason, upon ninety (90) days' prior written notice to the Company.

(e) Disability. The Employee's employment hereunder shall terminate upon his Disability. For purposes of this Agreement, "Disability" shall mean the inability of the Employee to perform his duties to the Company on account of physical or mental illness or incapacity for a period of ninety (90) consecutive calendar days or one hundred eighty (180) calendar days (whether or not consecutive) during any 365-day period, as a result of a condition that is treated as a total or permanent disability under the long-term disability insurance policy of the Company or the Parent that covers the Employee.

(f) Death. The Employee's employment hereunder shall terminate upon his death.

(g) Resignation from Directorships, Officerships and Committees. The termination of the Employee's employment for any reason shall constitute the Employee's resignation from (i) any director, officer, employee or committee position the Employee has with the Company, the Parent or any of their affiliates and (ii) all fiduciary positions the Employee holds with respect to any employee benefit plans or trusts established by the Company or the Parent. The Employee agrees that this Agreement shall serve as written notice of resignation in this circumstance.

Section 7. ***Compensation upon Termination of Employment.*** All defined terms used in this Section 7 but not defined in Section 7(e) or elsewhere in this Agreement or the Merger Agreement shall have the meanings ascribed to such terms in the Confidentiality, Non-Compete and Inventions Assignment Agreement attached as Annex A hereto:

(a) Resignation for Good Reason; Termination without Cause. In the event that during the Term the Company terminates Employee's employment other than for Cause or the Employee voluntarily terminates his employment for Good Reason, the Company shall provide the Employee with the following payments and benefits, subject to the Employee's execution and nonrevocation of a release of claims as provided in Section 7(d) hereof and compliance with the restrictive covenants referred to in Section 8 hereof:

(i) Accrued Rights. The Company shall pay the Employee a lump-sum amount, within thirty (30) business days following the date of termination of the Employee's employment, equal to the sum of his earned but unpaid Base Salary through the date

of termination, and (B) any unreimbursed business expenses or other amounts due to the Employee from the Company as of the date of termination (the "Accrued Rights").

(ii) Additional Payments. Subject to the terms and conditions set forth in this Section 7(a)(ii), the Company shall make additional payments to Employee in the form of continuation of Employee's then-current Base Salary for a period of three (3) months, payable in accordance with the Company's regular payroll practices, commencing on the first regular payroll date that occurs on or after the 55th day after the date of termination of employment. The Company will only be required to make the payments set forth in this Section 7(a)(ii) on the condition that (1) the Employee will be governed by the non-competition and non-solicitation restrictions in Section 3 of Annex A until the date that is the later of the date that is (x) four (4) years from the closing of the Merger or (y) two (2) years from the date of termination of employment and (2) that Employee executes and delivers to the Company, no later than 45 days after the date of termination, a Release (as defined below) and does not revoke the Release.

(iii) Continued Benefits. The Employee and his eligible dependents shall be entitled to continue participation in the Company's group health plans in accordance with the health care continuation requirements of the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA").

(b) Resignation without Good Reason; Termination for Cause or upon Death or Disability. In the event that during the Term the Company terminates Employee's employment for Cause, the Employee voluntarily terminates his employment other than for Good Reason, or the Employee's employment is terminated on account of death or Disability, the Company shall pay the Employee and provide him with any Accrued Rights under Section 7(a)(i) hereof. The Employee will be governed by the non-competition and non-solicitation restrictions in Section 3 of Annex A until the date that is the later of the date that is (x) four (4) years from the closing of the Merger or (y) two (2) years from the date of termination of employment, without additional compensation. All stock options shall be treated in accordance with the 2009 Equity Plan.

(c) No Further Rights. The Employee shall have no further rights under this Agreement or otherwise to receive any other compensation or benefits after such termination or resignation of employment, except with respect to the payments provided for under this Section 7. Employee acknowledges that all additional payments set forth in Section 7(a)(ii) are additional consideration for compliance with the restrictive covenants regarding non-competition in the PCT Business.

(d) Release of Claims. Notwithstanding anything contained in this Agreement to the contrary, the Company's provision of the payments and benefits under Section 7(a)(ii) hereof shall be contingent in all respects upon the Employee executing (and not revoking) a general release of claims against the Company, the Parent and its affiliates, in the form provided by the Company or the Parent (the "Release").

(e) Definitions.

(i) "NeoStem Business": The Parent is engaged in the business of operating a commercial autologous adult stem cell bank and the pre-disease collection, processing and long-term storage of adult stem cells; the research and development of very small embryonic like (VSEL) stem cells and other stem cell populations and is pursuing other stem cell initiatives in the People's Republic of China and elsewhere as well as engaging in the generic pharmaceutical business in China (the "NeoStem Business"). Any business in which Parent becomes engaged after the Merger (that is not part of the PCT Business) shall be considered part of the NeoStem Business.

(ii) "PCT Business": PCT is engaged in the business of providing services in the stem cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, consulting, product characterization and comparability, and storage, distribution, manufacturing and transport of Cell Therapy Products (as defined in the Merger Agreement) (the "PCT Business").

(iii) "Combined Business": The NeoStem Business and the PCT Business are referred to as the "Combined Business."

(iv) "Competition" shall not include (i) the practice of medicine; or (ii) employment as a physician or in administration by a clinical institution or employment or service in any of the following positions: (A) Board role, advisory role or management position in a division of a non-generic pharmaceutical company so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, (B) Board role, advisory role or management position in a division of a biotechnology company so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, (C) Board role, advisory role or management position in a division of a diagnostics company, so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business, and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, as the case may be, and so long as Employee's role in any such company is not involved in any way with any such businesses during the period covered by the applicable Non Compete.

Section 8. ***Confidentiality; Covenant Against Competition; Proprietary Information; Corporate Policies.***

(a) Confidentiality, Non-Compete and Inventions Assignment Agreement. The Employee acknowledges that Employee as a condition to the Merger and to this Agreement, is simultaneously executing a Confidentiality, Non-Compete and Inventions Assignment Agreement attached hereto as Annex A and that the terms of such agreement will be

in full force and effect as of the Commencement Date. For the sake of clarity, it is understood that such agreement has been modified from the Parent's standard form to include the specific provisions set forth in this Agreement.

(b) Corporate Policies. The Employee acknowledges and agrees that on the Commencement Date, he will execute and be bound by the Parent's various corporate policies, including but not limited to its expense reimbursement policies.

Section 9. ***Withholding Taxes***. The Company or Parent may directly or indirectly withhold from any payments made under this Agreement all Federal, state, city or other taxes and all other deductions as shall be required pursuant to any law or governmental regulation or ruling or pursuant to any contributory benefit plan maintained by the Company or Parent in which the Employee may participate.

Section 10. ***Notices***. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by certified or registered mail or by use of an independent third party commercial delivery service for same day or next day delivery and providing a signed receipt as follows:

(a) To the Company (with a copy to Parent):
Progenitor Cell Therapy, LLC
4 Pearl Court
Suite C
Allendale, NJ 07401
Attention: President

(b) To the Parent:
NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attention: General Counsel

(c) To the Employee:
Andrew Pecora
424 Hidden Valley Court
Wyckoff, NJ 07481

or to such other address as either party shall have previously specified in writing to the other. Notice by mail shall be deemed effective on the second business day after its deposit with the United States Postal Service, notice by same day courier service shall be deemed effective on the day of deposit with the delivery service and notice by next day delivery service shall be deemed effective on the day following the deposit with the delivery service.

Section 11. ***No Attachment.*** Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect; provided, however, that nothing in this Section 11 shall preclude the assumption of such rights by executors, administrators or other legal representatives of the Employee or his estate and their conveying any rights hereunder to the person or persons entitled thereto.

Section 12. ***Source of Payment.*** All payments provided for under this Agreement shall be paid in cash from the general funds of the Company. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Employee shall have no right, title or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and the Employee or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right, without prejudice to rights which employees may have, shall be no greater than the right of an unsecured creditor of the Company.

Section 13. ***Binding Agreement; No Assignment.*** This Agreement shall be binding upon, and shall inure to the benefit of, the Employee, the Company and the Parent and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Employee and may not be assigned by him. This Agreement may not be assigned by the Company except (a) in connection with a sale of all or substantially all of its assets or a merger or consolidation of the Company or the Parent, or (b) to an entity that is a subsidiary or affiliate of the Company or the Parent. Any attempted assignment in violation of this Section 13 shall be null and void.

Section 14. ***Governing Law; Consent to Jurisdiction.*** The validity, interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of New York. In addition, the Employee, the Company and the Parent irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States District Court sitting in New York County for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on the Employee, the Company or the Parent anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. The Employee, the Company and the Parent irrevocably consent to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court.

Section 15. ***Entire Agreement; Amendments.*** This Agreement (together with Annex A hereto and the Merger Agreement) embodies the entire agreement between Employee, the Company and the Parent with respect to the subject matter hereof and may only be amended or otherwise modified by a writing executed by all of the parties hereto.

Section 16. ***Counterparts.*** This Agreement may be executed in any number of counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

Section 17. ***Severability; Blue-Pencilling.*** The provisions, sections and paragraphs, and the specific terms set forth therein, of this Agreement are severable. If any provision, section or paragraph, or specific term contained therein, of this Agreement or the application thereof is determined by a court to be illegal, invalid or unenforceable, that provision, section, paragraph or term shall not be a part of this Agreement, and the legality, validity and enforceability of remaining provisions, sections and paragraphs, and all other terms therein, of this Agreement shall not be affected thereby. The Employee acknowledges and agrees that as to himself, the restrictive covenants contained herein and in Annex A hereto (the "Restrictive Covenants") are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of such Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. It is the desire and intent of the parties that the Restrictive Covenants will be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any Restrictive Covenant shall be adjudicated to be invalid or unenforceable, such Restrictive Covenant shall be deemed amended to the extent necessary in order that such provision be valid and enforceable, such amendment to apply only with respect to the operation of such Restrictive Covenant in the particular jurisdiction in which such adjudication is made.

Section 18. ***Prior Agreements.*** This Agreement supersedes all prior agreements and understandings (including verbal agreements) between Employee, the Company and the Parent regarding the terms and conditions of Employee's employment with the Company.

Section 19. ***409A Compliance.***

(a) Notwithstanding anything to the contrary contained herein, if necessary to comply with the restriction in Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended (the "Code") concerning payments to "specified employees," any payment on account of the Employee's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Employee's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction, together with interest on such cumulative amount during the period of such restriction at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the date of termination. For purposes of Section 7 hereof, the Employee shall be a "specified employee" for the 12-month period beginning on the first day of the fourth month following each "Identification Date" if he is a "key employee" (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of the Company at any time during the 12-month period ending on the "Identification Date." For purposes of the foregoing, the Identification Date shall be December 31.

(b) This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated thereunder ("Section 409A"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that no payments due under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may the Employee, directly or indirectly, designate the calendar year of payment. Notwithstanding anything contained herein to the contrary, the Employee shall not be considered to have terminated employment with the Company for purposes of Section 7 hereof unless he would be considered to have incurred a "termination of employment" from the Company within the meaning of Treasury Regulation §1.409A-1(h)(1)(ii).

(c) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Employee's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

[Signature follows on next page]

IN WITNESS WHEREOF, the Company and the Parent have caused this Agreement to be executed by their respective duly authorized officers and the Employee has signed this Agreement, all as of the first date above written but effective as of the Commencement Date.

PROGENITOR CELL THERAPY, LLC

By: _____
Name: GEORGE S. GOLDBERGER
Title: Chief Business & Financial Officer

NEOSTEM, INC.

By: _____
Name: Robin L. Smith
Title: Chairman & CEO

_____ 9/21/10
Andrew Pecora

ANNEX A – Andrew Pecora

NEOSTEM, INC.

Confidentiality, Non-Compete and Inventions Assignment Agreement

I am signing this Confidentiality, Non-Compete and Inventions Assignment Agreement (the "Agreement") in consideration of (a) the acquisition of Progenitor Cell Therapy LLC ("PCT") by NeoStem, Inc., a Delaware corporation ("NeoStem") and (b) my employment by PCT following the merger of PCT and a subsidiary of NeoStem (the "Merger") pursuant to an Employment Agreement among NeoStem, PCT and me dated this date (the "Employment Agreement"). For purposes of this Agreement, the "Company" refers collectively to NeoStem and its subsidiaries, including PCT immediately after the Merger.

I (the "Employee") recognize that NeoStem is engaged in the business of operating a commercial autologous adult stem cell bank and the pre-disease collection, processing and long-term storage of adult stem cells; the research and development of very small embryonic like (VSEL) stem cells and other stem cell populations and is pursuing other stem cell initiatives in China and elsewhere as well as engaging in the generic pharmaceutical business in China (the "NeoStem Business"). Any business in which NeoStem becomes engaged after the Merger (that is not part of the PCT Business) shall be considered part of the NeoStem Business. PCT is engaged in the business of providing services in the stem cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, consulting, product characterization and comparability, and storage, distribution, manufacturing and transport of cell therapy products, which includes each of (i) human cells, tissues, and cellular- and tissue- based products as defined under 21 C.F.R. § 1271, specifically, articles, containing or consisting of human cells or tissues that are intended for implantation, transplantation, infusion, or transfer into a human recipient, including but not limited to hematopoietic stem/progenitor cells derived from peripheral and cord blood; (ii) human cellular- and tissue-based products PCT produces that are more than minimally manipulated for non-homologous use combined with at least one other article that raises new clinical safety concerns and/or has systemic effect on the metabolic activity of living cells for its primary function and are applicable to the prevention, treatment, or cure of a disease or condition of human beings; (iii) somatic cell-based products that are procured from a donor and intended for manipulation and/or administration as it is defined by the America Association of Blood Banks; and (iv) any definition proscribed by applicable state, local, or other Non-governmental Regulatory Body (the "PCT Business"). The NeoStem Business and the PCT Business are collectively referred to as the "Business". Any company with which the Company enters into, or seeks or considers entering into, a business relationship in furtherance of the Business is referred to as a "Business Partner. I understand that as part of my

performance of duties as an employee of the Company (the "Engagement"), I will have access to confidential or proprietary information of the Company and the Business Partners, and I may make new contributions and inventions of value to the Company. I further understand that my Engagement creates in me a duty of trust and confidentiality to the Company with respect to any information: (1) related, applicable or useful to the business of the Company, including the Company's anticipated research and development or such activities of its Business Partners; (2) resulting from tasks performed by me for the Company; (3) resulting from the use of equipment, supplies or facilities owned, leased or contracted for by the Company; or (4) related, applicable or useful to the business of any partner, client or customer of the Company, which may be made known to me or learned by me during the period of my Engagement.

For purposes of this Agreement, the following definitions apply:

"Proprietary Information" shall mean information relating to the Business or the business of any Business Partner and generally unavailable to the public that has been created, discovered, developed or otherwise has become known to the Company or in which property rights have been assigned or otherwise conveyed to the Company or a Business Partner, which information has economic value or potential economic value to the business in which the Company is or will be engaged. Proprietary Information shall include, but not be limited to, trade secrets, processes, formulas, writings, data, know-how, negative know-how, improvements, discoveries, developments, designs, inventions, techniques, technical data, patent applications, customer and supplier lists, financial information, business plans or projections and any modifications or enhancements to any of the above.

"Inventions" shall mean all Business-related discoveries, developments, designs, improvements, inventions, formulas, software programs, processes, techniques, know-how, negative know-how, writings, graphics and other data, whether or not patentable or registrable under patent, copyright or similar statutes, that are related to or useful in the business or future business of the Company or its Business Partners or result from use of premises or other property owned, leased or contracted for by the Company. Without limiting the generality of the foregoing, Inventions shall also include anything related to the Business that derives actual or potential economic value from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use.

As part of the consideration for my Engagement or continued Engagement, as the case may be, and the compensation received by me from the Company from time to time, I hereby agree as follows:

1. **Proprietary Information and Inventions.** All Proprietary Information and Inventions related to the Business shall be the sole property of the Company and its assigns, and the Company or its Business Partners, as the case may be, and their assigns shall be the sole owner of all patents, trademarks, service marks, copyrights and other rights (collectively referred to herein as "Rights") pertaining to Proprietary Information and Inventions. I hereby assign to the Company, any rights I may have or acquire in

Proprietary Information or Inventions or Rights pertaining to the Proprietary Information or Inventions which Rights arise in the course of my Engagement. I further agree as to all Proprietary Information or Inventions to which Rights arise in the course of my Engagement to assist the Company or any person designated by it in every proper way (but at the Company's expense) to obtain and from time to time enforce Rights relating to said Proprietary Information or Inventions in any and all countries. I will execute all documents for use in applying for, obtaining and enforcing such Rights in such Proprietary Information or Inventions as the Company may desire, together with any assignments thereof to the Company or persons designated by it. My obligation to assist the Company or any person designated by it in obtaining and enforcing Rights relating to Proprietary Information or Inventions shall continue beyond the cessation of my Engagement ("Cessation of my Engagement"). In the event the Company is unable, after reasonable effort, to secure my signature on any document or documents needed to apply for or enforce any Right relating to Proprietary Information or to an Invention, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agents and attorneys-in-fact to act for and in my behalf and stead in the execution and filing of any such application and in furthering the application for and enforcement of Rights with the same legal force and effect as if such acts were performed by me. I hereby acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my Engagement and which are protectable by copyright are "works for hire" as that term is defined in the United States Copyright Act (17 USCA, Section 101).

2. **Confidentiality.** At all times, both during my Engagement and after the Cessation of my Engagement, whether the cessation is voluntary or involuntary, for any reason or no reason, or by disability, I will keep in strictest confidence and trust all Proprietary Information, and I will not disclose or use or permit the use or disclosure of any Proprietary Information or Rights pertaining to Proprietary Information, or anything related thereto, without the prior written consent of the Company, except as may be necessary in the ordinary course of performing my duties for the Company. I recognize that the Company has received and in the future will receive from third parties (including Business Partners) their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree that I owe the Company and such third parties (including Business Partners), during my Engagement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence, and I will not disclose or use or permit the use or disclosure of any such confidential or proprietary information without the prior written consent of the Company, except as may be necessary in the ordinary course of performing my duties for the Company consistent with the Company's agreement with such third party.

3. Noncompetition and Nonsolicitation.

(a) During my Engagement, and for a period of two (2) years after the Cessation of my Engagement, I will not directly or indirectly, whether alone or in concert with others or as a partner, officer, director, consultant, agent, employee or stockholder of any company or commercial enterprise, directly or indirectly, engage in any activity in the United States, Canada or Asia that the Company shall determine in good faith is in competition with the Company concerning its work or any Business Partner's work in the Business. During my Engagement and for a period of two (2) years after the Cessation of my Engagement, I will not, either directly or indirectly, either alone or in concert with others, solicit or encourage any employee of or consultant to the Company or any Business Partner to leave the Company or Business Partner or engage directly or indirectly in competition with the Company or Business Partner in the Business. During my Engagement and for a period of two (2) years after the Cessation of my Engagement, I agree not to plan or otherwise take any preliminary steps, either alone or in concert with others, to set up or engage in any business enterprise that would be in competition with the Company in the Business. The following shall not be deemed to breach the foregoing obligation: (i) my ownership of stock, partnership interests or other securities of any entity not in excess of two percent (2%) of any class of such interests or securities which is publicly traded. It is understood and agreed that the restrictions contained in this Section 3 shall immediately cease to be of force and effect in the event the Company and its Business Partner ceases to be engaged in the Business.

(b) Employee acknowledges that (i) the restrictions contained in this section are reasonable and necessary to protect the legitimate business interests of the Company, (ii) that the two (2) year term of this obligation is reasonable in scope, and (iii) that this obligation is a material term, without which the Company would be unwilling to enter into an employment relationship with the Employee.

(c) Employee further acknowledges that any breach or threatened breach by Employee of any provision hereof may result in immediate and irreparable injury to the Company, and that such injury may not be readily compensable by monetary damages. In the event of any such breach or threatened breach, Employee acknowledges that, in addition to all other remedies available at law and equity, the Company shall be entitled to seek equitable relief (including a temporary restraining order, a preliminary injunction and/or a permanent injunction), and an equitable accounting of all earnings, profits or other benefits arising from such breach and will be entitled to receive such other damages, direct or consequential, as may be appropriate. In addition, and not instead of, those rights, Employee further acknowledges that Employee shall be responsible for payment of the fees and expenses of the Company's attorneys and experts, as well as the Company's court costs, pertaining to any suit, action, or other proceeding, arising directly or indirectly out of Employee's violation or threatened violation of any of the provisions of this section. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce this section.

(d) In consideration of the benefits to be received by me under the Merger Agreement, and as a condition to NeoStem's consummation of the Merger, I agree that the covenants set forth in this Section 3 shall extend to the date four (4) years after the effective date of the Merger if such date is after the date that is two (2) years after the Cessation of my Engagement.

4. Delivery of Company Property and Work Product. In the event of the Cessation of my Engagement, I will deliver to the Company all biological materials, devices, records, sketches, reports, memoranda, notes, proposals, lists, correspondence, equipment, documents, photographs, photostats, negatives, undeveloped film, drawings, specifications, tape recordings or other electronic recordings, programs, data, marketing material and other materials or property of any nature belonging to the Company or its clients or customers, and I will not take with me, or allow a third party to take, any of the foregoing or any reproduction of any of the foregoing.

5. No Conflict. I represent, warrant and covenant that my performance of all the terms of this Agreement and the performance of my duties for the Company does not and will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my Engagement. I have not entered into, and I agree that I will not enter into, any agreement, either written or oral, in conflict herewith.

6. No Use of Confidential Information. I represent, warrant and covenant that I have not brought and will not bring with me to the Company or use in my Engagement any materials or documents of a former employer, or any person or entity for which I have acted as an independent contractor or consultant, that are not generally available to the public, unless I have obtained written authorization from any such former employer, person or firm for their possession and use. I understand and agree that, in my service to the Company, I am not to breach any obligation of confidentiality that I have to former employers or other persons.

7. Equitable Relief. I acknowledge that irreparable injury may result to the Company from my violation or continued violation of the terms of this Agreement and, in such event, I expressly agree that the Company shall be entitled, in addition to damages and any other remedies provided by law, to an injunction or other equitable remedy respecting such violation or continued violation by me.

8. Severability. If any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable or otherwise invalid as written, the same shall be enforced and validated to the extent permitted by law. All provisions of this Agreement are severable, and the unenforceability or invalidity of any single provision hereof shall not affect the remaining provisions.

9. Miscellaneous. This Agreement shall be governed by and construed under the laws of the State of New York applied to contracts made and performed wholly within such state. No implied waiver of any provision within this Agreement shall arise in the absence of a waiver in writing, and no waiver with respect to a specific circumstance, event or occasion shall be construed as a continuing waiver as to similar circumstances, events or occasions. This Agreement, together with the offer letter or Employment Agreement between the Company and myself, contains the sole and entire agreement and understanding between the Company and myself with respect to the subject matter hereof and supersedes and replaces any prior agreements to the extent any such agreement is inconsistent herewith. This Agreement can be amended, modified, released or changed in whole or in part only by a written agreement executed by the Company and myself. This Agreement shall be binding upon me, my heirs, executors, assigns and administrators, and it shall inure to the benefit of the Company and each of its successors or assigns. This Agreement shall be effective as of the first day of my being retained to render services to the Company, even if such date precedes the date I sign this Agreement. The jurisdiction and venue provisions of the Employment Agreement are incorporated herein by reference.

10. Thorough Understanding of Agreement. I have read all of this Agreement and understand it completely, and by my signature below I represent that this Agreement is the only statement made by or on behalf of the Company upon which I have relied in signing this Agreement.

IN WITNESS WHEREOF, I have caused this Confidentiality, Non-Compete and Inventions Assignment Agreement to be signed on the date written below.

DATED: 9/28/10

Andrew Pecora

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of Sept. 23, 2010 and effective on the Commencement Date (as defined below) by and between Progenitor Cell Therapy, LLC (the "Company"), NeoStem, Inc. (the "Parent") and Robert Preti (the "Employee").

WITNESSETH:

WHEREAS, Employee currently serves as the Company's President;

WHEREAS, in connection with the acquisition of the Company by the Parent, pursuant to the terms of an Agreement and Plan of Merger dated as of September 23, 2010 (the "Merger Agreement"), the Company wishes to ensure the Employee's continued service in such capacity pursuant to the terms of this Agreement and Employee desires to do so; and

WHEREAS, it is a condition to Parent's obligation to consummate the transactions under the Merger Agreement that the Employee execute this Agreement and the Employee, as a major shareholder of the Company, wishes to induce the Parent to consummate the Merger by executing this Agreement and Annex A hereto;

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

Section 1. ***Employment.*** The Company agrees to employ the Employee, and the Employee agrees to be employed by the Company, upon the terms and conditions hereinafter provided, for a period commencing on the Closing Date of the Merger (each capitalized term as defined in the Merger Agreement) (the "Commencement Date") and, subject to earlier termination pursuant to Section 6 hereof, continuing for a four (4) year period until _____, 2014 (the "Term") and renewable upon mutual agreement of the parties hereto and the Parent. The Employee hereby represents and warrants that he has the legal capacity to execute and perform this Agreement, and that its execution and performance by him will not violate the terms of any existing agreement or understanding to which the Employee is a party. If the Merger is not consummated, or if the Merger Agreement is terminated, this Agreement shall be void ab initio.

Section 2. ***Position and Duties.*** During the Term, the Employee shall (i) render services as the President of the Company and (ii) perform duties consistent with such title and such other related duties as the Parent's Chief Executive Officer otherwise shall reasonably request. The CEO of the Parent shall have the power to direct, control and supervise the duties to be performed hereunder, the means and the manner of performing such duties, and the terms and time for performing said duties as are reasonable in keeping with Employee's office/position. Employee will report to the CEO of the Parent or such other person as may be mutually agreed upon (any such person to assume the related authority of the CEO of the Parent hereunder). Employee will also serve as Chairman of a newly-formed Quality Assurance and Ethics Committee, and will participate with the Parent in the formation of such committee and recruitment of high profile members recognized as leaders in the field of cell therapy, as required. As Chairman of the Quality Assurance and Ethics Committee, Employee shall be

entitled to report to the Board of Directors of the Parent at its regularly scheduled Board meetings on prior written notice to the Chairman of the Board. During the Term, and except for reasonable vacation periods pursuant to the Company's policies, the Employee shall devote substantially all of his business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries and affiliates. It is acknowledged that Employee currently serves on the SAB of ThermoGenesis Corp. and is entitled to maintain such position; provided, that Employee will be required to receive prior approval from the Board of Directors of the Parent in order to serve or continue to serve on any other boards or advisory boards of for-profit entities during the Term. Employee shall be based in or around Allendale, New Jersey or San Francisco, California; however, it is understood that reasonable travel shall be required from time-to-time to the Parent's executive offices in New York, NY and to other locations in which the Parent operates, including but not limited to China.

Section 3. ***Compensation***. For all services rendered by the Employee in any capacity required hereunder during the Term, the Employee shall be compensated as follows:

(a) The Company shall pay the Employee a fixed annual salary equal to $330,000 (the "Base Salary") in accordance with the Company's payroll practices, including the withholding of appropriate payroll taxes. The Base Salary will be increased to $350,000 on the first one year anniversary of the Commencement Date.

(b) The Employee shall be entitled to participate in all compensation and employee benefit plans or programs, and to receive all benefits and perquisites, which are approved by the Board of Directors of the Parent and are generally made available by the Company or the Parent to all salaried employees of the Company and to the extent permissible under the general terms and provisions of such plans or programs and in accordance with the provisions thereof. Notwithstanding any of the foregoing, nothing in this Agreement shall require the Company, the Parent nor any subsidiary or affiliate thereof to establish, maintain or continue any particular plan or program nor preclude the amendment, rescission or termination of any such plan or program that may be established from time to time.

(c) Effective upon the Commencement Date of this Agreement, the Employee shall be granted an option (the "Option") to purchase 400,000 shares (the "Option Shares") of the Parent's common stock, $.001 par value (the "Common Stock") under and subject to the Parent's 2009 Equity Compensation Plan ("2009 Equity Plan") at an exercise price equal to the closing price of the Common Stock on the Commencement Date. The Option shall vest and become exercisable subject to Employee's continued employment as to 100,000 Option Shares on each of the first, second, third, and fourth one year anniversaries of the Commencement Date provided that the Employee remains employed by the Company on each of such dates. The foregoing Options are subject in all respects to the terms and conditions of the 2009 Equity Plan and applicable law and shall be subject to a written grant agreement setting forth the terms and conditions to which such Option grant shall be subject. All Option and Option Share issuances are subject to Employee's execution of the Parent's Insider Trading Policy. In addition, Employee acknowledges that in his position, he will be an "affiliate" of the Parent for purposes of U.S. securities laws and the Option Shares and any transfer of the Option Shares will be treated as such.

(d) Employee shall be eligible for bonuses as determined by the Compensation Committee of the Parent's Board of Directors.

Section 4. ***Business Expenses.*** The Company shall pay or reimburse the Employee for all reasonable travel (it being understood that travel shall be arranged by the Company or the Parent) and other reasonable expenses incurred by the Employee in connection with the performance of his duties and obligations under this Agreement, subject to the Employee's presentation of appropriate vouchers or receipts in accordance with such policies and approval procedures as the Parent or the Company may from time to time establish for employees (including but not limited to prior approval of extraordinary expenses) and to preserve any deductions for Federal income taxation purposes to which the Parent or the Company may be entitled.

Section 5. ***Benefits; Perquisites; Expense Reimbursement.*** In addition to those payments set forth above, Employee shall be entitled to the following benefits and payments:

(a) Vacation. Employee shall be entitled to four (4) weeks paid vacation per calendar year (pro rated in the event of a service year which is shorter than a calendar year), in addition to Company holidays. Any vacation time not used during a calendar year will be forfeited without compensation.

(b) Perquisites and Reimbursement of Expenses. Employee shall receive perquisites offered to senior executives of the Parent, including, but not limited to, payment or reimbursement for cell phone, blackberry and internet service.

(c) Insurance. Employee shall be covered by a Directors and Officers Liability Insurance policy on the same terms as, and that generally covers, the directors and officers of the Parent and its subsidiaries, provided by the Parent at its expense.

Section 6. ***Termination of Employment.***

The Employee's employment hereunder may be terminated upon the occurrence of any of the following events:

(a) Termination for Cause. The Company may terminate the Employee's employment hereunder for Cause at any time. For purposes of this Agreement, "Cause" shall mean (i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company; (iii) personal dishonesty, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with Employee's duties; (v) chronic use of alcohol, drugs or other similar substances which affects the Employee's work performance; (vi) material breach by Employee of Employee's (x) employment agreement or (y) non-disclosure, non-competition, non-solicitation or other similar agreement executed by the Employee for the benefit of the Company or the Parent, where in the case of a breach of the

employment agreement pursuant to clause (vi)(x) such breach is not cured by Employee within 30 days following receipt of written notice specifying the breach; or (vii) gross negligence or failure directly related to management activity that directly results in Non-Performance of PCT Business (as defined in Section 7(e) hereof), where in the case of (vii) thirty (30) days' prior written notice of termination is given.

(b) Termination without Cause. The Company may terminate the Employee's employment hereunder other than for Cause at any time upon sixty (60) days prior written notice.

(c) Resignation for Good Reason. The Employee may voluntarily terminate his employment hereunder for Good Reason upon six (6) months' prior written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean (i) material breach by the Company of Employee's employment agreement; (ii) a material reduction by action of the Board of Directors of the Executive's duties, title, authority or responsibilities, relative to the Executive's duties, title, authority or responsibilities as in effect immediately prior to such reduction; *provided, however*, that a reduction in duties, title, authority or responsibilities that occurs by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Executive Officer and President of the Company remain Chief Executive Officer and President (or comparable position) of the Company's business operations that are a subsidiary or division of the acquirer following a Change of Control whereby the majority of the Board of Directors of the acquiring entity after the acquisition would remain in place) shall not by itself constitute Good Reason; or (iii) the Company seeks to relocate Employee more than 150 miles from Allendale, New Jersey or San Francisco, California, as applicable. Anything herein to the contrary notwithstanding, "Good Reason" shall not be deemed to occur within the meaning of clauses (i) - (iii) above unless the Employee provides written notice to the Company within thirty (30) days of the initial occurrence of the event or condition constituting Good Reason stating the basis of such termination and the Company fails to cure such event or condition within thirty (30) days of receipt of such notice, and the Employee's employment shall not be deemed to be terminated for Good Reason unless the Employee's voluntary termination for Good Reason occurs no more than one (1) year after the initial occurrence of the event or condition constituting Good Reason.

(d) Resignation without Good Reason. The Employee may voluntarily terminate his employment hereunder for any reason at any time, including for any reason that does not constitute Good Reason, upon six (6) months' prior written notice to the Company or (2) two months' prior written notice if the Company makes a material change in the direction or activities of the Company that is in direct conflict with recommendations of the Quality Assurance and Ethics Committee.

(e) Disability. The Employee's employment hereunder shall terminate upon his Disability. For purposes of this Agreement, "Disability" shall mean the inability of the Employee to perform his duties to the Company on account of physical or mental illness or incapacity for a period of ninety (90) consecutive calendar days or one hundred eighty (180) calendar days (whether or not consecutive) during any 365-day period, as a result of a condition that is treated as a total or permanent disability under the long-term disability insurance policy of the Company or the Parent that covers the Employee.

(f) Death. The Employee's employment hereunder shall terminate upon his death.

(g) Resignation from Directorships, Officerships and Committees. The termination of the Employee's employment for any reason shall constitute the Employee's resignation from (i) any director, officer, employee or committee position the Employee has with the Company, the Parent or any of their affiliates and (ii) all fiduciary positions the Employee holds with respect to any employee benefit plans or trusts established by the Company or the Parent. The Employee agrees that this Agreement shall serve as written notice of resignation in this circumstance.

Section 7. ***Compensation upon Termination of Employment.*** All defined terms used in this Section 7 but not defined in Section 7(e) or elsewhere in this Agreement or the Merger Agreement shall have the meanings ascribed to such terms in the Confidentiality, Non-Compete and Inventions Assignment Agreement attached as Annex A hereto:

(a) Resignation for Good Reason; Termination without Cause. In the event that during the Term the Company terminates Employee's employment other than for Cause or the Employee voluntarily terminates his employment for Good Reason, the Company shall provide the Employee with the following payments and benefits, subject to the Employee's execution and nonrevocation of a release of claims as provided in Section 7(d) hereof and compliance with the restrictive covenants referred to in Section 8 hereof:

(i) Accrued Rights. The Company shall pay the Employee a lump-sum amount, within thirty (30) business days following the date of termination of the Employee's employment, equal to the sum of his earned but unpaid Base Salary through the date of termination, and (B) any unreimbursed business expenses or other amounts due to the Employee from the Company as of the date of termination (the "Accrued Rights").

(ii) Additional Payments. Pursuant to Section 6.6 of the Merger Agreement and Section 3 of Annex A hereto, the Employee has agreed to certain restrictions on his ability to compete with the Combined Business. As additional consideration for his agreement with respect to No Competition in the Combined Business, the Company shall continue to pay the Employee for up to twelve (12) months of Base Salary in accordance with its customary payroll practices, such payments to commence on the first regular payroll date that occurs on or after the 55th day after the date of termination of employment (with all payments cumulative through the first payment date) and the Employee will be governed by the restrictions applicable to No Competition in the Combined Business until the date that is the later of the date that is (x) four (4) years from the Closing of the Merger or (y) twelve (12) months from the date of termination of employment; provided however, that if the Company so elects in its sole discretion (which election shall be made no later than three (3) months after the date of termination of Employee's employment) it may on notice to Employee extend the dates in clause (y) above by twelve (12) months (i.e. the No Competition period shall extend to the date that is the later of four (4) years from the Closing of the Merger or twenty-four (24) months from the date of termination of employment), but the Company then must

compensate the Employee post-termination with up to twenty-four (24) months in the aggregate of Base Salary payments. The Company will only be required to make the payments set forth in this Section 7(a)(ii) on the condition that Employee executes and delivers to the Company, no later than 45 days after the date of termination, a Release (as defined below) and does not revoke the Release.

(iii) Continued Benefits. The Employee and his eligible dependents shall be entitled to continue participation in the Company's group health plans in accordance with the health care continuation requirements of the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA"). The Company shall reimburse the Employee for the cost of COBRA premiums paid by the Employee in order to maintain such healthcare coverage for a period of twelve (12) months after the termination of employment or such shorter period of time remaining in the Term or if sooner, until the date coverage is made available to the Employee from a successor employer or otherwise.

(iv) Stock Options. All unvested stock options granted to Employee pursuant to Section 3(c) above that would have vested if Employee had remained in the employment of the Company for a period of one year after the date of termination of his employment will be deemed vested, all other unvested options will terminate immediately upon such a termination of employment and otherwise stock options shall be treated in accordance with the 2009 Equity Plan.

(b) Resignation without Good Reason; Termination for Cause or upon Death or Disability. In the event that during the Term the Company terminates Employee's employment for Cause, the Employee voluntarily terminates his employment other than for Good Reason, or the Employee's employment is terminated on account of death or Disability, the Company shall pay the Employee and provide him with any Accrued Rights under Section 7(a)(i) hereof. The Employee will be governed by the restrictions applicable to No Competition in the Combined Business until the date that is the later of the date that is four (4) years from the closing of the Merger or (y) two (2) years from the date of termination of employment, without additional compensation. All stock options shall be treated in accordance with the 2009 Equity Plan.

(c) No Further Rights. The Employee shall have no further rights under this Agreement or otherwise to receive any other compensation or benefits after such termination or resignation of employment, except with respect to the payments provided for under this Section 7. Employee acknowledges that all additional payments set forth in Section 7(a)(ii) are additional consideration for compliance with the restrictive covenants regarding non-competition in the PCT Business.

(d) Release of Claims. Notwithstanding anything contained in this Agreement to the contrary, the Company's and Parent's provision of the payments and benefits under such Sections 7(a)(ii), (iii) and (iv) hereof shall be contingent in all respects upon the Employee executing (and not revoking) a general release of claims against the Company, the Parent and its affiliates, in the form provided by the Company or the Parent (the "Release").

(e) Definitions.

(i) "NeoStem Business": The Parent is engaged in the business of operating a commercial autologous adult stem cell bank and the pre-disease collection, processing and long-term storage of adult stem cells; the research and development of very small embryonic like (VSEL) stem cells and other stem cell populations and is pursuing other stem cell initiatives in the People's Republic of China and elsewhere as well as engaging in the generic pharmaceutical business in China (the "NeoStem Business"). Any business in which Parent actively becomes engaged after the Merger (that is not part of the PCT Business) shall be considered part of the NeoStem Business.

(ii) "PCT Business": The Company and its subsidiaries are engaged in services in the stem cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, consulting, product characterization and comparability, and storage, distribution, manufacturing and transport of Cell Therapy Products (as defined in the Merger Agreement) (the "PCT Business").

(iii) "Combined Business": The NeoStem Business and the PCT Business are referred to as the "Combined Business."

(iv) "Non-Performance of PCT Business" shall mean that gross revenues generated by the PCT Business in any calendar year are 50% or more below the gross revenues reported for 2009 in PCT's 2009 audited GAAP financial statements due to actions or inactions on the part of the Employee as determined by the Parent in the exercise of its reasonable discretion.

(v) "Competition" shall not include (i) the practice of medicine; or (ii) employment as a physician, administrator or in a technical position by a clinical institution or employment or service in any of the following positions: (A) Board role, advisory role or management position in a division of a non-generic pharmaceutical company so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, (B) Board role, advisory role or management position in a division of a biotechnology company so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, (C) Board role, advisory role or management position in a division of a diagnostics company, so long as in each case the division is not engaged in a business competitive with the Combined Business, the NeoStem Business or the PCT Business, and the Employee agrees not to consult or interact with any division of the new company that may be engaged in the Combined Business, the NeoStem Business or the PCT Business, as the case may be, and so long as Employee's role in any such company is not involved

in any way with any such businesses during the period covered by the applicable Non Compete.

Section 8. ***Confidentiality; Covenant Against Competition; Proprietary Information; Corporate Policies; Key Person Life Insurance.***

(a) Confidentiality, Non-Compete and Inventions Assignment Agreement. The Employee acknowledges that Employee as a condition to the Merger and to this Agreement, is simultaneously executing a Confidentiality, Non-Compete and Inventions Assignment Agreement attached hereto as Annex A and that the terms of such agreement will be in full force and effect as of the Commencement Date. For the sake of clarity, it is understood that such agreement has been modified from the Parent's standard form to include the specific provisions set forth in this Agreement.

(b) Corporate Policies. The Employee acknowledges and agrees that on the Commencement Date, he will execute and be bound by the Parent's various corporate policies, including but not limited to its expense reimbursement policies.

(c) Key Person Life Insurance. Employee shall cooperate in all respects with the Company's efforts to obtain and maintain key person insurance on his life in an amount to be determined by the Parent Board of Directors in its reasonable discretion.

Section 9. ***Withholding Taxes.*** The Company or Parent may directly or indirectly withhold from any payments made under this Agreement all Federal, state, city or other taxes and all other deductions as shall be required pursuant to any law or governmental regulation or ruling or pursuant to any contributory benefit plan maintained by the Company or Parent in which the Employee may participate.

Section 10. ***Notices.*** All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by certified or registered mail or by use of an independent third party commercial delivery service for same day or next day delivery and providing a signed receipt as follows:

(a) To the Company (with a copy to Parent):
Progenitor Cell Therapy, LLC
4 Pearl Court
Suite C
Allendale, NJ 07401
Attention: Vice President-Business Development

(b) To the Parent:
NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attention: General Counsel

(c) To the Employee:
Robert A. Preti, Ph.D.
80 Nursery Road
Ridgefield, CT 06877

or to such other address as either party shall have previously specified in writing to the other. Notice by mail shall be deemed effective on the second business day after its deposit with the United States Postal Service, notice by same day courier service shall be deemed effective on the day of deposit with the delivery service and notice by next day delivery service shall be deemed effective on the day following the deposit with the delivery service.

Section 11. ***No Attachment.*** Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect; provided, however, that nothing in this Section 11 shall preclude the assumption of such rights by executors, administrators or other legal representatives of the Employee or his estate and their conveying any rights hereunder to the person or persons entitled thereto.

Section 12. ***Source of Payment.*** All payments provided for under this Agreement shall be paid in cash from the general funds of the Company. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Employee shall have no right, title or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and the Employee or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right, without prejudice to rights which employees may have, shall be no greater than the right of an unsecured creditor of the Company.

Section 13. ***Binding Agreement; No Assignment.*** This Agreement shall be binding upon, and shall inure to the benefit of, the Employee, the Company and the Parent and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Employee and may not be assigned by him. This Agreement may not be assigned by the Company except (a) in connection with a sale of all or substantially all of its assets or a merger or consolidation of the Company or the Parent, or (b) to an entity that is a subsidiary or affiliate of the Company or the Parent. Any attempted assignment in violation of this Section 13 shall be null and void.

Section 14. ***Governing Law; Consent to Jurisdiction.*** The validity, interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of New York. In addition, the Employee, the Company and the Parent irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States District Court sitting in New York County for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on the Employee, the Company or the Parent anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. The Employee, the Company and the Parent irrevocably consent to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court.

Section 15. ***Entire Agreement; Amendments.*** This Agreement (together with Annex A hereto and the Merger Agreement) embodies the entire agreement between Employee, the Company and the Parent with respect to the subject matter hereof and may only be amended or otherwise modified by a writing executed by all of the parties hereto.

Section 16. ***Counterparts.*** This Agreement may be executed in any number of counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

Section 17. ***Severability; Blue-Pencilling..*** The provisions, sections and paragraphs, and the specific terms set forth therein, of this Agreement are severable. If any provision, section or paragraph, or specific term contained therein, of this Agreement or the application thereof is determined by a court to be illegal, invalid or unenforceable, that provision, section, paragraph or term shall not be a part of this Agreement, and the legality, validity and enforceability of remaining provisions, sections and paragraphs, and all other terms therein, of this Agreement shall not be affected thereby. The Employee acknowledges and agrees that as to himself, the restrictive covenants contained herein and in Annex A hereto (the "Restrictive Covenants") are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of such Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. It is the desire and intent of the parties that the Restrictive Covenants will be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any Restrictive Covenant shall be adjudicated to be invalid or unenforceable, such Restrictive Covenant shall be deemed amended to the extent necessary in order that such provision be valid and enforceable, such amendment to apply only with respect to the operation of such Restrictive Covenant in the particular jurisdiction in which such adjudication is made.

Section 18. ***Prior Agreements.*** This Agreement supersedes all prior agreements and understandings (including verbal agreements) between Employee, the Company and the Parent regarding the terms and conditions of Employee's employment with the Company.

Section 19. ***409A Compliance.***

(a) Notwithstanding anything to the contrary contained herein, if necessary to comply with the restriction in Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended (the "Code") concerning payments to "specified employees," any payment on account of the Employee's separation from service that would otherwise be due hereunder within six months after such separation shall nonetheless be delayed until the first business day of the seventh month following the Employee's date of termination and the first such payment shall include the cumulative amount of any payments that would have been paid prior to such date if not for such restriction, together with interest on such cumulative amount during the period of such restriction at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the date of termination. For purposes of Section 7 hereof, the Employee shall be a "specified employee" for the 12-month period beginning on the first day of the fourth month following each "Identification Date" if he is a "key employee" (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of the Company at any time during the 12-month period ending on the "Identification Date." For purposes of the foregoing, the Identification Date shall be December 31.

(b) This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated thereunder ("Section 409A"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that no payments due under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may the Employee, directly or indirectly, designate the calendar year of payment. Notwithstanding anything contained herein to the contrary, the Employee shall not be considered to have terminated employment with the Company for purposes of Section 7 hereof unless he would be considered to have incurred a "termination of employment" from the Company within the meaning of Treasury Regulation §1.409A-1(h)(1)(ii).

(c) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Employee's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

[Signature follows on next page]

IN WITNESS WHEREOF, the Company and the Parent have caused this Agreement to be executed by their respective duly authorized officers and the Employee has signed this Agreement, all as of the first date above written but effective as of the Commencement Date.

PROGENITOR CELL THERAPY, LLC

By: Robert Preti
Name: ROBERT PRETI
Title: PRESIDENT & CSO

George Goldberger

NEOSTEM, INC.

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

Robert Preti
Robert Preti

ANNEX A – Robert Preti

NEOSTEM, INC.

Confidentiality, Non-Compete and Inventions Assignment Agreement

I am signing this Agreement in consideration of (a) the acquisition of Progenitor Cell Therapy LLC ("PCT") by NeoStem, Inc., a Delaware corporation ("NeoStem") and (b) my employment by PCT following the merger of PCT and a subsidiary of NeoStem (the "Merger") pursuant to an Employment Agreement among NeoStem, PCT and me dated this date (the "Employment Agreement"). For purposes of this Agreement, the "Company" refers collectively to NeoStem and its subsidiaries, including PCT immediately after the Merger.

I (the "Employee") recognize that NeoStem is engaged in the business of operating a commercial autologous adult stem cell bank and the pre-disease collection, processing and long-term storage of adult stem cells; the research and development of very small embryonic like (VSEL) stem cells and other stem cell populations and is pursuing other stem cell initiatives in China and elsewhere as well as engaging in the generic pharmaceutical business in China (the "NeoStem Business"). Any business in which NeoStem becomes engaged after the Merger (that is not part of the PCT Business) shall be considered part of the NeoStem Business. PCT is engaged in the business of providing services in the stem cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, consulting, product characterization and comparability, and storage, distribution, manufacturing and transport of cell therapy products, which includes each of (i) human cells, tissues, and cellular- and tissue- based products as defined under 21 C.F.R. § 1271, specifically, articles, containing or consisting of human cells or tissues that are intended for implantation, transplantation, infusion, or transfer into a human recipient, including but not limited to hematopoietic stem/progenitor cells derived from peripheral and cord blood; (ii) human cellular- and tissue-based products PCT produces that are more than minimally manipulated for non-homologous use combined with at least one other article that raises new clinical safety concerns and/or has systemic effect on the metabolic activity of living cells for its primary function and are applicable to the prevention, treatment, or cure of a disease or condition of human beings; (iii) somatic cell-based products that are procured from a donor and intended for manipulation and/or administration as it is defined by the America Association of Blood Banks; and (iv) any definition proscribed by applicable state, local, or other Non-governmental Regulatory Body (the "PCT Business"). The NeoStem Business and the PCT Business are collectively referred to as the "Business". Any company with which the Company enters into or is currently seeking to enter into, a business relationship in furtherance of the Business is referred to as a "Business Partner". As it relates to the Employment Agreement, the covenants set forth in Section 3 hereof as they relate to (1) the Business,

are the restrictions applicable to No Competition in the Combined Business, (2) the PCT Business, are the restrictions applicable to No Competition in the PCT Business and (3) the NeoStem Business, are the restrictions applicable to No Competition in the NeoStem Business. I understand that as part of my performance of duties as an employee of the Company (the "Engagement"), I will have access to confidential or proprietary information of the Company and the Business Partners, and I may make new contributions and inventions of value to the Company. I further understand that my Engagement creates in me a duty of trust and confidentiality to the Company with respect to any information: (1) related, applicable or useful to the business of the Company, including the Company's anticipated research and development or such activities of its Business Partners; (2) resulting from tasks performed by me for the Company; (3) resulting from the use of equipment, supplies or facilities owned, leased or contracted for by the Company; or (4) related, applicable or useful to the business of any partner, client or customer of the Company, which may be made known to me or learned by me during the period of my Engagement.

For purposes of this Agreement, the following definitions apply:

"Proprietary Information" shall mean information relating to the Business or the business of any Business Partner and generally unavailable to the public that has been created, discovered, developed or otherwise has become known to the Company or in which property rights have been assigned or otherwise conveyed to the Company or a Business Partner, which information has economic value or potential economic value to the business in which the Company is or will be engaged. Proprietary Information shall include, but not be limited to, trade secrets, processes, formulas, writings, data, know-how, negative know-how, improvements, discoveries, developments, designs, inventions, techniques, technical data, patent applications, customer and supplier lists, financial information, business plans or projections and any modifications or enhancements to any of the above.

"Inventions" shall mean all Business-related discoveries, developments, designs, improvements, inventions, formulas, software programs, processes, techniques, know-how, negative know-how, writings, graphics and other data, whether or not patentable or registrable under patent, copyright or similar statutes, that are related to or useful in the business of the Company or result from use of premises or other property owned, leased or contracted for by the Company. Without limiting the generality of the foregoing, Inventions shall also include anything related to the Business that derives actual or potential economic value from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use.

As part of the consideration for my Engagement or continued Engagement, as the case may be, and the compensation received by me from the Company from time to time, I hereby agree as follows:

1. **Proprietary Information and Inventions.** All Proprietary Information and Inventions related to the Business shall be the sole property of the Company and its assigns, and the Company or its Business Partners, as the case may be, and their assigns

shall be the sole owner of all patents, trademarks, service marks, copyrights and other rights (collectively referred to herein as "Rights") pertaining to Proprietary Information and Inventions. I hereby assign to the Company, any rights I may have or acquire in Proprietary Information or Inventions or Rights pertaining to the Proprietary Information or Inventions which Rights arise in the course of my Engagement. I further agree as to all Proprietary Information or Inventions to which Rights arise in the course of my Engagement to assist the Company or any person designated by it in every proper way (but at the Company's expense) to obtain and from time to time enforce Rights relating to said Proprietary Information or Inventions in any and all countries. I will execute all documents for use in applying for, obtaining and enforcing such Rights in such Proprietary Information or Inventions as the Company may desire, together with any assignments thereof to the Company or persons designated by it. My obligation to assist the Company or any person designated by it in obtaining and enforcing Rights relating to Proprietary Information or Inventions shall continue beyond the cessation of my Engagement ("Cessation of my Engagement"). In the event the Company is unable, after reasonable effort, to secure my signature on any document or documents needed to apply for or enforce any Right relating to Proprietary Information or to an Invention, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agents and attorneys-in-fact to act for and in my behalf and stead in the execution and filing of any such application and in furthering the application for and enforcement of Rights with the same legal force and effect as if such acts were performed by me. I hereby acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my Engagement and which are protectable by copyright are "works for hire" as that term is defined in the United States Copyright Act (17 USCA, Section 101).

2. **Confidentiality.** At all times, both during my Engagement and after the Cessation of my Engagement, whether the cessation is voluntary or involuntary, for any reason or no reason, or by disability, I will keep in strictest confidence and trust all Proprietary Information, and I will not disclose or use or permit the use or disclosure of any Proprietary Information or Rights pertaining to Proprietary Information, or anything related thereto, without the prior written consent of the Company, except as may be necessary in the ordinary course of performing my duties for the Company. I recognize that the Company has received and in the future will receive from third parties (including Business Partners) their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree that I owe the Company and such third parties (including Business Partners), during my Engagement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence, and I will not disclose or use or permit the use or disclosure of any such confidential or proprietary information without the prior written consent of the Company, except as may be necessary in the ordinary course of performing my duties for the Company consistent with the Company's agreement with such third party.

3. Noncompetition and Nonsolicitation.

(a) During my Engagement, and for a period of two (2) years after the Cessation of my Engagement, subject to the terms described in the Employment Agreement and the provisions of Section 3(e) below, I will not directly or indirectly, whether alone or in concert with others or as a partner, officer, director, consultant, agent, employee or stockholder of any company or commercial enterprise, directly or indirectly, engage in any activity in the United States, Canada or Asia that the Company shall determine in good faith is in competition with the Company concerning its work or any Business Partner's work in the Business. During my Engagement and for a period of two (2) years after the Cessation of my Engagement, I will not, either directly or indirectly, either alone or in concert with others, solicit or encourage any employee of or consultant to the Company or any Business Partner to leave the Company or Business Partner or engage directly or indirectly in competition with the Company or Business Partner in the Business. During my Engagement and for a period of two (2) years after the Cessation of my Engagement, I agree not to plan or otherwise take any preliminary steps, either alone or in concert with others, to set up or engage in any business enterprise that would be in competition with the Company in the Business, subject to the terms described in the Employment Agreement and the provisions of Section 3(e) below. The following shall not be deemed to breach the foregoing obligation: (i) my ownership of stock, partnership interests or other securities of any entity not in excess of two percent (2%) of any class of such interests or securities which is publicly traded. It is understood and agreed that the restrictions contained in this Section 3 shall immediately cease to be of force and effect in the event the Company and its Business Partner ceases to be engaged in the Business.

(b) Employee acknowledges that (i) the restrictions contained in this section are reasonable and necessary to protect the legitimate business interests of the Company, (ii) that the two (2) year term of this obligation is reasonable in scope, and (iii) that this obligation is a material term, without which the Company would be unwilling to enter into an employment relationship with the Employee.

(c) Employee further acknowledges that any breach or threatened breach by Employee of any provision hereof may result in immediate and irreparable injury to the Company, and that such injury may not be readily compensable by monetary damages. In the event of any such breach or threatened breach, Employee acknowledges that, in addition to all other remedies available at law and equity, the Company shall be entitled to seek equitable relief (including a temporary restraining order, a preliminary injunction and/or a permanent injunction), and an equitable accounting of all earnings, profits or other benefits arising from such breach and will be entitled to receive such other damages, direct or consequential, as may be appropriate. . The Company shall not be required to post any bond or other security in connection with any proceeding to enforce this section.

(d) In consideration of the benefits to be received by me under the Merger Agreement, and as a condition to NeoStem's consummation of the Merger, I agree that the covenants set forth in this Section 3 shall extend to the date four (4) years after the

effective date of the Merger if such date is after the date that is two (2) years after the Cessation of my Engagement.

(e) Under certain circumstances set forth in the Employment Agreement, the period of time during which I may be bound not to compete with respect to the PCT Business may be reduced if I am terminated without Cause or if I terminate my employment with Good Reason and certain payments are not made to me. Capitalized terms used in this paragraph shall have the meanings set forth in the Employment Agreement.

4. Delivery of Company Property and Work Product. In the event of the Cessation of my Engagement, I will deliver to the Company all biological materials, devices, records, sketches, reports, memoranda, notes, proposals, lists, correspondence, equipment, documents, photographs, photostats, negatives, undeveloped film, drawings, specifications, tape recordings or other electronic recordings, programs, data, marketing material and other materials or property of any nature belonging to the Company or its clients or customers, and I will not take with me, or allow a third party to take, any of the foregoing or any reproduction of any of the foregoing.

5. No Conflict. I represent, warrant and covenant that my performance of all the terms of this Agreement and the performance of my duties for the Company does not and will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my Engagement. I have not entered into, and I agree that I will not enter into, any agreement, either written or oral, in conflict herewith.

6. No Use of Confidential Information. I represent, warrant and covenant that I have not brought and will not bring with me to the Company or use in my Engagement any materials or documents of a former employer, or any person or entity for which I have acted as an independent contractor or consultant, that are not generally available to the public, unless I have obtained written authorization from any such former employer, person or firm for their possession and use. I understand and agree that, in my service to the Company, I am not to breach any obligation of confidentiality that I have to former employers or other persons.

7. Equitable Relief. I acknowledge that irreparable injury may result to the Company from my violation or continued violation of the terms of this Agreement and, in such event, I expressly agree that the Company shall be entitled, in addition to damages and any other remedies provided by law, to an injunction or other equitable remedy respecting such violation or continued violation by me.

8. Severability. If any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable or otherwise invalid as written, the same shall be enforced and validated to the extent permitted by law. All provisions of this Agreement are severable, and the unenforceability or invalidity of any single provision hereof shall not affect the remaining provisions.

9. **Miscellaneous.** This Agreement shall be governed by and construed under the laws of the State of New York applied to contracts made and performed wholly within such state. No implied waiver of any provision within this Agreement shall arise in the absence of a waiver in writing, and no waiver with respect to a specific circumstance, event or occasion shall be construed as a continuing waiver as to similar circumstances, events or occasions. This Agreement, together with the offer letter or Employment Agreement between the Company and myself, contains the sole and entire agreement and understanding between the Company and myself with respect to the subject matter hereof and supersedes and replaces any prior agreements to the extent any such agreement is inconsistent herewith. This Agreement can be amended, modified, released or changed in whole or in part only by a written agreement executed by the Company and myself. This Agreement shall be binding upon me, my heirs, executors, assigns and administrators, and it shall inure to the benefit of the Company and each of its successors or assigns. This Agreement shall be effective as of the first day of my being retained to render services to the Company, even if such date precedes the date I sign this Agreement. The jurisdiction and venue provisions of the Employment Agreement are incorporated herein by reference.

10. **Thorough Understanding of Agreement.** I have read all of this Agreement and understand it completely, and by my signature below I represent that this Agreement is the only statement made by or on behalf of the Company upon which I have relied in signing this Agreement.

IN WITNESS WHEREOF, I have caused this Confidentiality, Non-Compete and Inventions Assignment Agreement to be signed on the date written below.

DATED: Sept. 23, 2010

Robert Preti

Robert Preti

NEOSTEM, INC.

2009 EQUITY COMPENSATION PLAN

1. **Purposes of the Plan**. The purposes of this NeoStem, Inc. 2009 Equity Compensation Plan (the "Plan") are: to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants, and to promote the success of the Company and any Parent or Subsidiary. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Awards, Unrestricted Shares and Stock Appreciation Rights may also be granted under the Plan.

2. **Definitions**. As used herein, the following definitions shall apply:

"Administrator" means a Committee which has been delegated the responsibility of administering the Plan in accordance with Section 4 of the Plan or, if there is no such Committee, the Board.

"Applicable Laws" means the requirements relating to the administration of equity compensation plans under the applicable corporate and securities laws of any of the states in the United States, U.S. federal securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

"Award" means an Option, a Stock Award, a Stock Appreciation Right and/or the grant of Unrestricted Shares.

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

"Cause", with respect to any Service Provider, means (unless otherwise determined by the Administrator) such Service Provider's (i) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company; (iii) personal dishonesty, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with the Service Provider's duties; (v) chronic use of alcohol, drugs or other similar substances which affects the Service Provider's work performance; or (vi) material breach of any provision of any employment, non-disclosure, non-competition, non-solicitation or other similar agreement executed by the Service Provider for the benefit of the Company, all as reasonably determined by the Committee, which determination will be conclusive. Notwithstanding the foregoing, if a Service Provider and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement, advisory agreement or other similar agreement that specifically defines "cause," then with respect to such Service Provider, "Cause" shall have the meaning defined in that employment agreement, consulting agreement, advisory agreement or other agreement.

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

"Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

"Common Stock" means the common stock, par value $.001 per share, of the Company.

"Company" means Neostem, Inc., a Delaware corporation.

"Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity, other than an Employee or a Director.

"Director" means a member of the Board.

"Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

"Employee" means any person, including officers and Directors, serving as an employee of the Company or any Parent or Subsidiary. An individual shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary or any successor. For purposes of an Option initially granted as an Incentive Stock Option, if a leave of absence of more than three months precludes such Option from being treated as an Incentive Stock Option under the Code, such Option thereafter shall be treated as a Nonstatutory Stock Option for purposes of this Plan. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

(i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NYSE Amex, Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, or any successor to any of them, the Fair Market Value of a Share of Common Stock shall be the closing sales price of a Share of Common Stock as quoted on such exchange or system for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Committee deems reliable, including without limitation, Yahoo! Finance;

(ii) if the Common Stock is regularly quoted by a recognized securities dealer but is not listed in the manner contemplated by clause (i) above, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock for such date (or the most recent trading day preceding such date if there were no trades on such date), as reported in The Wall Street Journal or such other source as the Committee deems reliable, including without limitation Yahoo! Finance; or

(iii) if neither clause (i) above nor clause (ii) above applies, the Fair Market Value shall be determined in good faith by the Administrator based on the reasonable application of a reasonable valuation method.

"Grant Agreement" means an agreement between the Company and a Participant evidencing the terms and conditions of an individual Option or Stock Appreciation Right grant. Each Grant Agreement shall be subject to the terms and conditions of the Plan.

"Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

"Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

"Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option grant, Stock Award grant or grant of Unrestricted Shares or Stock Appreciation Rights. The Notice of Grant applicable to Stock Options or Stock Appreciation Rights shall be part of the Grant Agreement.

"Option" means a stock option granted pursuant to the Plan.

"Optioned Stock" means the Common Stock subject to an Option.

"Optionee" means the holder of an outstanding Option granted under the Plan.

"Parent" means a "parent corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(e) of the Code.

"Participant" shall mean any Service Provider who holds an Option, Restricted Stock, a Stock Award, Unrestricted Shares or a Stock Appreciation Right granted or issued pursuant to the Plan.

"Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to such Rule 16b-3, as such rule is in effect when discretion is being exercised with respect to the Plan.

"Section 16(b)" means Section 16(b) of the Exchange Act.

"Service Provider" means an Employee, Director or Consultant.

"Share" means a share of the Common Stock, as adjusted in accordance with Section 16 of the Plan.

"Stock Appreciation Right" means a right awarded pursuant to Section 14 of the Plan.

"Stock Award" means an Award of Shares pursuant to Section 11 of the Plan or an award of Restricted Stock Units pursuant to Section 12 of the Plan.

"Stock Award Agreement" means an agreement, approved by the Administrator, providing the terms and conditions of a Stock Award.

"Stock Award Shares" means Shares subject to a Stock Award.

"Stock Awardee" means the holder of an outstanding Stock Award granted under the Plan.

"Subsidiary" means a "subsidiary corporation" of the Company (or, for purposes of Section 16(b) of the Plan, a successor to the Company), whether now or hereafter existing, as defined in Section 424(f) of the Code.

"Unrestricted Shares" means a grant of Shares made on an unrestricted basis pursuant to Section 13 of the Plan.

3. **Stock Subject to the Plan**. Subject to the provisions of Section 16(a) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 17,750,000 Shares, all of which may be issued in respect of Incentive Stock Options. The Shares may be authorized but unissued, or reacquired, shares of Common Stock. The maximum number of Shares subject to Options and Stock Appreciation Rights which may be issued to any Participant under the Plan during any calendar year is 1,900,000 Shares. If an Option or Stock Appreciation Right expires or becomes unexercisable without having been exercised in full or is canceled or terminated, or if any Shares of Restricted Stock or Shares underlying a Stock Award are forfeited or reacquired by the Company, the Shares that were subject thereto shall be added back to the Shares available for issuance under the Plan. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

4. **Administration of the Plan**.

(a) *Appointment*. The Plan shall be administered by a Committee to be appointed by the Board, which Committee shall consist of not less than two members of the Board and shall be comprised solely of members of the Board who qualify as both non-employee directors as defined in Rule 16b-3(b)(3) of the Exchange Act and outside directors within the meaning of Department of Treasury Regulations issued under Section 162(m) of the Code. The Board shall have the power to add or remove members of the Committee, from time to time, and to fill vacancies thereon arising; by resignation, death, removal, or otherwise. Meetings shall be held at such times and places as shall be determined by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting.

(b) *Powers of the Administrator*. The Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of Shares;

(ii) to select the Service Providers to whom Options, Stock Awards, Unrestricted Shares and/or Stock Appreciation Rights may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan or of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options and Stock Appreciation Rights may be exercised (which may be based on performance criteria), any vesting, acceleration or waiver of forfeiture provisions, and any restriction or limitation regarding any Option, Stock Appreciation Right or Stock Award, or the Shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to construe and interpret the terms of the Plan, Awards granted pursuant to the Plan and agreements entered into pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(viii) to modify or amend each Award (subject to Section 19(c) of the Plan), including the discretionary authority to extend, subject to the terms of the Plan, the post-termination exercisability period of Options or Stock Appreciation Rights longer than is otherwise provided for in a Grant Agreement and to accelerate the time at which any outstanding Option or Stock Appreciation Right may be exercised;

(ix) to allow grantees to satisfy withholding tax obligations by having the Company withhold from the Shares to be issued upon exercise of an Option or Stock Appreciation Right, upon vesting of a Stock Award, or upon the grant of Unrestricted Shares that number of Shares having a Fair Market Value equal to the amount required to be withheld, provided that withholding is calculated at the minimum statutory withholding level. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All determinations to have Shares withheld for this purpose shall be made by the Administrator in its discretion;

(x) to reduce the exercise price of any Option or Stock Appreciation Right;

(xi) to authorize any person to execute on behalf of the Company any agreement entered into pursuant to the Plan and any instrument required to effect the grant of an Award previously granted by the Administrator; and

(xii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) *Effect of Administrator's Decision*. The Administrator's decisions, determinations and interpretations shall be final and binding on all holders of Awards and Restricted Stock. None of the Board, the Committee or the Administrator, nor any member or delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and each of the foregoing shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including without limitation reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time.

(d) *Delegation of Grant Authority*. Notwithstanding any other provision in the Plan, the Board may authorize the Company's Chief Executive Officer or another executive officer of the Company or a committee of such officers ("Authorized Officers") to grant Options under the Plan; provided, however, that in no event shall the Authorized Officers be permitted to grant Options to (i) any Director, (ii) any person who is identified by the Company as an executive officer of the Company or who is subject to the restrictions imposed under Section 16 of the Exchange Act, (iii) any person who is not an employee of the Company or any Subsidiary, or (iv) such other person or persons as may be designated from time to time by the Board. If such authority is provided by the Board, the Board shall establish and adopt written guidelines setting forth the maximum number of shares for which the Authorized Officers may grant Options to any individual during a specified period of time and such other terms and conditions as the Board deems appropriate for such grants. Such guidelines may be amended by the Board prospectively at any time. Subject to the foregoing, the Authorized Officers shall have the same authority as the Administrator under this Section 4 with respect to the grant of Options under the Plan.

5. **Eligibility**. Nonstatutory Stock Options, Stock Awards, Unrestricted Shares and Stock Appreciation Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. Notwithstanding anything contained herein to the contrary, an Award may be granted to a person who is not then a Service Provider; provided, however, that the grant of such Award shall be conditioned upon such person becoming a Service Provider at or prior to the time of the execution of the agreement evidencing such Award.

6**.** **Limitations**.

(a) Each Option shall be designated in the Grant Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, if a single Employee becomes eligible in any given year to exercise Incentive Stock Options for Shares having a Fair Market Value in excess of $100,000, those Options representing the excess shall be treated as Nonstatutory Stock Options. In the previous sentence, "Incentive Stock Options" include Incentive Stock Options granted under any plan of the Company or any Parent or any Subsidiary. For the purpose of deciding which Options apply to Shares that "exceed" the $100,000 limit, Incentive Stock Options shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) Neither the Plan nor any Award nor any agreement entered into pursuant to the Plan shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause.

7. **Term of the Plan**. Subject to Section 22 of the Plan, the Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 19 of the Plan.

8. **Term of Options**. Unless otherwise provided in the applicable Grant Agreement, the term of each Option granted to anyone other than a Consultant shall be ten (10) years from the date of grant and the term of each Option granted to any Consultant shall be five (5) years from the date of grant. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns, directly or indirectly, stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the applicable Grant Agreement.

9. **Option Exercise Price; Exercisability**.

(a) *Exercise Price*. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant, or

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator; provided, however, that in the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price of a Nonstatutory Stock Option shall be no less than 100% of the Fair Market Value per Share on the date of grant, as determined by the Administrator in good faith.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% (or 110%, if clause (i)(A) above applies) of the Fair Market Value per Share on the date of grant pursuant to a merger or other comparable corporate transaction.

(b) *Exercise Period and Conditions*. At the time that an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised.

(c) *Reload Options*. The Administrator may grant Options with a reload feature. A reload feature shall only apply when the option price is paid by delivery of Common Stock (as set forth in Section 10(f)) or by having the Company reduce the number of shares otherwise issuable to an Optionee (as provided for in Section 10(f)) (a "Net Exercise"). The Grant Agreement for the Options containing the reload feature shall provide that the Option holder shall receive, contemporaneously with the payment of the exercise price in shares of Common Stock or in the event of a Net Exercise, a reload stock option (the "Reload Option") to purchase that number of shares of Common Stock equal to the sum of (i) the number of shares of Common Stock used to exercise the Option (or not issued in the case of a Net Exercise), and (ii) with respect to Nonstatutory Stock Options, the number of shares of Common Stock used to satisfy any tax withholding requirement incident to the exercise of such Nonstatutory Stock Option. The terms of the Plan applicable to the Option shall be equally applicable to the Reload Option with the following exceptions: (i) the exercise price per share of Common Stock deliverable upon the exercise of the Reload Option, (A) in the case of a Reload Option which is an Incentive Stock Option being granted to a 10% Stockholder, shall be one hundred ten percent (110%) of the Fair Market Value of a share of Common Stock on the date of grant of the Reload Option, and (B) in the case of a Reload Option which is an Incentive Stock Option being granted to a person other than a 10% Stockholder or is a Nonstatutory Stock Option, shall be the Fair Market Value of a share of Common Stock on the date of grant of the Reload Option; and (ii) the term of the Reload Option shall be equal to the remaining option term of the Option (including a Reload Option) which gave rise to the Reload Option. The Reload Option shall be evidenced by an appropriate amendment to the Grant Agreement for the Option which gave rise to the Reload Option. In the event the exercise price of an Option containing a reload feature is paid by check and not in shares of Common Stock, the reload feature shall have no application with respect to such exercise.

10. **Exercise of Options; Consideration.**

(a) *Procedure for Exercise; Rights as a Shareholder*. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Grant Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share. An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Grant Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Grant Agreement and Section 10(f) of the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 16 of the Plan. Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) *Termination of Relationship as a Service Provider*. Unless otherwise specified in the Grant Agreement or provided by the Administrator, if an Optionee ceases to be a Service Provider, other than as a result of (x) the Optionee's death or Disability, or (y) termination of such Optionee's employment or relationship with the Company with Cause, or (z) the Optionee's voluntary termination of employment other than as a result of retirement, the Optionee may exercise his or her Option for up to ninety (90) days following the date on which the Optionee ceases to be a Service Provider to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the date that the Optionee ceases to be a Service Provider the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan. An Optionee who changes his or her status as a Service Provider (e.g., from being an Employee to being a Consultant) shall not be deemed to have ceased being a Service Provider for purposes of this Section 10(b), nor shall a transfer of employment among the Company and any Subsidiary be considered a termination of employment; however, if an Optionee holding Incentive Stock Options ceases being an Employee but continues as a Service Provider, such Incentive Stock Options shall be deemed to be Nonstatutory Stock Options three months after the date of such cessation.

(c) *Disability of an Optionee*. Unless otherwise specified in the Grant Agreement, if an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option, to the extent the Option is vested on the date that the Optionee ceases to be a Service Provider, up until the one-year anniversary of the date on which the Optionee ceases to be a Service Provider (but in no event later than the expiration of the term of such Option as set forth in the Grant Agreement). If, on the date that the Optionee ceases to be a Service Provider, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after the Optionee ceases to be a Service Provider, the Optionee does not exercise his or her Option in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by such unexercised portion of the Option shall revert to the Plan.

(d) *Death of an Optionee*. Unless otherwise specified in the Grant Agreement, if an Optionee dies while a Service Provider, the Option may be exercised, to the extent that the Option is vested on the date of death, by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance up until the one-year anniversary of the Optionee's death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If the Option is not so exercised in full within the time set forth herein or the Grant Agreement, as applicable, the unexercised portion of the Option shall terminate, and the Shares covered by the unexercised portion of such Option shall revert to the Plan.

(e) *Termination for Cause or Voluntary Termination.* If a Service Provider's relationship with the Company is terminated for Cause, or if a Service Provider voluntarily terminates his or her relationship with the Company other than as a result of retirement, then, unless otherwise provided in such Service Provider's Grant Agreement or by the Administrator, such Service Provider shall have no right to exercise any of such Service Provider's Options at any time on or after the effective date of such termination.

(f) *Form of Consideration*. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) other Shares which (A) in the case of Shares acquired upon exercise of an option at a time when the Company is subject to Section 16(b) of the Exchange Act, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(iv) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(v) a reduction in the number of Shares otherwise issuable by a number of Shares having a Fair Market Value equal to the exercise price of the Option being exercised;

(vi) any combination of the foregoing methods of payment; or

(vii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

11. **Stock Awards**. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price as it determines) Shares to any Service Provider subject to such terms and conditions as the Administrator sets forth in a Stock Award Agreement evidencing such grant. Stock Awards may be granted or sold in respect of past services or other valid consideration or in lieu of any cash compensation otherwise payable to such individual. The grant of Stock Awards under this Section 11 shall be subject to the following provisions:

(a) At the time a Stock Award under this Section 11 is made, the Administrator shall establish a vesting period (the "Restricted Period") applicable to the Stock Award Shares subject to such Stock Award. The Administrator may, in its sole discretion, at the time a grant is made, prescribe restrictions in addition to the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives. None of the Stock Award Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period applicable to such Stock Award Shares or prior to the satisfaction of any other restrictions prescribed by the Administrator with respect to such Stock Award Shares.

(b) The Company shall issue, in the name of each Service Provider to whom Stock Award Shares have been granted, stock certificates representing the total number of Stock Award Shares granted to such person, as soon as reasonably practicable after the grant. The Company, at the direction of the Administrator, shall hold such certificates, properly endorsed for transfer, for the Stock Awardee's benefit until such time as the Stock Award Shares are forfeited to the Company, or the restrictions lapse.

(c) Unless otherwise provided by the Administrator, holders of Stock Award Shares shall have the right to vote such Shares and have the right to receive any cash dividends with respect to such Shares. All distributions, if any, received by a Stock Awardee with respect to Stock Award Shares as a result of any stock split, stock distribution, combination of shares, or other similar transaction shall be subject to the restrictions of this Section 11.

(d) Any Stock Award Shares granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee voluntarily terminates employment with the Company or its subsidiaries or resigns or voluntarily terminates his consultancy or advisory arrangement or directorship with the Company or its subsidiaries, or if the Stock Awardee's employment or the consultant's or advisor's consultancy or advisory arrangement or directorship is terminated for Cause, in each case prior to the expiration or termination of the applicable Restricted Period and the satisfaction of any other conditions applicable to such Stock Award Shares. Upon such forfeiture, the Stock Award Shares that are forfeited shall be retained in the treasury of the Company and be available for subsequent awards under the Plan. If the Stock Awardee's employment, consultancy or advisory arrangement or directorship terminates for any other reason prior to the expiration or termination of the applicable Restricted Period and the satisfaction of any other conditions applicable to such Stock Award Shares, the Stock Award Shares held by such person shall be forfeited, unless the Administrator, in its sole discretion, shall determine otherwise.

(e) Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Committee, the restrictions applicable to the Stock Award Shares shall lapse and, at the Stock Awardee's request, a stock certificate for the number of Stock Award Shares with respect to which the restrictions have lapsed shall be delivered, free of all such restrictions, to the Stock Awardee or his beneficiary or estate, as the case may be.

(f) Prior to the delivery of any shares of Common Stock in connection with a Stock Award under this Section 11, the Company shall be entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of shares of Common Stock otherwise deliverable in connection with a Stock Award, a number of shares of Common Stock having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations.

12. **Restricted Stock Units**. The Committee may, in its sole discretion, grant Restricted Stock Units to a Service Provider subject to such terms and conditions as the Committee sets forth in a Stock Award Agreement evidencing such grant. "Restricted Stock Units" are Awards denominated in units evidencing the right to receive Shares of Common Stock, which may vest over such period of time and/or upon satisfaction of such performance criteria or objectives as is determined by the Committee at the time of grant and set forth in the applicable Stock Award Agreement, without payment of any amounts by the Stock Awardee thereof (except to the extent required by law). Prior to delivery of shares of Common Stock with respect to an award of Restricted Stock Units, the Stock Awardee shall have no rights as a stockholder of the Company.

Upon satisfaction and/or achievement of the applicable vesting requirements relating to an award of Restricted Stock Units, the Stock Awardee shall be entitled to receive a number of shares of Common Stock that are equal to the number of Restricted Stock Units that became vested. To the extent, if any, set forth in the applicable Stock Award Agreement, cash dividend equivalents may be paid during, or may be accumulated and paid at the end of, the applicable vesting period, as determined by the Committee.

Unless otherwise provided by the Stock Award Agreement, any Restricted Stock Units granted to a Service Provider pursuant to the Plan shall be forfeited if the Stock Awardee's employment or service with the Company or its Subsidiaries terminates for any reason prior to the expiration or termination of the applicable vesting period and/or the achievement of such other vesting conditions applicable to the award.

Prior to the delivery of any shares of Common Stock in connection with an award of Restricted Stock Units, the Company shall be entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of shares of Common Stock otherwise deliverable in connection with an award of Restricted Stock Units, a number of shares of Common Stock having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations.

13. **Unrestricted Shares**. The Administrator may grant Unrestricted Shares in accordance with the following provisions:

(a) The Administrator may cause the Company to grant Unrestricted Shares to Service Providers at such time or times, in such amounts and for such reasons as the Administrator, in its sole discretion, shall determine. No payment shall be required for Unrestricted Shares.

(b) The Company shall issue, in the name of each Service Provider to whom Unrestricted Shares have been granted, stock certificates representing the total number of Unrestricted Shares granted to such individual, and shall deliver such certificates to such Service Provider as soon as reasonably practicable after the date of grant or on such later date as the Administrator shall determine at the time of grant.

(c) Prior to the delivery of any Unrestricted Shares, the Company shall be entitled to require as a condition of delivery that the Stock Awardee shall pay or make adequate provision acceptable to the Company for the satisfaction of the statutory minimum prescribed amount of federal and state income tax and other withholding obligations of the Company, including, if permitted by the Administrator, by having the Company withhold from the number of Unrestricted Shares otherwise deliverable, a number of shares of Common Stock having a Fair Market Value equal to an amount sufficient to satisfy such tax withholding obligations.

14. **Stock Appreciation Rights**. A Stock Appreciation Right may be granted by the Committee either alone, in addition to, or in tandem with other Awards granted under the Plan. Each Stock Appreciation Right granted under the Plan shall be subject to the following terms and conditions:

(a) Each Stock Appreciation Right shall relate to such number of Shares as shall be determined by the Committee.

(b) The Award Date (*i.e.*, the date of grant) of a Stock Appreciation Right shall be the date specified by the Committee, provided that that date shall not be before the date on which the Stock Appreciation Right is actually granted. The Award Date of a Stock Appreciation Right shall not be prior to the date on which the recipient commences providing services as a Service Provider. The term of each Stock Appreciation Right shall be determined by the Committee, but shall not exceed ten years from the date of grant. Each Stock Appreciation Right shall become exercisable at such time or times and in such amount or amounts during its term as shall be determined by the Committee. Unless otherwise specified by the Committee, once a Stock Appreciation Right becomes exercisable, whether in full or in part, it shall remain so exercisable until its expiration, forfeiture, termination or cancellation.

(c) A Stock Appreciation Right may be exercised, in whole or in part, by giving written notice to the Committee. As soon as practicable after receipt of the written notice, the Company shall deliver to the person exercising the Stock Appreciation Right stock certificates for the Shares to which that person is entitled under Section 14(d) hereof.

(d) A Stock Appreciation Right shall be exercisable for Shares only. The number of Shares issuable upon the exercise of the Stock Appreciation Right shall be determined by dividing:

(i) the number of Shares for which the Stock Appreciation Right is exercised multiplied by the amount of the appreciation per Share (for this purpose, the "appreciation per Share" shall be the amount by which the Fair Market Value of a Share on the exercise date exceeds (x) in the case of a Stock Appreciation Right granted in tandem with an Option, the exercise price or (y) in the case of a Stock Appreciation Right granted alone without reference to an Option, the Fair Market Value of a Share on the Award Date of the Stock Appreciation Right); by

(ii) the Fair Market Value of a Share on the exercise date.

15. **Non-Transferability**. Unless determined otherwise by the Administrator, an Option or Stock Appreciation Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Appreciation Right transferable, such Option or Stock Appreciation Right shall contain such additional terms and conditions as the Administrator deems appropriate. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Grant Agreement regarding a given Option that the Optionee may transfer, without consideration for the transfer, his or her Nonstatutory Stock Options to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option. During the period when Shares of Restricted Stock and Stock Award Shares are restricted (by virtue of vesting schedules or otherwise), such Shares may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution.

16. **Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale**.

(a) *Changes in Capitalization*. Subject to any required action by the shareholders of the Company, the number of Shares of Common Stock covered by each outstanding Option, Stock Appreciation Right and Stock Award, the number of Shares of Restricted Stock outstanding and the number of Shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options, Stock Appreciation Rights or Stock Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, Stock Appreciation Right or Stock Award, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Appreciation Right, 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 issued 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 Administrator, 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 Award hereunder. Except as expressly provided herein, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into sub-shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares of Common Stock then subject to outstanding Options and Stock Appreciation Rights.

(b) *Corporate Transactions*. If the Company merges or consolidates with another corporation, whether or not the Company is the surviving corporation, or if the Company is liquidated or sells or otherwise disposes of substantially all its assets, or if any "person" (as that term is used in Section 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing greater than 50% of the combined voting power of the Company's then outstanding securities (each such event a "Corporate Transaction Event") then (i) after the effective date of such Corporate Transaction Event, each holder of an outstanding Option or Stock Appreciation Right shall be entitled, upon exercise of such Option or Stock Appreciation Right to receive, in lieu of Shares of Common Stock, the number and class or classes of shares of such stock or other securities or property to which such holder would have been entitled if, immediately prior to such Corporate Transaction Event, such holder had been the holder of record of a number of Shares of Common Stock equal to the number of shares as to which such Option and Stock Appreciation Right may be exercised; and (ii) the Board may waive any limitations set forth in or imposed pursuant hereto so that all Options and Stock Appreciation Rights from and after a date prior to the effective date of such Corporate Transaction Event, as specified by the Board, shall be exercisable in full. Notwithstanding anything contained herein to the contrary, the proposed transaction between the Company and China Biopharmaceutical Holdings, Inc. shall not constitute a Corporate Transaction Event.

In the event of a Corporate Transaction Event, then each outstanding Stock Award shall be assumed or an equivalent agreement or award substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the Committee determines that the successor corporation or a Parent or a Subsidiary of the successor corporation has refused to assume or substitute an equivalent agreement or award for each outstanding Stock Award, all vesting periods and conditions under Stock Awards shall be deemed to have been satisfied. The Board may also, in its discretion, cause all vesting periods and conditions under Stock Awards to be deemed to have been satisfied.

17. **Substitute Options**. In the event that the Company, directly or indirectly, acquires another entity, the Board may authorize the issuance of stock options ("Substitute Options") to the individuals performing services for the acquired entity in substitution of stock options previously granted to those individuals in connection with their performance of services for such entity upon such terms and conditions as the Board shall determine, taking into account the conditions of Code Section 424(a), as from time to time amended or superseded, in the case of a Substitute Option that is intended to be an Incentive Stock Option. Shares of capital stock underlying Substitute Stock Options shall not constitute Shares issued pursuant to the Plan for any purpose.

18. **Date of Grant**. The date of grant of an Option, Stock Appreciation Right, Stock Award or Unrestricted Share shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, Stock Appreciation Right, Stock Award or Unrestricted Share, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each grantee within a reasonable time after the date of such grant.

19. **Amendment and Termination of the Plan**.

(a) *Amendment and Termination*. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) *Shareholder Approval*. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(c) *Effect of Amendment or Termination.* No amendment, alteration, suspension or termination of the Plan shall impair the rights of any grantee, unless mutually agreed otherwise between the grantee and the Administrator, which agreement must be in writing and signed by the grantee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. **Conditions Upon Issuance of Shares**.

(a) *Legal Compliance*. Shares shall not be issued in connection with the grant of any Stock Award or Unrestricted Share or the exercise of any Option or Stock Appreciation Right unless such grant or the exercise of such Option or Stock Appreciation Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) *Investment Representations*. As a condition to the grant of any Stock Award or Unrestricted Share or the exercise of any Option or Stock Appreciation Right, the Company may require the person receiving such Award or exercising such Option or Stock Appreciation Right to represent and warrant at the time of any such exercise or grant 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.

(c) *Additional Conditions*. The Administrator shall have the authority to condition the grant of any Award in such other manner that the Administrator determines to be appropriate, provided that such condition is not inconsistent with the terms of the Plan.

(d) *Trading Policy Restrictions*. Option and or Stock Appreciation Right exercises and other Awards under the Plan shall be subject to the terms and conditions of any insider trading policy established by the Company or the Administrator.

21. **Inability to Obtain Authority**. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22. **Shareholder Approval**. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under Applicable Laws. Notwithstanding any provision in the Plan to the contrary, any exercise of an Option or Stock Appreciation Right granted before the Company has obtained shareholder approval of the Plan in accordance with this Section 22 shall be conditioned upon obtaining such shareholder approval of the Plan in accordance with this Section 22.

23. **Withholding; Notice of Sale**. The Company shall be entitled to withhold from any amounts payable to an Employee or other Service Provider any amounts which the Company determines, in its discretion, are required to be withheld under any Applicable Law as a result of any action taken by a holder of an Award.

24. **Governing Law**. This Plan shall be governed by the laws of the State of Delaware, without regard to conflict of law principles.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made and entered into as of January 19, 2011, by and among: **NeoStem Inc**., a Delaware corporation ("Parent"); **Progenitor Cell Therapy, LLC,** a Delaware limited liability company (the "Company"), **Andrew Pecora**, as representative (the "PCT Representative"), of the Members of the Company identified from time to time on Schedule 1 hereto; and **Continental Stock Transfer & Trust Company**, a New York corporation (the "Escrow Agent").

RECITALS

WHEREAS, Parent, NBS Acquisition Company, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent ("Subco"), the Company and the PCT Representative have entered into an Agreement and Plan of Merger dated as of September 23, 2010 (the "Merger Agreement"), pursuant to which, among other things, (i) Subco is merging with and into the Company, and (ii) certain stock issuances are to be made by Parent to the Members (as defined below). A copy of the Merger Agreement is attached hereto as Exhibit A;

WHEREAS, the Merger Agreement contemplates the establishment of an escrow account to secure certain rights of the Parent Indemnified Parties (as defined in the Merger Agreement) to indemnification, compensation and reimbursement as provided in the Merger Agreement; and

WHEREAS, pursuant to Section 8.5 of the Merger Agreement, Andrew Pecora has been irrevocably appointed by the Members to serve as the PCT Representative in connection with all matters under this Agreement and the resolution of all claims for Damages under the Merger Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

Section 1. Defined Terms.

1.1 Capitalized terms used and not defined in this Agreement shall have the meanings given to them in the Merger Agreement.

1.2 As used in this Agreement, the term "Members" refers to the Persons who were members, or equity holders, of the Company immediately prior to the Effective Time or to which the rights under this Agreement have been assigned as set forth herein. "Escrowed Shares" refers to the 10,600,000 shares of Parent Common Stock being issued as Stock Consideration under the Merger Agreement.

Section 2. Escrow and Indemnification.

2.1 Appointment of Escrow Agent; Shares and Stock Powers Placed in Escrow. Continental Stock Transfer & Trust Company is hereby appointed to serve as Escrow Agent hereunder, and Continental Stock Transfer & Trust Company hereby agrees to serve as Escrow Agent hereunder. In accordance with the Merger Agreement, at the Closing, (a) Parent shall issue certificates for the Escrowed Shares registered in the name of the Escrow Agent evidencing 10,600,000 shares of Parent Common Stock to be held in escrow under this Agreement, and shall cause such certificates to be delivered to the Escrow Agent, and (b) the PCT Representative shall deliver to the Escrow Agent an "assignment separate from certificate" ("Stock Power") endorsed by him in blank. Such endorsement by the PCT Representative shall have been guaranteed by a national bank or an NYSE-Amex member firm.

2.2 Escrow Account. The Escrowed Shares being held in escrow pursuant to this Agreement, together with any distributions on the Escrowed Shares, shall collectively constitute an escrow fund securing the indemnification rights of Parent and the other Parent Indemnified Parties under the Merger Agreement. The Escrow Agent agrees to accept delivery of the Escrowed Shares and to hold the Escrowed Shares in a separate escrow account (such account, the "Escrow Account"), subject to the terms and conditions of this Agreement and the Merger Agreement.

2.3 Voting of Escrow Shares. The Escrow Agent, as record owner of the Escrowed Shares, shall exercise all voting rights with respect to such Escrowed Shares in accordance with Section 3.5 of the Merger Agreement, upon receipt of written instructions from the Parent. The Escrow Agent is not obligated to distribute to the Members or to the PCT Representative any proxy materials or other documents relating to the Escrowed Shares received by the Escrow Agent from Parent.

2.4 Reports. Upon the request of either Parent or the PCT Representative, the Escrow Agent shall provide a statement to the requesting party that describes any deposit, distribution or investment activity or deductions with respect to shares held in the Escrow Account in addition to quarterly account statements from the Escrow Agent.

2.5 Dividends, Etc. Parent and the PCT Representative, on behalf of each of the Members, agree that any shares of Parent Common Stock or other property (including ordinary cash dividends) distributable or issuable (whether by way of dividend, stock split or otherwise) in respect of or in exchange for any Escrowed Shares (including pursuant to or as a part of a merger, consolidation, acquisition of property or stock, reorganization or liquidation involving Parent) shall not be distributed or issued to the beneficial owners of such Escrowed Shares, but rather shall be distributed or issued to and held by the Escrow Agent in the Escrow Account. Any securities or other property received by the Escrow Agent in respect of any Escrowed Shares held in escrow as a result of any stock split or combination of shares of Parent Common Stock, payment of a stock dividend or other stock distribution in or on shares of Parent Common Stock, or change of Parent Common Stock into any other securities pursuant to or as a part of a merger, consolidation, acquisition of property or stock, reorganization or liquidation involving Parent, or otherwise, shall be held by the Escrow Agent as part of the Escrow Account.

2.6 Transferability. Except as expressly provided for herein or by operation of law, the interests of the Members in the Escrow Account shall not be assignable or transferable.

2.7 Trust Fund. The Escrow Account shall be held as trust funds and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of Escrow Agent, any Member or Parent, respectively, or of any party hereto. The Escrow Agent shall hold and safeguard the Escrow Account until the Termination Date (as defined in Section 6) or earlier distribution in accordance with this Agreement.

Section 3. Release of Escrow Shares.

3.1 General. (X) Within ten (10) calendar Days after receiving either (a) written instructions from the Parent (a "Parent Notice") which have not been objected to by the PCT Representative within seven (7) calendar days after the later of the PCT Representative's receipt of the Parent Notice or the Escrow Agent's receipt of such Parent Notice, (b) joint written instructions from Parent and the PCT Representative ("Joint Instructions"), (c) a decision and/or award from the Arbitrator (an "Arbitration Award") or (d) an order issued by a court of competent jurisdiction (a "Court Order") relating to the release of any Escrowed Shares from the Escrow Account or (Y) in accordance with Section 3.4 hereof, the Escrow Agent shall release or cause to be released any such Escrowed Shares and any other amounts from the Escrow Account, in the amounts, to the Persons and in the manner set forth in such Parent Notice, Joint Instructions, Arbitration Award, Court Order or as provided in Section 3.4. If a Parent Notice is sent under Section 8.4 of the Merger Agreement and such Parent Notice is not disputed as provided in Section 8.4 within 7 calendar days, the Escrow Agent shall make the distribution requested by the Parent Notice without action by the PCT Representative.

3.2 Potential Tax Liability. Upon receipt of (i) a certification from a Taxable Member pursuant to Section 8.4(a)(i) of the Merger Agreement, and (ii) joint instructions from the Parent and the PCT Representative, the Escrow Agent shall release shares to a Taxable Member in accordance with the certification of the Taxable Member and such joint instructions.

3.3 Pro Rata Distributions. For purposes of this Agreement, (i) all distributions (except distributions to the Taxable Members as such pursuant to Section 3.2 above and Section 8.4(i) of the Merger Agreement) to the Members shall be pro rata distributions made based on the percentages set forth on Schedule 1, as may be amended from time to time pursuant to Section 9.8 of this Agreement, except as follows:

(1) the Escrow Agent will maintain sub-accounts, referred to as the Taxable Account and the Balance Account, as provided in Section 8.4 of the Merger Agreement, until the first anniversary of the date hereof. The distributions at the end of the first year pursuant to Section 8.4(a)(ii) shall be made to the Taxable Members from the Taxable Account and to the Members other than the Taxable Members from the Balance Account. The Parent and the PCT Representative shall provide the Escrow Agent with joint instructions with respect to the amounts to be distributed to each Member after the first anniversary of the Closing Date.

(2) no fractional shares shall be issued, and all amounts released from escrow and distributed to the Members shall be rounded up or down pursuant to Section 3.4(c) of the Merger Agreement.

The Company and the PCT Representative represent and warrant that Schedule 1 (the "Percentage Certifications") accurately reflects each Member's percentage membership interest in the Company immediately prior to the consummation of the Merger.

3.4 Release of the Escrowed Shares. Within 10 Business Days following the two year anniversary of the Closing Date, if there are no claims for Damages against the Escrow Account that have not been finally resolved and paid, the Escrow Agent shall deliver to the Members pro rata in accordance with the Percentage Certification the balance of shares of Parent Common Stock and other property held in the Escrow Account at such time. If, on the Termination Date there are claims for Damages against the Escrow Account that have not been finally resolved, then, within 10 Business Days of the Termination Date, the Escrow Agent shall deliver to the Members the excess, if any, by which the value of the amounts held in the Escrow Account exceed an amount equal to 120% of the amount of any claims for Damages against the Escrow Account that have not been finally resolved and paid at such time. The Parent and the PCT Representative shall provide the Escrow Agent with joint instructions with respect to the amounts to be distributed to each Member after the second anniversary of the Closing Date (and thereafter if shares remain in the Escrow Account after the second anniversary with respect to unresolved claims for Damages at such date). Thereafter, final distributions of the Escrow Account shall be made in accordance with Section 3.1(X)(a), (b), (c) or (d), as applicable.

3.5 Distributions. Whenever a distribution of a number of shares of Parent Common Stock is to be made pursuant to the terms of this Agreement, the Escrow Agent shall requisition the appropriate number of shares from Parent's stock transfer agent, delivering to the transfer agent the appropriate stock certificates accompanied by the respective Stock Powers, together with the specific instructions, as appropriate. Within 5 Business Days prior to the date the Escrow Agent is required to make a distribution of shares of Parent Common Stock or other property (including ordinary cash dividends) to the Members pursuant to the terms of this Agreement, the Escrow Agent shall provide the PCT Representative and the Parent with a notice specifying that a distribution will be made and requesting that the PCT Representative update the then current Schedule 1 to this Agreement. The Escrow Agent shall make the corresponding distributions to the Persons listed on such updated Schedule 1 in accordance with the terms hereof, to their respective addresses as set forth therein. Notwithstanding anything to the contrary set forth herein, the Escrow Agent shall not be obligated to make any distribution under this Agreement to the Members unless it has received from the PCT Representatives an updated Schedule 1 to this Agreement as provided herein. Any distributions to Parent pursuant to the terms of this Agreement shall be made to the address set forth in Schedule 2 hereto.

3.6 Disputes. All disputes, claims, or controversies arising out of or relating to Section 3 of this Agreement that are not resolved by mutual agreement between Parent and the PCT Representative shall be resolved solely and exclusively as set forth in Section 8.4 of the Merger Agreement by the PCT Representative and the Parent.

Section 4. Fees and Expenses.

The Escrow Agent shall be entitled to receive, from time to time, fees in accordance with Schedule 3. In accordance with Schedule 3, the Escrow Agent will also be entitled to reimbursement for reasonable and documented out-of-pocket expenses incurred by the Escrow Agent in the performance of its duties hereunder and the execution and delivery of this Agreement. All such fees and expenses shall be paid by Parent.

Section 5. Limitation of Escrow Agent's Liability.

5.1 The Escrow Agent undertakes to perform such duties as are specifically set forth in this Agreement only and shall have no duty under any other agreement or document, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall incur no liability with respect to any action taken by it or for any inaction on its part in reliance upon any notice, direction, instruction, consent, statement or other document believed by it in good faith to be genuine and duly authorized, nor for any other action or inaction except for its own gross negligence or willful misconduct. In all questions arising under this Agreement, the Escrow Agent may rely on the advice of counsel, and for anything done, omitted or suffered in good faith by the Escrow Agent based upon such advice the Escrow Agent shall not be liable to anyone. In no event shall the Escrow Agent be liable for incidental, punitive or consequential damages.

5.2 Parent and the PCT Representative, acting on behalf of the Members hereby agree to indemnify the Escrow Agent and its officers, directors, employees and agents for, and hold it and them harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on the part of Escrow Agent, arising out of or in connection with the Escrow Agent's carrying out its duties hereunder. This right of indemnification shall survive the termination of this Agreement and the resignation of the Escrow Agent.

Section 6. Termination.

This Agreement shall terminate upon the release by the Escrow Agent of the final amounts held in the Escrow Account in accordance with Section 3 (the date of such release being referred to as the "Termination Date").

Section 7. Successor Escrow Agent.

In the event the Escrow Agent becomes unavailable or unwilling to continue as escrow agent under this Agreement, the Escrow Agent may resign and be discharged from its duties and obligations hereunder by giving its written resignation to the parties to this Agreement. Such resignation shall take effect not less than 30 days after it is given to all the other parties hereto. In such event, Parent may appoint a successor Escrow Agent (acceptable to the PCT Representative, acting reasonably). If Parent fails to appoint a successor Escrow Agent within 15 days after receiving the Escrow Agent's written resignation, the Escrow Agent shall have the right to apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The successor Escrow Agent shall execute and deliver to the Escrow Agent an instrument accepting such appointment, and the successor Escrow Agent shall, without further acts, be vested with all the estates, property rights, powers and duties of the predecessor Escrow Agent as if originally named as Escrow Agent herein. The Escrow Agent shall act in accordance with written instructions from Parent and the PCT Representative as to the transfer of the Escrow Accounts to a successor Escrow Agent.

Section 8. PCT Representative.

8.1 Unless and until Parent and the Escrow Agent shall have received written notice of the appointment of a successor PCT Representative, Parent and the Escrow Agent shall be entitled to rely on, and shall be fully protected in relying on, the power and authority of the PCT Representative to act on behalf of the Members.

Section 9. Miscellaneous.

9.1 Attorneys' Fees. In any action at law or suit in equity to enforce or interpret this Agreement or the rights of any of the parties hereunder, the prevailing party in such action or suit shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

9.2 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by facsimile) to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to Parent:

NeoStem, Inc.
Suite 450
420 Lexington Avenue
New York, NY 10170
Attention: Catherine M. Vaczy, Esq.
Facsimile: (646) 607-4672

with a copy, which shall not constitute notice, to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Attention: Alan Wovsaniker, Esq.
Facsimile: (973) 597-2565

if to the PCT Representative :

Dr. Andrew L. Pecora
Progenitor Cell Therapy, LLC
4 Pearl Court, Suite C
Allendale, NJ 07401
Facsimile: (201) 883-1409

with a copy, which shall not constitute notice, to:

Epstein Becker & Green, P.C.
1227 25th Street, NW
Suite 700
Washington, DC 20037-1156
Attention: Robert D. Reif, Esq.
Facsimile: (202) 861-3529

if to the Escrow Agent:

Continental Stock Transfer & Trust Company
17 Battery Place
New York, NY 10004
Attention: John W. Comer, Jr.
Facsimile: (212) 616-7615

Notwithstanding the foregoing, notices addressed to the Escrow Agent shall be effective only upon receipt. If any notice or other document is required to be delivered to the Escrow Agent and any other Person, the Escrow Agent may assume without inquiry that notice or other document was received by such other Person on the date on which it was received by the Escrow Agent.

9.3 Headings. The bold-faced headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

9.4 Counterparts and Exchanges by Facsimile or Other Electronic Transmission. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or other means of electronic transmission shall be sufficient to bind the parties to the terms and conditions of this Agreement.

9.5 Applicable Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Subject to Section 3.5 of this Agreement, in any action between the parties arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the non-exclusive jurisdiction and venue of the state and federal courts located in the State of New York; (b) if any such action is commenced in a state court, then, subject to applicable law, no party shall object to the removal of such action to any federal court located in the State of New York; and (c) each of the parties irrevocably waives the right to trial by jury.

9.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and each of their respective permitted successors and assigns, if any. No director indirect interest in the Escrow Account or the shares of Parent Common Stock held in the Escrow Account may be sold, assigned, transferred or pledged except by operation of law.

9.7 Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

9.8 Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of Parent, the PCT Representative and the Escrow Agent; *provided*, *however*, that any amendment executed and delivered by the PCT Representative shall be deemed to have been approved by and duly executed and delivered by all of the Members.

9.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

9.10 Parties in Interest. Except as expressly provided herein, none of the provisions of this Agreement, express or implied, is intended to provide any rights or remedies to any Person other than the parties hereto and their respective successors and assigns, if any.

9.11 Entire Agreement. This Agreement and the Merger Agreement set forth the entire understanding of the parties hereto relating to the subject matter hereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof.

9.12 Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any action arising out of or related to this Agreement or the transactions contemplated hereby.

9.13 Cooperation. The PCT Representative on behalf of the Members and Parent agree to cooperate fully with each other and the Escrow Agent and to execute and deliver such further documents, certificates, agreements, stock powers and instruments and to take such other actions as may be reasonably requested by Parent, the PCT Representative or the Escrow Agent to evidence or reflect the transactions contemplated by this Agreement and to carry out the intent and purposes of this Agreement.

9.14 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neutral genders; the feminine gender shall include the masculine and neutral genders; and the neutral gender shall include masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) Except as otherwise indicated, all references in this Agreement to “Sections”, “Schedules” and “Exhibits” are intended to refer to Sections of this Agreement, Schedules to this Agreement and Exhibits to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have duly caused this Agreement to be executed as of the day and year first above written.

NEOSTEM, INC., a Delaware corporation

By: /s/ Robin L. Smith
Name: Robin L. Smith
Title: Chief Executive Officer

PROGENITOR CELL THERAPY, INC.

By: /s/ George S. Goldberger
Name: George S. Goldberger
Title: Chief Business & Financial Officer, Secretary

/s/ Andrew Pecora
Andrew Pecora, as PCT Representative

CONTINENTAL STOCK TRANSFER & TRUST COMPANY, a New York corporation

By: /s/ John W. Comer, Jr.
Name: John W. Comer, Jr.
Title: Vice President & Senior Account Manager

[Escrow Agreement Signature Page]

SCHEDULE 1

MEMBERS

Percentage Certification Attached.

SCHEDULE 2

ESCROWED SHARES

Number of Escrowed Shares:	10,600,000
Address for distributions to Parent:	NeoStem Inc. Suite 450 420 Lexington Avenue New York, New York 10170 Attention: Catherine M. Vaczy, Esq.

SCHEDULE 3

ESCROW AGENT'S FEES AND EXPENSES

Monthly Fee for holding securities and/or cash:	$200 per month
Additional out of pocket expenses including postage and stationary:	Additional
Disbursement fees at termination:	Additional

EXHIBIT A

MERGER AGREEMENT

NEOSTEM, INC. ("NBS")

Investor Presentation

January 2011

NeoStem

YOUR CELLS • YOUR USE • YOUR LIFE

WWW.NEOSTEM.COM

Forward-Looking Statements

Included in this presentation are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as well as historical information. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of NeoStem, Inc. and its subsidiaries (collectively, the "Company"), or industry results, to be materially different from anticipated results, performance or achievements expressed or implied by such forward-looking statements. When used in this presentation, 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," or "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. Additionally, statements regarding our ability to successfully develop, integrate and grow the businesses at home and abroad, including with regard to the Company's research and development efforts in cellular therapy, its adult stem cell and umbilical cord blood collection, processing and storage business, contract manufacturing and process development of cellular based medicines, and the pharmaceuticals manufacturing operations conducted in China, the future of regenerative medicine and the role of stem cells in that future, the future use of stem cells as a treatment option and the role of VSEL™ Technology in that future and the potential revenue growth of such businesses, are forward-looking statements. Our future operating results are dependent upon many factors and our further development is highly dependent on future medical and research developments and market acceptance, which is outside our control. Forward-looking statements may not be realized due to a variety of factors and we cannot guarantee their accuracy or that our expectations about future events will prove to be correct. Such factors include, without limitation, (i) our ability to manage the business despite operating losses and cash outflows; (ii) 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 and the successful commercialization of the relevant technology; (iii) our ability to build the management and human resources and infrastructure necessary to support the growth of the business; (iv) our ability to integrate the Company's acquired businesses successfully and grow such acquired businesses as anticipated; (v) whether a large global market is established for our cellular-based products and services and our ability to capture a share of this market; (vi) competitive factors and developments beyond our control; (vii) scientific and medical developments beyond our control; (viii) our ability to obtain 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 the business; (ix) whether any of our current or future patent applications result in issued patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business; (x) whether any potential strategic benefits of various licensing transactions will be realized and whether any potential benefits from the acquisition of these licensed technologies will be realized; (xi) factors regarding our business and initiatives in China and, generally, regarding doing business in China, including through our variable interest entity structure, including (a) costs related to funding these initiatives, (b) the successful application under Chinese law of the variable interest entity structure to the Company's business, which structure the Company is relying on to conduct its business in China, (c) the ability to integrate the Company and the business operations in China successfully and grow such integrated businesses as anticipated, and (d) the need for outside financing to meet capital requirements; and (xii) other risk factors disclosed in the Company's periodic filings with the Securities and Exchange Commission which are available for review at www.sec.gov under "Search for Company Filings."

All forward-looking statements attributable to us are expressly qualified in their entirety by these and other factors. We undertake no obligation to update or revise these forward-looking statements, whether to reflect events or circumstances after the date initially filed or published, to reflect the occurrence of unanticipated events or otherwise, except to the extent required by federal securities laws.

NeoStem
WWW.NEOSTEM.COM

About NeoStem

NeoStem is an international biopharmaceutical company with adult stem cell operations in the U.S., a network of adult stem cell therapeutic providers in China and a 51% ownership interest in a profitable Chinese generic pharmaceutical manufacturing company.

51% ownership in Suzhou Eyre	Progenitor Cell Therapy	NeoStem's China Affiliated Entities	Research and Development

Suzhou Erye – Profitable & Growing

Acquired 51% of Chinese generic therapeutics company, Suzhou Erye[1]
Location Suzhou China

Suzhou Erye

- **Vertically-integrated manufacturer of generic antibiotic products and APIs with extensive distribution throughout China**
  - 8 cGMP-certified production lines
  - Extensive distribution network throughout PRC
  - No significant customer concentration

- **70% of current drug portfolio covered by the National Insurance Drug List; number of products covered expected to increase**
- **Revenue nearly doubled from 2007 to 2009; new facility expected to double capacity**
  - Future profitability to fund expansion of stem cell activities

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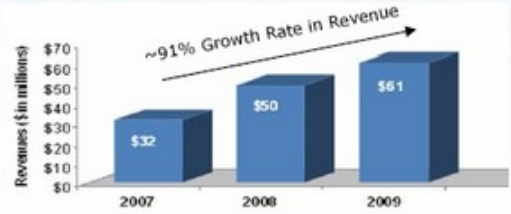


Market Opportunity

- **China announced $124 billion budget to improve health care system over three years (2009-2011)**
  - Provide universal medical service to China's 1.3 billion population
  - China to become third largest pharmaceutical market (behind U.S. and Japan)

- **Pharmaceutical market forecasted to reach $78 billion by 2013**
  - Construction of 30,000 new hospitals, clinics and healthcare centers
  - New Rural & Urban Cooperative Medical Insurance System – at least 90% of population will be covered by 2011

- **Chinese Antibiotics market was approximately $8 billion in 2007; $12 billion in 2009**
  - Strong growth expected to continue
  - Many antibiotics will be covered as "essential medicines" under the new healthcare insurance system giving end users 100% payment coverage
  - Pipeline Drugs: 2 approved (Omeprazole, Cloxacillin Sodium), 5 pending approvals Adefovir, Clindamycin Phosphate, Faropenem Sodium, Faropenem, Tiopronin)

(1) *Acquisition of Suzhou Erye occurred in October, 2009.*

Goals of Suzhou Erye

- Complete relocation to allow doubling of manufacturing capacity; increased revenues expected to flow from eliminating inefficiencies associated with transitioning to new facility

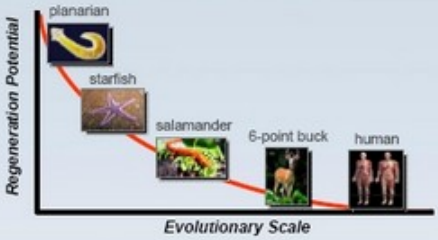
- Commercialize pipeline drugs

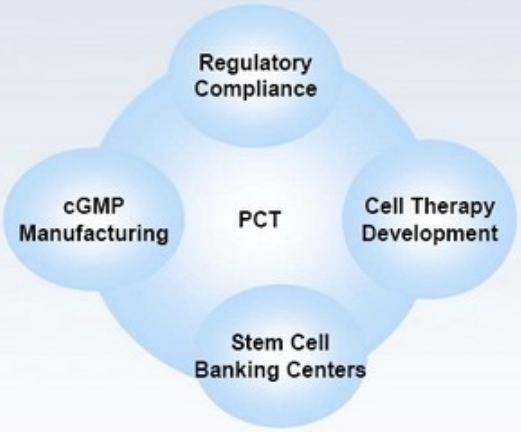
- Continue to develop distribution channels domestically as well as the export of API's business

- Continue to add drugs to Erye pipeline both in the antibiotic space as well as in alternate areas where there is high demand for therapies

US Stem Cell Business

Accelerate proprietary cellular therapies and become a single source for collection, storage, manufacturing, therapeutic development and transporter of cells for cell based medicine and regenerative science globally.





VSEL™ Technology

- Very small embryonic-like stem cells maintain many embryonic characteristics yet are classified as adult
- isolated from a patients own bone marrow, peripheral blood or cord blood
- Demonstrates pluripotency and somatic imprinting
- Small volume of very small embryonic-like stem cells should provide adequate doses
- Easily obtained and stored using cryopreservation to preserve in advance and bank for future use
- Received validation of technology through financial commitments from the DOD, NIH and the Vatican in Rome.

Wound Technology (Worldwide License)

Double barreled syringe to spray adult stem cells

Back wound after surgery to Remove skin cancer

Spraying adult stem cells into the wound

Wound completely healed after 7 months

Baseline

During 3rd Application

Almost Healed at 3 months

Complete Closure after 6 months

- **NeoStem awarded $700,000 from the U.S. Army's Medical Research and Materiel Command to advance adult stem cell therapies in treating traumatic wounds**
- **Current Physician IND in place**

Goals of US Cell Therapy Business

- **Grow revenues from process and assay development, manipulation, cryopreservation, storage, manufacturing and distribution**
- **Expand contract cGMP manufacturing for other cell therapy centers, academic, institutions and companies using China facility in development**
- **Develop NeoStem's stem cell banking business to include cord blood and adult stem cell services of PCT at cGMP level to offer comprehensive family stem cell banking program**
- **Develop proprietary cell based products using VSEL™ Technology to which NeoStem holds the worldwide license**
- **Develop T-reg therapeutic to be owned 80% by NeoStem and 20% owned by Beckon Dickenson and University of Pennsylvania**
- **Develop stem cell based therapy for chronic wounds and osteoporosis fueled by Department of Defense Funding**

Validating Partnerships

Academic Collaborators of NeoStem for VSEL Development

- Sponsored research agreement with University of California-Davis
- Sponsored research agreement with the Schepens Eye Research Institute, an affiliate of Harvard
- Sponsored research agreement with University of Louisville
- Sponsored research agreement/SBIR grant with University of Michigan

Advisory Board

- Wayne Marasco, *MD, PhD (Chairman)* - Dana-Farber Cancer Institute; Harvard Medical School
- Douglas Losordo, *MD (ACC, ADA, ASGCT)* - Northwestern's Feinberg School of Medicine
- Vincent Falanga, *MD* - Boston University School of Medicine; Roger Williams Medical Center (RI)
- Ron Rothenberg, *MD(FACEP)* - California Health Span Institute; Scripps Memorial Hospital
- Mariusz Ratajczak, *MD, PhD* - James Graham Brown Cancer Center; University of Louisville
- Vincent Giampapa, *MD* - University of Medicine and Dentistry of NJ; The Giampapa Institute for Anti-Aging Medical Therapy
- George Smith, *MD* – Formerly UCLA Clinical Laboratories and UCLA Blood Bank
- Roberto Bolli, *MD* - University of Louisville; Jewish Hospital
- Thomas A. Einhorn, *MD* - Boston University
- Joseph D. Zuckerman, *MD* - NYU Hospital for Joint Diseases Department of Orthopaedic Surgery; NYU School of Medicine
- Richard Goldfarb, *MD(FACS)* - Center for Smartlipo
- Jerome Ritz, *MD* - Harvard Medical School; Connell O'Reilly Cell Manipulation Core Facility; Dana-Farber/Harvard Center; Harvard Stem Cell Institute

The Vatican's Pontifical Council

- Vatican makes first ever collaboration with a commercial venture to advance adult stem cell research and undertakes a $1 million commitment to fuel collaboration

NeoStem's China Affiliated Entities

1.) Network of Hospitals delivering NeoStem's Asia licensed Adult Stem Cell technology for Orthopedics using MSCs

1.) Wendeng Hospital – Launched June 2010
2.) Shijianzhuag – Third Hospital signed December 2010
3.) A third hospital in Tianjin expected to sign early in 2011

2.) Building in Beijing – Laboratory Facility for processing, banking, and manufacturing comparable to U.S.

> Construction completed December 2010
>Anticipated Operations Summer 2011

3.) Through NeoStem, Inc. collaboration with Enhance Biomedical Holdings adult stem cell collection, processing, and storage business as well as cosmetic and anti-aging business initiated in Taiwan

Progressive Stem Cell Environment in China

- Favorable clinical and regulatory environment
  - Greater receptivity toward advanced therapeutics such as stem cell therapy
  - Actively seeking innovative technologies and therapies from the U.S.
- Large and rapidly growing Chinese health care market going through health care reform
  - 1.3 billion people with growing health care needs
  - $124 billion investment in healthcare reform by the Chinese government
  - Growing medical tourism trend
- More favorable pathway for commercializing stem cell based therapies than other geographic markets
- Utilize CROs to cross reference data in the U.S. and China, benefitting from the opportunity to collect data outside of the U.S. to use towards FDA approval

Licensed Proprietary Delivery Technology in China

Goal: Developing cellular therapy platform in China to generate revenues today and serve as a vehicle for expansion in the future

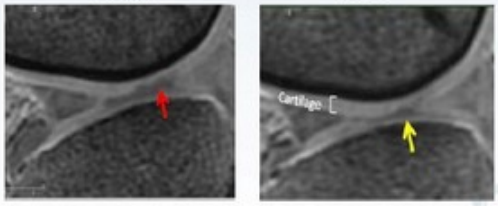
Proprietary Technology Indication	Cells Used Currently	Potential Future Advancements
Orthopedics	MSCs	VSELs™ Technology
Wound	MSCs	VSELs™ Technology
Cosmetic/Skin Rejuvenation	MSCs	VSELs™ Technology

Fracture of Tibia

Before **After**

Cartilage Repair

Before **After**



Summary of NeoStem Business Strategy

Integrated Components build value with multiple revenue sources

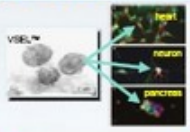
Banking

- Develop comprehensive cord and adult stem cell banking business at cGMP quality
- Recurring revenue from annual storage fees

Cell Manufacturing[1]

- Leverage expertise to cost effectively and efficiently produce regulatory compliant, stem-cell based products for licensed Company proprietary technology.
- Generating manufacturing and consulting revenue from corporate and academic clients

Proprietary Adult Stem Cell Products



- Efficient and cost effective development of companies proprietary technology including: VSEL™ Technology for multiple indications
- Revenue model from providing cells, cellular therapy development for academic institutions and corporate clients.

Commercialization

- Growing revenue from Chinese therapeutics business both pharmaceuticals and stem cells
- Leverage data to expand into the U.S. and Europe

(1) *Assumes the close of the PCT acquisition.*

Key Executives

NeoStem Management Team

Robin Smith, MD MBA *CEO & Chairman of the Board*	• MD – Yale; MBA – Wharton • Formerly President & CEO IP2M (HC multimedia), EVP & CMO HealthHelp (radiology management) • Trustee of NYU Medical Center; Chairman of the Board of NYU Hospital for Joint Diseases (through November 2009) and Stem for Life Foundation
Jian Zhang *General Manager, Suzhou Erye Pharmaceuticals Co., Ltd*	• Joined Erye in 2003; extensive experience in the Chinese pharmaceutical industry • Degree in Finance and Accounting from Central Television University • Certified Public Accountant in China
Ian Zhang, PhD MBA *President and Managing Director NeoStem (China), Inc*	• PhD in Biotechnology –MBA – University of Chicago • Management and scientific positions in healthcare and biotech industries for past 20 years • Formerly with Life Technology Corporation; Dynal Biotech (Beijing) Ltd (subsidiary of Invitrogen)
Larry May *Chief Financial Officer*	• BS Business Administration – University of Missouri • Formerly Treasurer & Controller at Amgen; SVP Finance & CFO at BioSource Intl • Extensive experience building accounting, finance and IT operations
Catherine Vaczy, Esq *VP and General Counsel*	• BA – Boston College; JD – St. John's University • Formerly VP of Legal and Associate General Counsel for Imclone Systems Inc. • Formerly Corporate Counsel at Ross & Hardies, New York Office, Life Science Practice • Member of the Board of Stem for Life Foundation
Alan Harris, *MD PhD FACP FRCP* VP, *Regenerative Medicine, Drug Development and Regulatory Affairs*	• MD – University of Strasbourg (France); PhD – Erasmus University (Netherlands) • Currently Adjunct Prof of Pharmacology NYU Medical School; Formerly Assoc Prof of Medicine UCLA School of Medicine, Dir of Clinical Pharmacology Cedars-Sinai Medical Center • Formerly with NPS Pharmaceuticals; Pfizer; Schering-Plough; Novartis
Andrew Pecora, MD, FACP CMO of PCT	• MD – University of Medicine and Dentistry of New Jersey • Chairman and Director of the cancer center at Hackensack University Medical Center, and Managing Partner of the Northern New Jersey Cancer Center
Robert Preti, PhD President of PCT	• PhD and MS in Cellular Biology / Hematology - New York University • One of the country's leading authorities on cell engineering and the principle investigator for a number of clinical trials relating to stem cell transplantation • 10 years experience as Director of Hematopoietic Stem Cell Processing & Research Laboratory
George S. Goldberger, MBA VP of Business Development of PCT	• BS Systems Engineering – Polytechnic Institute of NYU; MBA – Wharton • Formerly CEO of Goldberger & Associates Inc.

Board of Directors

NeoStem Board Members

Robin Smith, MD, MBA *CEO & Chairman of the Board*	• MD – Yale; MBA – Wharton • Formerly President & CEO IP2M (HC multimedia), EVP & CMO HealthHelp (radiology management) • Trustee of NYU Medical Center; Chairman of the Board of NYU Hospital for Joint Diseases (through November 2009) and Stem for Life Foundation
Eric Wei *Managing Partner, RimAsia Capital Partners*	• BS Mathematics & Economics – Amherst College; MBA – Wharton • Experience – Founder/Managing Partner of RimAsia Capital Partners (private equity); Peregrine Capital, Prudential Securities, Lazard Freres, Citibank; Gilbert Global Equity PartnersCrimson Asia Capital Partners
Mingsheng Shi *Chairman of the Board of Suzhou Erye Pharmaceutical*	• BSc Economics & Management – Party School of the Communist Party of China • Professional title of Senior Economist • Extensive experience in pharmaceutical industry in China
Steven Myers *(Independent)*	• BS Mathematics – Stanford University • Experience – Founder/Chairman/CEO SM&A (competition management services); career in aerospace and defense sectors supporting DoD & NASA programs
Drew Bernstein, CPA *(Independent)*	• BS – University of Maryland Business School • Licensed in State of New York; member AICPA, NYSSCPA and NSA • Experience – Bernstein & Pinchuk LLP (member of BDO Seidman Alliance); PRC auditing; 200+ real estate transactions with $3B+ aggregate value; accountant and business advisor
Richard Berman *(Independent)*	• Over 35 years of venture capital, management, M&A experience • Experience – Current Board of Directors of Apricus Biosciences, Easylink Services International, Inc., Advaxis, Inc., Broadcaster, Inc., National Investment Managers
Edward Geehr, MD *(Independent)*	• BS – Yale University; MD – Duke University • Experience – Abraxis Bio-Science; Allez Spine; IPC-The Hospitalist Company
Andrew Pecora[1], MD, FACP	• MD — University of Medicine and Dentistry of New Jersey • Chairman and Director of the cancer center at Hackensack University Medical Center, and Managing Partner of the Northern New Jersey Cancer Center

(1) Q2 2011

Capitalization Table

NeoStem Capitalization Table

Capitalization (Common Share Equivalent in 000s)	Shares Outstanding	% Outstanding
Common Stock	74,890	62.7%
Total Preferred Shares (common share equivalents)	5,300[1]	4.5%
Total Warrants (average exercise price $2.91)	24,844	20.8%
Total Options (average exercise price $1.87)	14,330	12.0%
Fully-diluted Shares Outstanding	119,364	100.0%

Source: Company filings
Equity Data (as of 1/19/11)
(1) Includes Series B convertible redeemable preferred stock, 10,000 shares.

Key Financial Metrics[1]

Historical Income Statement ($ 000's)	9 Months Ending 9/30/10
Revenue	
Pharmaceuticals	$ 51,500
Stem cell and others	216
Total revenues	$ 51,716
Gross profit	16,701
R&D expenses	5,113
Net Loss	$(17,279)

Balance Sheet ($ 000's)	As of 9/30/10
Cash & equivalents	$ 4,067
Current assets	$ 28,258
Total assets	$116,971
Current liabilities	$ 20,570
Total liabilities	$ 33,258
Total equity	$ 83,713

Statement of Cash Flows ($ 000's)	9 Months Ending 9/30/10
Net cash used in operations	$ (3,176)
Acquisition of PP&E	$(12,511)

(1) This table should be read in conjunction with the Company's full financial statements for these periods which may be found at www.sec.gov under "Search for Company Filings."

NeoStem's Unique Business Model

Created a platform that has short term and long term value drivers

Uses profitable pharmaceutical business to offset certain costs associated with development of stem cell therapeutics

Blends regulatory environments to generate revenues from stem cell therapies in China while developing cellular therapy business in the United States and abroad

Contact Information

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NeoStem Acquires Progenitor Cell Therapy

Becomes single source for collection, storage, manufacturing, therapeutic development and transportation of cells for cell based medicine and regenerative science globally

NEW YORK and ALLENDALE, N.J., Jan. 20, 2011 /PRNewswire/ -- NeoStem, Inc. (NYSE Amex: NBS) and Progenitor Cell Therapy LLC announced today the closing of their previously announced merger transaction. NeoStem is an international biopharmaceutical company with a 51% ownership interest in a profitable Chinese generic pharmaceutical manufacturing company and has stem cell operations in the U.S. and China, while Progenitor Cell Therapy, LLC is a privately held cell therapy company with operations on the east and west coast of the U.S. serving the cell therapy community with cGMP state-of-the art cell therapy manufacturing facilities, and processing and storage facilities for stem cells collected from the umbilical cord at birth.

PCT's revenue generating business will complement NeoStem's growing adult stem cell operations and PCT's management adds to NeoStem the over 100 years' collective experience of the PCT management team in the business and science of cell therapy and its development. Since its inception in 1999, PCT has served over 100 clients from around the world and has experience with more than 20 different cell based therapeutics. PCT has performed over 30,000 cell therapy procedures in its cell therapy manufacturing facilities, and processed and stored over 18,000 cell therapy products (including approximately 7,000 umbilical cord blood units, 10,000 blood and marrow derived stem cell units and 1,000 dendritic cell units) and arranged the logistics and transportation for over 14,000 cell therapy products for clinical use by over 5,000 patients.

Dr. Robin Smith, MD, MBA, CEO of NeoStem said, "The merger with PCT is a significant step toward NeoStem's goal of becoming a leader in the fast-growing Stem Cell Industry, generating revenues, and developing and licensing therapies to be used in the United States and abroad. We have purchased revenues and expertise, and reduced NeoStem's prior expense line as PCT was a vendor to NeoStem. We are developing a 'one-stop-shop' global network of cell therapy core competencies by adding cell therapy manufacturing and storage facilities as well as integrated regulatory compliant distribution capacity for the evolving cell therapy industry. The addition of PCT will allow NeoStem to focus on growing the cord blood and adult stem cell banking, cellular manufacturing and therapeutic business, as well as expanding our businesses in Asia and other countries, while continuing to develop our intellectual property and acquire new technology."

Dr. Andrew Pecora, PCT's CEO, will continue his involvement with the combined companies by shifting his role from PCT's Chief Executive Office to Chief Medical Officer, and has been invited and has agreed to join the NeoStem Board of Directors. Dr. Pecora said, "Our merger with NeoStem will provide the rapidly developing cell therapy industry with a dynamic global development and manufacturing platform that can accelerate the pace of commercialization of future cell therapeutics."

LifeTech Capital, an investment banking firm focused on the life science industry, advised NeoStem by providing a valuation analysis of the transaction. LifeTech Capital is a division of Aurora Capital LLC.

About NeoStem, Inc.

NeoStem, Inc. is an international biopharmaceutical company with adult stem cell operations in the U.S., a network of adult stem cell therapeutic providers in China as well as a 51% ownership interest in a profitable Chinese generic pharmaceutical manufacturing company. NeoStem is focused on accelerating the development of proprietary cellular therapies and becoming a single source for collection, storage, manufacturing, therapeutic development and transportation of cells for cell based medicine and regenerative science globally. The Company also has licensed various cellular therapy technologies, including worldwide exclusive licenses to a wound healing technology and to VSEL™ Technology which uses very small embryonic-like stem cells, which are adult stem cells that have been shown to have several physical characteristics that are generally found in embryonic stem cells, and a T-cell regulatory technology through the acquisition of Progenitor Cell Therapy, LLC.

For more information, please visit: http://www.neostem.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. Forward looking statements include statements herein with respect to the ability of PCT's business to complement NeoStem's adult stem cell operations and successful execution of the Company's strategy, as well as other advances in the Company's business, about which no assurances can be given. 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 the recent results or those projected in forward-looking statements include the "Risk Factors" described in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2010, its Form S-4/A filed with the Securities and Exchange Commission on December 3, 2010 as well as other periodic filings made with the Securities and Exchange Commission. The Company's further development is highly dependent on future medical and research developments and market acceptance, which is outside its control. NeoStem may experience difficulties in integrating PCT's business and could fail to realize potential benefits of the merger. Acquisitions may entail numerous risks for NeoStem, including difficulties in assimilating acquired operations, technologies or products, including the loss of key employees from acquired businesses.

For more information, please contact:

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