**As filed with the Securities and Exchange Commission on September 16, 2011**

**Registration No. 333-173853**

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

---

**Pre-Effective Amendment No. 1**
**to**
**FORM S-3**

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

---

**NEOSTEM, INC.**
(Exact name of registrant as specified in its charter)

| **Delaware** | **22-2343568** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**420 Lexington Avenue**
**Suite 450**
**New York, New York 10170**
**(212) 584-4180**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

---

**Catherine M. Vaczy, Esq.**
**Vice President and General Counsel**
**NeoStem, Inc.**
**420 Lexington Avenue, Suite 450, New York, New York 10170**
**(212) 584-4180**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

Copy to:
**Alan Wovsaniker, Esq.**
**Lloyd Jeglikowski, Esq.**
**Lowenstein Sandler PC**
**65 Livingston Avenue**
**Roseland, New Jersey 07068**
**Telephone: (973) 597-2500**

---

**Approximate date of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: ☐

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

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☐ (Do not check if a smaller reporting company) | Smaller reporting company x |

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock, par value $.001 per share | 3,842,001(1) | $ 1.93(2) | $ 7,415,061.93(2) | $ 860.89(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (6) | 24,000(4) | $ 1.93(5) | $ 46,320.00(5) | $ 5.38(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (7) | 75,000(4) | $ 1.93(5) | $ 144,750.00(5) | $ 16.81(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (8) | 50,000(4) | $ 1.93(5) | $ 96,500.00(5) | $ 11.20(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (9) | 110,000(4) | $ 1.93(5) | $ 212,300.00(5) | $ 24.65(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (10) | 327,000(4) | $ 1.93(5) | $ 631,110.00(5) | $ 73.27(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (11) | 60,000(4) | $ 1.93(5) | $ 115,800.00(5) | $ 13.44(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (12) | 100,000(4) | $ 1.93(5) | $ 193,000.00(5) | $ 22.41(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (13) | 1,010,709(4) | $ 1.93(5) | $ 1,950,668.37(5) | $ 226.47(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (14) | 50,000(4) | $ 1.93(5) | $ 96,500.00(5) | $ 11.20(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (15) | 170,000(4) | $ 2.00(5) | $ 340,000.00(5) | $ 39.47(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (16) | 25,000(4) | $ 2.10(5) | $ 52,500.00(5) | $ 6.10(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (17) | 12,827,800(4) | $ 2.50(5) | $ 32,069,500.00(5) | $ 3,723.27(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (18) | 25,000(4) | $ 2.52(5) | $ 63,000.00(5) | $ 7.31(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (19) | 93,023(4) | $ 2.6875(5) | $ 249,999.31(5) | $ 29.02(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (20) | 50,000(4) | $ 3.00(5) | $ 150,000.00(5) | $ 17.42(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (21) | 3,000(4) | $ 4.2726(5) | $ 12,817.80(5) | $ 1.49(3) |
| Common Stock, par value $.001 per share, underlying common stock purchase warrants (22) | 100,000(4) | $ 4.5455(5) | $ 454,550.00(5) | $ 52.77(3) |
| Total | 18,942,533 | | $ 44,294,377.41(2)(5) | $ 5,142.58(23) |

(1) Amount of shares of common stock of the registrant, par value $0.001 per share ("Common Stock"), to be registered and offered and sold by the selling stockholders.

(2) Estimated solely for the purpose of computing the amount of the registration fee for the shares of Common Stock to be registered in accordance with Rule 457(c) under the Securities Act, based on the average of the high and low prices for the Common Stock, $0.001 par value per share, as reported by the NYSE Amex on April 29, 2011 (the "Market Price"), which date was within five business days of the initial filing of this registration statement on May 2, 2011.

(3) This amount is included in the aggregate filing fee for this registration statement.

(4) Amount of shares of Common Stock issuable upon exercise of warrants to be registered. To be offered and sold by the selling stockholders upon the exercise of outstanding warrants.

(5) Estimated solely for the purpose of computing the amount of the registration fee for the shares of Common Stock issuable upon exercise of warrants to be registered in accordance with Rule 457(g) under the Securities Act, based upon the higher of (i) the price at which the warrants may be exercised or (ii) the Market Price of the Common Stock.

(6) Represents Common Stock issuable upon the exercise (at a price of $0.50 per share) of outstanding warrants.

(7) Represents Common Stock issuable upon the exercise (at a price of $1.00 per share) of outstanding warrants.

(8) Represents Common Stock issuable upon the exercise (at a price of $1.30 per share) of outstanding warrants.

(9) Represents Common Stock issuable upon the exercise (at a price of $1.41 per share) of outstanding warrants.

(10) Represents Common Stock issuable upon the exercise (at a price of $1.42 per share) of outstanding warrants.

(11) Represents Common Stock issuable upon the exercise (at a price of $1.44 per share) of outstanding warrants.

(12) Represents Common Stock issuable upon the exercise (at a price of $1.50 per share) of outstanding warrants.

(13) Represents Common Stock issuable upon the exercise (at a price of $1.75 per share) of outstanding warrants.

(14) Represents Common Stock issuable upon the exercise (at a price of $1.82 per share) of outstanding warrants.

(15) Represents Common Stock issuable upon the exercise (at a price of $2.00 per share) of outstanding warrants.

(16) Represents Common Stock issuable upon the exercise (at a price of $2.10 per share) of outstanding warrants.

(17) Represents Common Stock issuable upon the exercise (at a price of $2.50 per share) of outstanding warrants.

(18) Represents Common Stock issuable upon the exercise (at a price of $2.52 per share) of outstanding warrants.

(19) Represents Common Stock issuable upon the exercise (at a price of $2.6875 per share) of outstanding warrants.

(20) Represents Common Stock issuable upon the exercise (at a price of $3.00 per share) of outstanding warrants.

(21) Represents Common Stock issuable upon the exercise (at a price of $4.2726 per share) of outstanding warrants.

(22) Represents Common Stock issuable upon the exercise (at a price of $4.5455 per share) of outstanding warrants.

(23) $5,180.23 was previously paid upon the initial filing of this registration statement on May 2, 2011.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**SUBJECT TO COMPLETION, DATED SEPTEMBER 16, 2011**

**The information contained in this prospectus is not complete and may be changed. The selling stockholders identified in this prospectus may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PROSPECTUS**

# NEOSTEM, INC.

**18,942,533 Shares of Common Stock**
**Offered by Selling Stockholders**

---

This prospectus relates to the resale, from time to time, by the selling stockholders listed in this prospectus under the section "Selling Stockholders," of up to 18,942,533 shares of common stock, par value $0.001 per share (the "Common Stock"), of NeoStem, Inc., which includes up to an aggregate of 15,100,532 shares of our Common Stock issuable upon the exercise of warrants (which if all exercised for cash would result in gross proceeds to the Company of approximately $36,259,947). These shares include the following shares and are described in more detail under "Selling Stockholders":

- The resale by certain Selling Stockholders of an aggregate of 960,709 shares of our Common Stock issuable upon the exercise of warrants to purchase our Common Stock, which warrants were issued in connection with private placements in May and October of 2008;
- The resale by a Selling Stockholder of an aggregate of 800,000 shares of our Common Stock issued (or issued pursuant to the exercise of warrants issued) pursuant to a November 2008 private placement;
- The resale by a Selling Stockholder of an aggregate of 640,000 of the shares of our Common Stock issued in October 2009 upon the conversion of shares of our Series D Convertible Preferred Stock ("Series D Stock"), which Series D Stock was issued in April, June and July 2009 pursuant to private placements (the "2009 Private Placements");
- The resale by certain Selling Stockholders of an aggregate of 12,802,800 shares of our Common Stock issuable upon the exercise of warrants to purchase our Common Stock, which warrants were issued in the 2009 Private Placements;
- The resale by certain Selling Stockholders of an aggregate of 1,244,375 shares of our Common Stock issued pursuant to a private placement consummated on April 5, 2011 (the "April 2011 Private Placement");
- The resale by certain Selling Stockholders of an aggregate of 600,000 shares of our Common Stock issued, and an aggregate of 1,337,023 shares of our Common Stock issuable, in each case upon the exercise of warrants to purchase our Common Stock, which warrants were issued pursuant to various consulting and service agreements entered into by NeoStem since May 2007; and
- The resale by certain Selling Stockholders of an aggregate of 557,626 shares of our Common Stock received in other transactions.

The Selling Stockholders may sell the shares of Common Stock being offered by this prospectus from time to time on terms to be determined at the time of sale through ordinary brokerage transactions or through any other means described in this prospectus under "Plan of Distribution." The prices at which the Selling Stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale of the shares by the Selling Stockholders. However, we will receive the proceeds from the exercise of the warrants by the Selling Stockholders, if any, to the extent that the warrants are not exercised on a cashless basis. See the section entitled "Use of Proceeds" on page 60 of this prospectus.

Our Common Stock is listed on the NYSE Amex and traded under the symbol "NBS." On September 15, 2011, the last reported sales price of our Common Stock on the NYSE Amex was $0.65 per share. There were 98,232,590 shares of our Common Stock outstanding as of August 17, 2011.

**Investing in our Common Stock is speculative and involves a high degree of risk. See "Risk Factors" beginning on page 6.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is , 2011.

**TABLE OF CONTENTS**


| | |
|---|---|
| SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS | i |
| ABOUT THIS PROSPECTUS | i |
| PROSPECTUS SUMMARY | 1 |
| RISK FACTORS | 6 |
| USE OF PROCEEDS | 60 |
| SELLING STOCKHOLDERS | 60 |
| PLAN OF DISTRIBUTION | 67 |
| LEGAL MATTERS | 68 |
| EXPERTS | 69 |
| INCORPORATION OF CERTAIN INFORMATION BY REFERENCE | 70 |
| WHERE YOU CAN FIND MORE INFORMATION | 71 |


## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus or the documents incorporated by reference herein constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of NeoStem, Inc. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those set forth under the caption “Risk Factors.” The words “believe,” “expect,” “anticipate,” “intend,” and “plan” and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which speak only as of the date the statement was made. NeoStem, Inc. undertakes no obligation to update any forward-looking statement.

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the “SEC” or the “Commission”) utilizing a shelf registration process. Under the shelf registration process, Selling Stockholders may, from time to time, offer and sell shares of our Common Stock pursuant to this prospectus. It is important for you to read and consider all of the information contained in this prospectus and any applicable prospectus supplement before making any decision whether to invest in the common stock. You should also read and consider the information contained in the documents that we have incorporated by reference as described in “Where You Can Find More Information, and “Incorporation of Certain Information by Reference” in this prospectus.

We have not authorized anyone to give any information or to make any representations different from that which is contained or incorporated by reference in this prospectus or any accompanying prospectus supplement in connection with the offer made by this prospectus or any accompanying prospectus supplement and, if given or made, such information or representations must not be relied upon as having been authorized by NeoStem, Inc. or any such person. Neither the delivery of this prospectus or any accompanying prospectus supplement nor any sale made hereunder and thereunder shall under any circumstances create an implication that there has been no change in the affairs of NeoStem, Inc. since the date hereof. This prospectus or any accompanying prospectus supplement does not constitute an offer or solicitation by anyone in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

## PROSPECTUS SUMMARY

Investing in our securities involves a high degree of risk. This summary highlights some information contained or incorporated by reference in this prospectus. It may not contain all of the information that is important to you. Important information is incorporated by reference into this prospectus. To understand this offering fully, you should read carefully the entire prospectus, including "Risk Factors", and the other financial statements and documents incorporated by reference in this prospectus.

### Our Company

**Overview**

NeoStem, Inc. ("we," "NeoStem" or the "Company") continues to develop its core capabilities in cell therapy to capitalize on the paradigm shift that we see occurring in medicine. Our acquisition of Progenitor Cell Therapy, LLC ("PCT") provides the foundation to achieve our mission to become a premier cell therapy company. While our origins are in adult stem cell research, collection and storage, we came to understand that the catalyst for storage is therapy. People want to see that there are and will be uses for their cells should they need them in the future. NeoStem today has deployed significant resources to meet the basic research, manufacturing, regulatory, clinical and logistical demands of an integrated cell therapeutics company.

Currently, we operate our business in three reportable segments: (i) Cell Therapy – United States; (ii) Regenerative Medicine – China; and (iii) Pharmaceutical Manufacturing – China.

***Cell Therapy – United States***

***PCT Merger***

On January 19, 2011 we completed our acquisition of PCT (the "PCT Merger") As a result of the consummation of the PCT Merger, PCT is now a wholly-owned subsidiary of our Company.

Founded by Dr. Andrew L. Pecora and Robert A. Preti, Ph.D., PCT became an internationally recognized cell therapy services and development company. It sought to create a business for "as needed" development and manufacturing services for the emerging cell therapy industry and to prepare for eventual commercialization. With its cell therapy manufacturing facilities and team of professionals, PCT offers a platform that can facilitate the preclinical and clinical development and commercialization of cellular therapies for clients throughout the world. Dr. Preti now serves as PCT's President and Chief Scientific Officer and Dr. Pecora as its part-time Chief Medical Officer (and effective August 17, 2011, Dr. Pecora also serves as Chief Medical Officer of NeoStem).

PCT is engaged in a broad range of services in the cell therapy market for the treatment of human disease, PCT offers current Good Manufacturing Practices (cGMP)-compliant cell transportation, manufacturing, storage, and distribution services and supporting clinical trial design, product process development, logistics, regulatory and quality systems development services. In addition, through its network of contacts throughout the cell therapy industry, PCT is able to identify early stage development opportunities in the cell therapy field and opportunistically develop these cell therapies through proof of concept where they can be further developed and ultimately commercialized through NeoStem's developing commercial structure. PCT's expertise in the cell therapy arena includes therapeutic vaccines (oncology), various related cell therapeutics, cell diagnostics, and regenerative medicine. From this platform, we hope to develop product based therapeutics. Our goal is to develop internally, or through partnerships, allogeneic (cells from a third-party donor) or autologous (cells from oneself) therapeutic technologies that, in the aggregate, comprise the Cell Therapy – United States reportable segment of our business.

**Cell Collection, Processing and Storage Business**

In the United States, we are a provider of family banking offering adult stem cell collection, processing and storage services for newborns as well as adults. This enables healthy individuals to donate and store their stem cells for personal therapeutic use in the future, if needed. Similar to the banking of cord blood, pre-donating cells at a younger age helps to ensure a supply of one's own stem cells should they be needed for future medical treatment. We have established a network of adult stem cell collection centers in the U.S. With our acquisition of PCT, we acquired the expertise of cGMP cord blood banking. NeoStem Family Storage (formerly DomaniCell, LLC), a wholly owned subsidiary of PCT, assists hospitals by providing umbilical cord blood unit collection and long-term storage services to patients for potential future therapeutic use.

In July 2010, we were named "Best Stem Cell Company, 2010," in the New Economy's Biotech Awards.

**Stem Cell Research**

NeoStem conducts research and development activities in its own laboratory facilities In addition, through collaborations, we pursue therapeutic and potentially diagnostic applications for adult stem cells, including applications using our own VSEL™ Technology (very small embryonic-like stem cells). VSEL™ Technology, licensed from the University of Louisville, represents NeoStem's proprietary pre-clinical platform. We believe VSEL stem cells hold significant potential for the Company, affording entry into the regenerative medicine arena with a cell product that may open up new areas in regenerative medicine. In April 2009, we entered into a License Agreement with Vincent Falanga, M.D., pursuant to which we acquired a world-wide, exclusive license to certain innovative stem cell technologies and applications for wound healing. In conjunction with that license we entered into a multi-year sponsored research agreement with the Roger Williams Medical Center in Providence, Rhode Island and Dr. Falanga's laboratory, funded by the Department of Defense, to study the use of mesenchymal cells and VSEL stem cellsfor the treatment of chronic wounds. We have also in-licensed more mature technologies that use stem cells for regenerative applications, including rebuilding cartilage, repairing fractures and rejuvenating aging skin. Some of these products or treatments have recently launched commercially in Asia.

***Regenerative Medicine – China***

We are presently applying our cellular therapies in the People's Republic of China ("China" or "PRC"). In 2009, we began several China-based, adult stem cell initiatives including: (i) creating a separate China-based stem cell operation, (ii) constructing a stem cell research and development laboratory and processing and manufacturing facility in Beijing, (iii) establishing relationships with hospitals to provide stem cell-based therapies, and (iv) obtaining product licenses covering several adult stem cell therapeutics focused on regenerative medicine. In 2010, we began offering our adult stem cell storage and anti-aging and cosmetic applications in Taiwan through an agreement with Enhance Biomedical Holdings. In June 2010 we launched a collaboration with Shandong Wendeng Orthopaedic Hospital, or Wendeng Hospital, which was the first hospital in the network we are establishing to offer orthopaedic treatments in China. In December 2010, we entered into the second hospital cooperation agreement with Shijiazhuang Third Hospital in the provincial capital of Hebei Province. We entered into a third hospital collaboration agreement in mid-2011. In the third quarter of 2010, Weihai Municipal Price Bureau, the local authority in charge of pricing for public medical services in Wendeng, approved the pricing for single side and bilateral arthroscopic orthopedic autologous adult stem cell based treatment licensed by us which is being administered at Wendeng Hospital. Importantly, the Weihai Municipal Labor Bureau Medical Insurance Office approved Wendeng Hospital's application for reimbursement whereby patients are eligible to receive reimbursement for up to 80% of the cost of the orthopedic procedure under the new technology category.

***Pharmaceutical Manufacturing – China***

We acquired a 51% ownership interest in Suzhou Erye Pharmaceutical Company Ltd. ("Erye") in October 2009. Erye was founded more than 50 years ago and represents an established, vertically-integrated pharmaceutical business. Historically, Erye has concentrated its efforts on manufacturing and distributing of generic antibiotic products. It has received more than 160 production certificates from the State Food and Drug Administration of China, or SFDA, covering both antibiotic prescription drugs and active pharmaceutical intermediates (APIs). Our current senior executive management team at Erye, Mr. Shi, Chairman, and Madame Zhang, General Manager, joined Erye in 1998, and in conjunction with others bought it from the PRC government in 2003. A majority of the drugs that Eyre manufactures are on China's "essential drug" list, and Erye's new facility under construction will enable greater production.

As part of our plan to focus our business on cell therapy manufacturing, development and other related activities, we are pursuing strategic alternatives with respect to Erye. In June 2011 we engaged a financial advisor to lead the effort to pursue the possible divestiture of our 51% interest in Erye, though we have not yet determined to sell our interest in Erye.

**Recent NeoStem Developments – Amorcyte Merger Agreement**

On July 13, 2011, we entered into an Agreement and Plan of Merger (the "Amorcyte Merger Agreement") with Amorcyte, Inc. ("Amorcyte"), pursuant to which Amo Acquisition Company I Inc., our newly-formed wholly-owned subsidiary ("Subco"), will merge (the "Amorcyte Merger") with and into Amorcyte, with Amorcyte as the surviving entity and our wholly-owned subsidiary. Thereafter, Amorcyte will be merged with and into Amo Acquisition Company II, LLC, another newly-formed wholly-owned subsidiary of ours.

The Amorcyte Merger Agreement provides that all of the shares of Amorcyte common stock ("Amorcyte Common Stock") and Amorcyte Series A Preferred Stock ("Amorcyte Series A Preferred Stock"), all options and warrants to acquire equity of Amorcyte, and all debt obligations issued by Amorcyte that are convertible into Amorcyte Series A Preferred Stock (to the extent not already converted, being treated as if it were actually converted), in each case, issued and outstanding immediately prior to the effective time of the Amorcyte Merger (the "Effective Time"), will be converted by virtue of the Amorcyte Merger into the right to receive, in the aggregate, (i) 6,821,283 shares of our common stock, par value $0.001 per share, subject to downward adjustment under certain circumstances (the "Base Stock Consideration"); (ii) up to an additional 4,092,768 shares of our common stock (the "Contingent Shares", and together with the Base Stock Consideration, the "Stock Consideration"), which Contingent Shares will only be issued if certain specified business milestones are accomplished; (iii) seven year warrants to purchase an aggregate of 1,881,008 shares of our common stock at an exercise price of $1.466 per share (the terms of such warrants to provide that the transfer of any shares of our common stock issued upon exercise thereof will be restricted until one year after the closing date of the Amorcyte Merger); and (iv) earn out payments equal to 10% of the net sales of Amorcyte's lead product candidate AMR-001 (in the event of and following the date of first commercial sale of AMR-001), provided that in the event NeoStem sublicenses AMR-001, the applicable earn out payment will be equal to 30% of any sublicensing fees, and provided further that NeoStem will be entitled to recover direct out-of-pocket clinical development costs not previously paid or reimbursed and any costs, expenses, liabilities and settlement amounts arising out of claims of patent infringement or otherwise challenging Amorcyte's right to use intellectual property, by reducing any earn out payments due by 50% until such costs have been recouped in full. The Contingent Shares will be issued only if the following business milestones are achieved, as follows:

- One-third of the Contingent Shares will be issued upon (a) the completion of Phase 2 clinical trial for Amorcyte's product candidate AMR-001 and (b) issuance of a statistically significant analysis demonstrating satisfaction of the primary clinical end points from the Phase 2 clinical trial, which primary clinical endpoints are described in the Phase 2 clinical trial protocol submitted by Amorcyte to the FDA on July 5, 2011, and which may only be changed by a writing consented to by NeoStem and the Amorcyte Representative.

- One-third of the Contingent Shares will be issued following a Type B End of Phase 2/Pre-Phase 3 meeting with the FDA wherein AMR-001 is acknowledged in writing by the FDA to be ready for Phase 3.

- The remaining one-third of the Contingent Shares will be issued upon the first dosing of the first patient in the pivotal Phase 3 clinical study for AMR-001.

The consummation of the Amorcyte Merger is subject to various conditions, including the approval by Amorcyte's stockholders of the Amorcyte Merger and the Agreement and Plan of Merger; approval by NeoStem's stockholders of the issuance of NeoStem securities in connection with the Amorcyte Merger; Amorcyte having terminated (with no liability to NeoStem) its Amended and Restated License, as amended to date, from Baxter Healthcare Corporation; receipt by NeoStem of evidence reasonably satisfactory to it that Amorcyte has entered into an agreement with a supplier for cell sorting on terms and conditions reasonably acceptable to NeoStem; the full payment and satisfaction by Amorcyte of all payables due to NeoStem's subsidiary PCT through the closing date; the absence of any order or legal proceeding preventing consummation of the Amorcyte Merger; and other legal and regulatory requirements. Additionally, it is a condition to NeoStem's and Subco's obligations to close that (A) (i) holders of Amorcyte Common Stock and holders of Amorcyte Series A Preferred Stock entitled to 1% or more of the aggregate Stock Consideration shall not have voted against the adoption of the Agreement and Plan of Merger or withheld their consent thereto in writing or otherwise remain eligible to perfect appraisal rights in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), and (ii) holders who represent more than 5% of the issued and outstanding Amorcyte Common Stock shall not have voted against the adoption of the Agreement and Plan of Merger or withheld their consent thereto in writing or otherwise remain eligible to perfect appraisal rights in accordance with the DGCL, and that (B) no holders of the issued and outstanding Amorcyte Series A Preferred Stock shall have had any of their shares redeemed nor shall any holder of the Amorcyte Series A Preferred Stock have requested that Amorcyte redeem any shares of Amorcyte Series A Preferred Stock. Either NeoStem or Amorcyte may terminate the Agreement and Plan of Merger and the transactions contemplated thereby at any time prior to the Effective Time, if the closing does not occur on or prior to January 31, 2012; provided that the party seeking to terminate is not at such time in material breach of any material representation or warranty contained in the Agreement and Plan of Merger.

***Amorcyte Business Overview***

Amorcyte is a clinical stage therapeutics company pursuing cell-based therapies for cardiovascular diseases. Its therapeutic strategy focuses on developing product candidates designed to prevent subsequent major adverse cardiac events following a significant AMI by preserving heart muscle tissue. Amorcyte's most advanced product candidate is AMR-001, a chemotactic hematopoietic stem cell product comprising autologous bone marrow-derived, CD34+/CXCR-4+ stem cells selected to treat damaged heart muscle following acute myocardial infarction ("AMI"). AMR-001 works by increasing microvascular blood flow in the myocardium (heart muscle) via neoangiogenesis (development and formation of new blood vessels), thereby reversing post-heart attack induced ischemia (restriction of blood supply) and rescuing tissue from hibernation and preventing eventual cell death (apoptosis). Amorcyte is developing a therapeutic to prevent the post-AMI deterioration of cardiac function by injecting a potent dose of autologous bone marrow ("BM") derived CD34+/CXCR-4+ cells 7-11 days post AMI (the repair phase) into the peri-infarct zone (that is, the living tissue on the periphery of the dead tissue), which restores perfusion (or blood flow) surrounding the site of the heart attack.

Amorcyte successfully completed a Phase 1 trial of AMR-001 for the treatment of damaged heart muscle following AMI, and is preparing to move into Phase 2 testing. Amorcyte believes that its Phase 1 study is the first stem cell trial to show dose-related, statistically significant, improvement in perfusion following AMI, which remains a significant cause of morbidity and mortality in the United States and world-wide. Current interventions or medications have limited ability to prevent progressive myocardial cell apoptosis leading to cardiac functional deterioration and downstream major adverse cardiac events ("MACE"). Amorcyte also believes that there are applications for AMR-001 in congestive heart failure.

PCT, a cGMP cell manufacturer accredited by the Foundation for the Accreditation of Cell Therapies ("FACT"), did the manufacturing of cells for Amorcyte's Phase 1 trial and will continue to offer its expertise in cell therapy and core process development to provide a cost advantage for AMR-001 manufacturing for Phase 2 through commercialization.

***Anticipated Phase 2 Trial of AMR-001***

By no later than the end of first quarter of 2012, Amorcyte expects to commence a 160 patient Phase 2 multicenter, blinded, prospective, randomized, controlled U.S. clinical trial to evaluate the efficacy and safety of a single intra-coronary infusion of 10 million cells of AMR-001 post AMI in subjects with ejection fractions of 48% or less. The objective of the Phase 2 study will be to determine the effect of a 10 million cell infusion of CD34+/CXCR4+ enriched cells on cardiac function and outcomes of patients after significant AMI. The primary assessment for the effect of AMR-001 on cardiac function will be improvement in cardiac perfusion. Amorcyte also intends to evaluate the impact of AMR-001 on cardiac function and adverse events post-myocardial infarction as defined by reduction in cumulative MACE at 6, 12, 18 and 24 months, premature death, recurrent heart attack, congestive heart failure, significant arrhythmias, and acute coronary syndrome.

In order to accelerate Amorcyte's ability to commence the Phase 2 clinical trial of AMR-001, NeoStem has agreed to provide loans to Amorcyte prior to the closing to be used in connection with the Phase 2 trial. Pursuant to a Loan Agreement entered into on September 9, 2011, Amorcyte may from time to time request loans from NeoStem up to an aggregate principal amount of $350,000. The borrowings will accrue interest at a rate of 6% per annum through December 31, 2011 and at a rate of 9% per annum thereafter. Amounts repaid by Amorcyte may not be reborrowed. Monthly interest payments commence in January 2012, with the entire unpaid principal balance of the loans (together with accrued but unpaid interest) becoming due on August 31, 2012. Amorcyte gave NeoStem a Convertible Promissory Note to evidence the loans, which affords NeoStem the right at any time after January 1, 2012 to convert unpaid Loan Agreement obligations into Amorcyte Common Stock and Amorcyte Series A Preferred Stock.

***Plans for Future Development***

If successful in Phase 2, Amorcyte plans to proceed with a later stage trial(s) to demonstrate meaningful clinical benefit and seek approval to commercialize AMR-001 to prevent the adverse consequences of a large AMI.

***Amorcyte Corporate Information***

Amorcyte's headquarters are located at 4 Pearl Court, Suite C, Allendale, NJ 07401 and its telephone number is (201) 883-1406.

**NeoStem Corporate Information**

Our principal executive offices are located at 420 Lexington Avenue, Suite 450, New York, New York 10170, and our telephone number is (212) 584-4180. Our Common Stock is currently traded on the NYSE Amex under the symbol "NBS." We maintain a corporate website at *www.neostem.com*. The contents of our website are not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus or relied upon in connection herewith.

NeoStem, Inc. was incorporated under the laws of the State of Delaware in September 1980 under the name Fidelity Medical Services, Inc. and commenced operations in the adult stem cell collection, processing and storage services business in January 2006. Unless otherwise stated, all references to "us," "our," "NeoStem," "we," the "Company" and similar designations refer to NeoStem, Inc.

This prospectus and the information incorporated by reference includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus are the property of their respective owners.

**The Offering**

Our selling stockholders named in the table beginning on page 62 of this prospectus are offering an aggregate of 18,942,533 shares of our Common Stock (the "Selling Stockholders"). 15,100,532 of such shares are issuable upon the exercise of currently outstanding warrants. We will not receive any proceeds upon the sale of shares of Common Stock by the Selling Stockholders. We will receive the exercise price of the outstanding warrants that are exercised for cash. See "Use of Proceeds." The vast majority of the shares being offered hereby were acquired by (or will be acquired in connection with the exercise of outstanding warrants acquired by) the Selling Stockholders as a result of our capital raising activities since May 2008, and the rest of the shares underlie warrants issued to certain consultants and service providers since May 2007 or were acquired in other transactions. See "Selling Stockholders."

## RISK FACTORS

An investment in our Common Stock is subject to numerous risks, including those listed below. You should carefully consider these risks, along with the information provided elsewhere in this prospectus and the documents we incorporate by reference in this prospectus before investing in our Common Stock. You could lose all or part of your investment in our Common Stock.

Our business, financial condition, operating results and cash flows can be affected by a number of factors, including, but not limited to, those set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. The risks described below are not the only ones we face, but those we currently consider to be material. There may be other risks which we now consider immaterial, or which are unknown or unpredictable, with respect to our business, our competition, the regulatory environment, the Amorcyte Merger or otherwise that could have a material adverse effect on our business.

## RISKS RELATED TO THIS OFFERING AND OUR SECURITIES

***Although we raised approximately $14.6 million in net proceeds in our July 2011 underwritten offering, we anticipate that we will need substantial additional financing in the future to continue our operations and, assuming the Amorcyte Merger is consummated, to continue the operations of the combined company. If we are unable to raise additional capital as needed, the combined company may be forced to delay, reduce or eliminate one or more of its product development programs, cell therapy initiatives or commercialization efforts.***

We anticipate that (even after taking into account our recent July 2011 underwritten offering) we will require additional capital to fund our current operating plan, including our existing U.S.-based cell therapy operations (such as development of our VSEL™ technology and a T-cell therapeutic, our stem cell collection and storage business, and our cell manufacturing and processing operations) and our China-based initiatives.

In addition, the Amorcyte business to be acquired by us will require significant additional financing. Amorcyte is a development stage company with no commercial products. Amorcyte's product candidate, AMR-001, is being developed and will require significant investment before it can be commercialized. Amorcyte anticipates that AMR-001 will not be commercially available for several years, if ever.

The combined company's research and development expenses will increase with the addition of the ongoing activities of the Amorcyte business, particularly as the Phase 2 clinical trial commences with respect to AMR-001. Even if we raise additional capital in the event that Amorcyte's Phase 2 clinical trial of AMR-001 produces positive results, it is anticipated it will be necessary to enter into one or more collaboration agreements with one or more third parties to conduct and fund additional clinical trials, including larger, potentially pivotal Phase 3 clinical trials. If we are not able to enter into collaboration agreements on terms that are acceptable to us, we will need to raise additional capital to fund these trials or otherwise delay or abandon the trials. In addition, subject to obtaining regulatory approval of any present or future Amorcyte product candidate, the combined company expects to incur significant commercialization expenses for product sales and marketing.

The future capital requirements of the combined company will depend on many factors, including:

- The scope, progress and results of NeoStem's historic cell therapy research, development, processing and manufacturing programs (including any revenues generated by NeoStem's subsidiary PCT) and its adult and cord blood stem cell collection and storage business;
- the scope, progress and results of development programs being conducted by Amorcyte;
- the scope, progress, results, costs, timing and outcomes of the clinical trials of AMR-001 and any other product candidates;
- the timing of entering into, and the terms of, any collaboration agreements with one or more third parties for one or more product candidates;

- the timing of and the costs involved in obtaining regulatory approvals for the combined company's product candidates, a process which could be particularly lengthy or complex given the FDA's limited experience with marketing approval for cell therapy products;

- the costs of operating, expanding and enhancing the combined company's manufacturing facilities and capabilities to support the combined company's clinical activities and, if any product candidates are approved, the combined company's commercialization activities;

- the costs of maintaining, expanding and protecting the combined company's intellectual property portfolio, including potential litigation costs and liabilities;

- revenues received from sales of the combined company's product candidates, if approved by the FDA;

- if and when there is a divestiture of Erye; and

- The progress of the Company's regenerative medicine initiatives in China.

We would likely seek such funding through public or private financings or some combination of the two. The combined company may also seek funding through collaborative arrangements if we determine them to be necessary or appropriate. Additional funding may not be available to us on acceptable terms, or at all. If we obtain capital through collaborative arrangements, these arrangements could require us to relinquish rights to the combined company's technology or product candidates and could result in our receiving only a portion of the revenues associated with the partnered product. If we raise capital through the sale of equity, or securities convertible into equity, it would result in dilution to our then existing stockholders. Issuances of our securities in connection with any future capital raise may additionally cause antidilution adjustments to our outstanding Series E 7% Senior Convertible Preferred Stock and to the warrants issued in connection therewith. If we raise additional capital through the incurrence of indebtedness, the documents governing the terms of such debt would likely contain terms restricting our business activities, and holders of debt instruments would have rights and privileges senior to those of our equity investors. In addition, servicing the interest and principal repayment obligations under debt facilities could divert funds that would otherwise be available to support research and development, clinical or commercialization activities.

Cash requirements of the combined company may vary materially from those now planned because of expenses relating to marketing, advertising, sales, distribution, research and development and regulatory affairs (including the expenses related to clinical trials), as well as the costs of maintaining, expanding and protecting our intellectual property portfolio, including potential litigation costs and liabilities. Additional financing may not be available when needed or may not be available on terms acceptable to us. The combined company's inability to obtain necessary capital or financing to fund these needs could adversely affect the combined company's business, results of operations and financial condition.

***The market price and trading volume of our Common Stock has been and may continue to be volatile and issuances of large amounts of shares of our Common Stock could cause the market price of our Common Stock to decline.***

As of August 17, 2011, 98,232,590 shares of our Common Stock were outstanding. From January 1, 2011 through August 17, 2011, our Common Stock traded as low as $0.60 and as high as $2.10. In 2010, our Common Stock traded as low as $1.10 and as high as $3.50, and in 2009 traded as low as $0.43 and as high as $2.72. In addition to our low stock trading volume, some of the other factors contributing to our stock's price volatility include the issuance of a significant number of shares of our Common Stock or securities convertible into Common Stock in a short period of time, announcements of government regulation, new products or services introduced by us or by our competition, healthcare legislation, trends in health insurance, litigation, fluctuations in operating results, our success in commercializing our business, market conditions for healthcare stocks in general as well as economic recession. We cannot assure you that the market price of our shares of Common Stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our shares of common stock include those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" and in the information incorporated and deemed to be incorporated by reference herein.

***Management will have broad discretion as to the use of the proceeds from our recent underwritten offering, and we may not use the proceeds effectively.***

Our management will have broad discretion in the application of the net proceeds from our recent July 2011 underwritten offering of Common Stock and warrants, and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our Common Stock. Our failure to apply these funds effectively could have a material adverse effect on our business, delay the development of our product candidates and cause the price of our Common Stock to decline.

***Holders of our Common Stock will experience dilution upon the issuance of Common Stock upon the conversion or in connection with redemption or dividend payments under our Series E Preferred Shares, if we issue additional equity securities in future fundraising transactions, if the Amorcyte Merger is consummated and if shares of our Common Stock underlying our significant number of outstanding warrants are purchased by the holders thereof.***

The issuance of Common Stock as mandatory redemption payments, dividend payments or upon conversion of some or all of our Series E 7% Senior Convertible Preferred Stock (the "Series E Preferred Stock" or the "Series E Preferred Shares") (as of August 17, 2011 convertible into an aggregate of 5,132,370 shares of our Common Stock) issued in November 2010 will dilute the ownership interests of our existing holders of our shares of Common Stock. We have, and expect to continue to make almost all of the mandatory redemption payments under the terms of the Series E Preferred Shares in shares of our Common Stock. Although the dollar amount of such redemption payments are known, the number of shares to be issued in connection with such redemption payments will fluctuate based on our stock price. Any sales or perceived sales in the public market of our shares of Common Stock issuable upon such mandatory redemption payments or upon conversion could adversely affect prevailing market prices of our shares of Common Stock. The issuance of Common Stock upon conversion of the Series E Preferred Shares or upon such redemption payments may also have the effect of reducing our net income per share. In addition, the existence of the Series E Preferred Shares may encourage short selling by market participants because the conversion of the Series E Preferred Shares or the existence of the redemption payments could depress the market price of our shares of Common Stock. The number of shares issuable upon conversion of the Series E Preferred Shares will be subject to weighted average antidilution adjustment. Additionally, pursuant to the Amorcyte Merger we may issue up to 12,795,059 shares of Common Stock (including up to 4,092,768 Contingent Shares and warrants to purchase up to 1,881,008 shares of Common Stock).

If in the future we issue additional Common Stock, or securities convertible into or exchangeable or exercisable for Common Stock, our stockholders, including investors who purchase shares offered by the Selling Stockholders under this prospectus, will experience additional dilution, and any such issuances may result in downward pressure on the price of our Common Stock.

In addition, we have a significant number of outstanding securities convertible into, or allowing the purchase of our Common Stock.

Investors will be subject to increased dilution upon conversion of our outstanding Series B preferred stock and upon the exercise of outstanding stock options and warrants. There were 98,232,590 shares of our Common Stock outstanding as of August 17, 2011. As of that date, Series B preferred stock outstanding could be converted into 10,000 shares of our Common Stock and stock options and warrants outstanding represented an additional 54,470,909 shares of our Common Stock that could be issued in the future. The number of shares issuable upon exercise of warrants issued with the Series E Preferred Stock are subject to weighted average antidilution adjustment. Most of the outstanding shares of our Common Stock, as well as the vast majority of the shares of our Common Stock that may be issued under our outstanding options and warrants, are not restricted from trading or have the contractual right to be registered. Also, the issuance of additional shares as a result of such conversion or purchase, or their subsequent sale, could adversely affect the price of our Common Stock.

Any significant increase in the number of shares offered for sale could cause the supply of our Common Stock available for purchase in the market to exceed the purchase demand for our Common Stock. Such supply in excess of demand could cause the market price of our Common Stock to decline.

***Future sales of a significant number of our shares of Common Stock in the public markets, or the perception that such sales could occur, could depress the market price of our shares of Common Stock.***

Sales of a substantial number of our shares of Common Stock in the public markets, or the perception that such sales could occur, could depress the market price of our shares of Common Stock and impair our ability to raise capital through the sale of additional equity securities. It is anticipated that the purchasers of the Series E Preferred Shares will be selling shares of Common Stock issued to them as mandatory redemption shares on each mandatory redemption date. A substantial number of shares of Common Stock are being offered by the Selling Stockholders under this prospectus and we cannot predict if and when the Selling Stockholders may sell such shares of Common Stock in the public markets. Additionally, a substantial number of shares of Common Stock are issuable in connection with the Amorcyte Merger and we cannot predict if and when the recipients of the merger consideration may sell such shares of Common Stock in the public markets. We cannot predict the number of these shares that might be sold nor the effect that future sales of our shares of Common Stock would have on the market price of our shares of Common Stock.

***We have never paid dividends on our Common Stock and we do not anticipate paying any cash dividends on our Common Stock in the foreseeable future.***

We have never declared or paid cash dividends on our Common Stock. We do not anticipate paying any cash dividends on our Common Stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our Common Stock will be our stockholders' sole source of gain for the foreseeable future.

***Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.***

We had concluded that we did not have effective internal control over financial reporting as of December 31, 2010 as a result of a material weakness in our accounting for share-based payment arrangements, which our Company concluded was fully remediated as of March 31, 2011. However, if we fail to maintain the adequacy of internal control over our financial reporting, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act, as such standards are modified, supplemented or amended from time to time.

As a private company, PCT was not (and Amorcyte is not) subject to the requirements of Section 404 of the Sarbanes-Oxley Act. Now that the PCT Merger has been consummated (and upon consummation of the proposed Amorcyte Merger), we expect to devote management time and other resources to ensure that the combined company complies with the requirements of Section 404. During the course of testing our disclosure controls and procedures and internal control over financial reporting, we may identify and disclose material weaknesses or significant deficiencies in internal control over financial reporting (which may or may not be related to PCT or Amorcyte) that will have to be remedied. Implementing any appropriate changes to our internal control may require specific compliance training of our directors, officers and employees, entail substantial costs in order to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal control over financial reporting, and any failure to maintain that adequacy or inability to produce accurate financial statements on a timely basis could result in our financial statements being unreliable, increase our operating costs and materially impair our ability to operate our business.

Failure to achieve and maintain effective internal control over financial reporting could result in a loss of investor confidence in our financial reports and could have a material adverse effect on our stock price. Additionally, failure to maintain effective internal control over our financial reporting could result in government investigation or sanctions by regulatory authorities.

***Actual and beneficial ownership of large quantities of our Common Stock by our executive officers and directors may substantially reduce the influence of other stockholders.***

As of August 17, 2011, our executive officers and directors collectively owned 32,622,363 shares of our Common Stock, representing approximately 33.2% of our outstanding Common Stock. As of such date, our executive officers and directors collectively beneficially owned 44,114,830 shares of our Common Stock. These beneficial holdings represent approximately 40.2% of our Common Stock. As a result, such persons may have the ability to exercise enhanced control over the approval process for actions that require stockholder approval, including: the election of our directors and the approval of mergers, sales of assets or other significant corporate transactions or other matters submitted for stockholder approval. Because of the beneficial ownership position of these persons, other stockholders may have less influence over matters submitted for stockholder approval. Furthermore, at certain times the interests of our substantial stockholders may conflict with the interests of our other stockholders.

***Some of our directors and officers have positions of responsibility with other entities, and therefore have loyalties and fiduciary obligations to both our company and such other entities. These dual positions subject such persons to conflicts of interest in related party transactions which may cause such related party transactions to have consequences to our company that are less favorable than those which we could have attained in comparable transactions with unaffiliated entities.***

Eric H.C. Wei, a member of our Board of Directors, is also the Managing Partner of RimAsia Capital Partners, L.P., or RimAsia. RimAsia, a substantial stockholder of our company, beneficially owns approximately 25.9% of our Common Stock as of August 17, 2011. Mr. Shi Mingsheng (the Chairman of the Board of Erye, and who became a director of our company in March 2010) and Madam Zhang Jian (our Vice President of Pharmaceutical Operations and the General Manager of Erye), together with certain other persons, have shared voting and dispositive power over the shares of our Common Stock held by Fullbright Finance Limited, or Fullbright. Fullbright is a substantial stockholder of our company, and together with Mr. Shi, and Madam Zhang, beneficially owns approximately 5.2% of our Common Stock as of August 17, 2011. These relationships create, or, at a minimum, appear to create potential conflicts of interest when members of our company's senior management are faced with decisions that could have different implications for our company and the other entities with which our directors or officers are associated.

Although our company has established procedures designed to ensure that material related party transactions are fair to the company, no assurance can be given as to how potentially conflicted board members or officers will evaluate their fiduciary duties to our company and to other entities that they may owe fiduciary duties, respectively, or how such individuals will act in such circumstances. Furthermore, the appearance of conflicts, even if such conflicts ultimately do not harm our company, might adversely affect the public's perception of our business, as well as its relationship with its existing customers, licensors, licensees and service providers and its ability to enter into new relationships in the future.

***We may not have the cash necessary to redeem the Series E Preferred Shares.***

We have the obligation to make monthly redemption payments on the Series E Preferred Shares, which mandatory redemption payments may be made at our option in cash or in shares of our Common Stock at a discounted formula price, except that our right to make payment in shares of Common Stock is dependent upon our satisfying certain Equity Conditions (defined in the certificate of designations for the Series E Preferred Stock) and is also subject to certain Dollar Volume Limitations (as defined). If we cannot satisfy the Equity Conditions, or if our trading prices and volume are such that we do not meet the Dollar Volume Limitations necessary for us to be able to make our monthly mandatory redemption payments in stock, we may be forced to make such monthly payments in cash. We may not have sufficient cash resources at the applicable time to make those cash payments, or to make such cash payments in full. Further, any failure to pay any amounts due to the holders of the Series E Preferred Shares, as well as certain other Trigger Events (as defined in the certificate of designations), including without limitation certain change in control transactions, our failure to timely deliver shares, our suspension of trading, and breaches of certain representations, warranties and covenants that are not timely cured, where a cure period is permitted, would permit the holders of our Preferred Shares to compel repurchase of such Series E Preferred Shares at a price per share equal to the sum of the liquidation preference plus accrued dividends plus the then applicable prepayment premium (15%, or 10% if the repurchase occurs more than 12 months after the initial issuance date). If we are required to repurchase the Series E Preferred Shares in cash prior to maturity, no assurance can be given that we would have the cash or financial resources available to us to make such a payment, and such an acceleration could have a material adverse effect on our business and financial condition and may impair our ability to continue in business as a going concern.

***The Series E Preferred Shares are senior obligations of ours, and rank prior to our Common Stock with respect to dividends, distributions and payments upon liquidation.***

The rights of the holders of the Series E Preferred Shares rank senior to the obligations to holders of our Common Stock. Upon our liquidation, the holders of Series E Preferred Shares are entitled to receive a liquidation preference of $1.00 per share, plus all accrued but unpaid dividends at the rate of 7% per annum prior and in preference to any distribution to the holders of any other class of our equity securities. Further, no dividends can be paid without the consent of the holders of a majority of the outstanding Series E Preferred Shares, and the holders of Series E Preferred Shares, as well as the holders of the warrants being issued to the purchasers of Series E Preferred Shares, have the right to participate in any payment of dividends or other distributions made to the holders of our Common Stock to the same extent as if they had converted the Series E Preferred Shares or exercised the warrants. The existence of such a senior security could have an adverse effect on the value of our Common Stock.

***Holders of the Series E Preferred Shares have rights that may restrict our ability to operate our business.***

Under the securities purchase agreement pursuant to which the Series E Preferred Shares were sold, we are subject to certain covenants that limit our ability to create new series of preferred stock, other than series junior to the Series E Preferred Shares. We are also limited, with certain exceptions, in our ability and the ability of our subsidiaries (other than Erye) to incur debt and to pledge our assets. Such restrictions may have an adverse effect on our ability to operate our business while the Series E Preferred Shares are outstanding.

***The repurchase right in the Series E Preferred Shares triggered by a change in control could discourage a potential acquiror.***

The repurchase rights in the Series E Preferred Shares triggered by certain change in control transactions could discourage a potential acquiror. The interests of the holders of the Series E Preferred Shares in deciding to exercise their repurchase right may not align with your interests as a holder of our Common Stock in potential change of control transactions. The holders of Series E Preferred Shares may exercise their repurchase right which may discourage potential acquirors even in situations where the Common Stock holders may have the opportunity to realize a premium in connection with such change in control transaction.

## RISKS RELATED TO OUR BUSINESS AND FINANCIAL CONDITION

### Risks Related to Our Financial Condition

***We are a company with a limited operating history and have incurred substantial losses and negative cash flow from operations in the past, and expect to continue to incur losses and negative cash flow for the near term.***

We are a company with a limited operating history, limited capital, and limited sources of revenue. Since our inception in 1980, we have incurred net losses of approximately $116.5 million through June 30, 2011. We incurred net losses attributable to common shareholders of approximately $21.1 million for the six months ended June 30, 2011, approximately $23.5 million for the year ended December 31, 2010, approximately $31.8 million for the year ended December 31, 2009 and approximately $9.2 million for the year ended December 31, 2008, and we expect to incur additional operating losses and negative cash flow in the future. The revenues from our United States Cell Therapy segment are not sufficient to cover costs attributable to that business. We expect to incur losses and negative cash flow for the foreseeable future as a result of development activities associated with our VSEL™ Technology, a T-cell therapeutic and other research and development efforts to advance cell therapeutics, including those associated with AMR-001. We also expect to continue to incur significant expenses related to sales, marketing, general and administrative and product research and development in connection with the development of our business.

Although Erye, a Chinese pharmaceutical company in which we acquired a 51% interest, had revenues of approximately $34.3 million for the six months ended June 30, 2011, approximately $69.6 million for the year ended December 31, 2010 and $11.4 million in revenues for the year ended December 31, 2009 (this reflects Erye's operations for the two months ended December 31, 2009 since the acquisition was effective October 30, 2009), it has only a limited history of earnings. Moreover, Erye is expected to incur significant expenses in the near term due to: (1) costs related to stabilizing and streamlining its operations; (2) costs related to the relocation of its production operations to a new facility; (3) research and development costs related to new drug projects; (4) costs related to expanding its existing sales network for new drug distribution; and (5) increased tax costs. Pursuant to the current joint venture agreement that governs the ownership and management of Erye, or the Joint Venture Agreement, for the three-year period commencing on the first day of the first fiscal quarter after the Joint Venture Agreement became effective distributions are made as follows: (i) 49% of undistributed profits, after tax, will be distributed to Suzhou Erye Economy and Trading Co. Ltd., or EET, which owns the remaining 49% of Erye, and loaned back to Erye for use in connection with its construction of and relocation to the new Erye facility; (ii) 45% of the net profit after tax due to the Company will be provided to Erye as part of the new facility construction fund, which will be characterized as paid-in capital for our 51% interest in Erye; and (iii) only 6% of the net profit will be distributed to us directly for our operating expenses. Further, Erye has not yet distributed the 6% to us for 2010. As a result, we will not be able to supplement our cash flow fully from the income expected to be generated by Erye.

PCT became a wholly-owned subsidiary of NeoStem on January 19, 2011, upon the closing of the PCT Merger. PCT has not generated any significant amount of revenue nor been profitable in any quarter since inception.

We cannot provide any assurance that we will generate a profit from our operations in the near future to fund our growth.

***Erye may require additional lines of credit and bank loans.***

Due to a number of factors including tightening of monetary policy in China, government-imposed pricing constraints on certain of its products, the additional expenses described above, and constraints on certain bank accounts arising from the *Welman* litigation described in our joint proxy statement/prospectus filed with the SEC on September 16, 2011 under the caption "Legal Proceedings", Erye has experienced cash flow constraints and is seeking additional lines of credit. No assurances can be given that it will be able to secure additional credit on satisfactory terms, or at all.

***If we are unable to manage the growth of our business, our prospects may be limited and the results of our operations and ability to continue as a going concern may be materially and adversely affected.***

We intend to expand our sales and marketing programs, manufacturing capacity, and portfolios of innovative stem cell-based therapies and pharmaceutical products to meet future demand in the U.S. and China. Any significant expansion may strain our managerial, financial and other resources. If we are unable to manage our growth, our business, operating results and financial condition could be materially adversely affected. We will need to continually improve our operations, financial and other internal systems to manage our growth effectively, and any failure to do so may result in slower growth, diminished operating results and a failure to achieve profitability, which would materially and adversely affect our ability to continue as a going concern.

***The first mortgage on the Allendale facility of our PCT subsidiary contains various covenants that limit PCT's ability to take certain actions and PCT's failure to comply with any of the covenants could have a material adverse effect on our business and financial condition.***

The first of the two mortgages on PCT's Allendale facility contains debt coverage and total debt to tangible net worth financial covenants which limit PCT's ability to incur additional debt and make capital expenditures. Historically, PCT has not been able to meet one or both covenants and PCT did not meet them at June 30, 2011. While the bank has been willing to waive compliance in the past, no assurance can be given that the bank will continue to waive such compliance in the future. Additionally, the second mortgage also contains certain financial covenants which will need to be met in the future. Further, the Allendale subsidiary is restricted from taking certain actions without bank consent, including certain asset transfers.

***Acquisitions intended to grow our business may expose us to additional risks.***

We will continue to review acquisition prospects and other reorganizing activities that could complement or streamline our current business, increase the size and geographic scope of our operations or otherwise offer revenue generating or other growth opportunities. Any increase in debt in connection with an acquisition could result in increased interest expense. Additionally, acquisitions may dilute the interests of our stockholders, place additional constraints on our available cash and entail other risks, including: difficulties in assimilating acquired operations, technologies or products; the loss of key employees from acquired businesses; diversion of management's attention from our core business; risks of successor liability for unknown claims; and risks of entering markets, including international markets, in which we have limited or no prior experience.

***A significant portion of our PCT subsidiary's current revenues are derived from a small number of customers.***

PCT's billings for the six months ended June 30, 2011 and for the years ended December 31, 2010 and 2009 are concentrated with three customers. These three customers make up 21.1%, 18% and 15.4% of billings (a total of 54.5% for all three) for the six months ended June 30, 2011 and 18%, 15% and 12% of billings (a total of 45% for all three) for the year ended December 31, 2010 and 18%, 15% and 12% of billings (a total of 45% for all three) for the year ended December 31, 2009. One of these customers is Amorcyte. Following the Amorcyte Merger, revenues of PCT attributable to Amorcyte will be elimated as a result of the consolidation of Amorcyte in NeoStem's financial statements. The loss of one or more of these customers or material changes to the contracts with or payment terms of these customers may result in significant business downturn through reduced revenues, reduced cash flows, and delays in revenues or cash flows, and such delays or reductions could have a material impact on our future revenue growth and profitability.

**Risks Related to Cell Therapy — United States**

***Cell therapy is still a developing field and a significant global market for our services has yet to emerge.***

Cell therapy is still a developing area of research, with few cell therapy products approved for clinical use. At the PCT level, the current market and current contracts principally consist of providing manufacturing of cell and tissue-based therapeutic products in clinical trial and processing of stem cell products for transplantation programs. We also provide services related to the collection and storage of umbilical cord blood units and adult stem cells. There currently is no significant global market for stem cell processing or their collection and storage, nor is there any guarantee that such markets will develop in the near future or at all. Major medical institutions currently do not recommend private storage generally, and we believe that the medical community is supportive of the public cord blood collective system. Patients can donate their cord blood to the system without charge. The market for cell and tissue-based therapies is early-stage, substantially research oriented, and financially speculative. Very few companies have been successful in their efforts to develop and commercialize a stem cell product. Stem cell products in general may be susceptible to various risks, including undesirable and unintended side effects, unintended immune system responses, inadequate therapeutic efficacy, or other characteristics that may prevent or limit their approval or commercial use. The demand for stem cell processing and the number of people who may use cell or tissue-based therapies is difficult to forecast. As there are no real experts who can forecast this market with accuracy, there is limited data from which the future use of our services may be forecasted. Our success is dependent on the establishment of a large global market for our products and services and our ability to capture a share of this market.

***The University of Louisville has the ability to exercise significant influence over the future development of our VSEL™ Technology.***

The terms of our exclusive license of the VSEL™ Technology from the University of Louisville provide for a collaborative approach on development decisions. For example, should we seek to collaborate with a third party on the VSEL™ Technology programs, prior approval of the University of Louisville would be required for any sublicensing agreement. There can be no assurance they would grant approval for decisions requiring their consent. In addition, we entered into a sponsored research agreement with the University of Louisville, pursuant to which they perform certain research activities for us. Accordingly, although we engage in our own independent research and development activities with respect to the VSEL™ Technology and have entered into additional sponsored research agreements, we are highly dependent on the University's cooperation and performance in developing the VSEL™ Technology. Further, the VSEL™ Technology license agreement requires the payment of certain license fees, royalties and milestone payments, payments for patent filings and applications and the use of due diligence in developing and commercializing the VSEL™ Technology. The sponsored research agreement requires other periodic payments. Our failure to meet our financial or other obligations under the license or sponsored research agreement in a timely manner could result in the loss of some or all of our rights to proprietary technology, such as the loss of exclusive rights or even termination of the agreements, and/or we could lose our right to have the University of Louisville conduct research and development efforts on our behalf.

***We have a very limited history of conducting our own research and development activities.***

To support our own research and development activities for our VSEL™ Technology and other stem cell technologies, in September 2009 we signed a lease for approximately 8,000 square feet of office and laboratory space in Cambridge, Massachusetts that has served as our research and development headquarters. The Company is assessing its need for the Cambridge facility going forward given the acquisition of PCT with its Allendale, NJ and Mountain View, CA facilities. In May 2011 we sublet a portion of our Cambridge facility to another life science company. To pursue our current business strategy, we must have in place appropriate research capabilities, either on our own or through relationships with third parties. There can be no assurance that we will be successful in these efforts. Our additional research and development capacity also will require adequate sources of funding. There can be no assurance that any of these development efforts will produce a successful product or technology. Our failure to develop new products would have a material adverse effect on our business, operating results and financial condition.

***Even if we are successful in developing a therapeutic application using our VSEL™ Technology or other potential stem cell technologies, we still may be unsuccessful in creating a commercially viable and profitable business.***

The commercial viability of our VSEL™ Technology and other stem cell technologies may depend upon our ability to successfully isolate and expand the number of stem cells collected through adult stem cell collection processes in order to achieve a therapeutically-viable dose. Today, the number of very small embryonic-like stem cells that can be isolated from the peripheral blood of an adult donor is relatively small and this volume of cells may not be sufficient for therapeutic applications. A critical component of our adult stem cell collection, processing and storage services relating to the VSEL™ Technology and other potential stem cell technologies could therefore be the utilization of stem cell expansion processes. There are many biotechnology laboratories attempting to develop stem cell expansion technology, but to date stem cell expansion techniques remain very inefficient. There can be no assurance that such technology will be effective or available at all. The failure of cost effective and reliable expansion technologies to become available could severely limit the commercial opportunities of our VSEL™ Technology programs and other potential stem cell technologies and limit our business prospects, which could have a material adverse effect on our business, operating results and financial condition.

Moreover, stem cell collection techniques are rapidly developing and could undergo significant change in the future. Such rapid technological development could result in our technologies becoming obsolete. Successful biotechnology development in general is highly uncertain and is dependent on numerous factors, many of which are beyond our control. While our VSEL™ Technology and other stem cell technologies appear promising, such technologies may fail to be successfully commercialized for numerous reasons, including, but not limited to, competing technologies for the same indication. There can be no assurance that we will be able to develop a commercially successful therapeutic application for this technology or other potential stem cell technologies.

***Our research and development activities using adult stem cells in therapeutic indications present additional risks.***

Our research and development activities relating to our VSEL™ Technology and other populations of adult stem cells are subject to many of the same risks as our stem cell collection, processing and storage business, and additional risks related to requirements for preclinical and clinical testing by regulatory authorities including the United States Food and Drug Administration, or FDA, to demonstrate the safety and efficacy of the underlying therapy. The development of new drugs and therapies is often a long, expensive and difficult process and most attempts fail. Our VSEL™ Technology is in the very early stages of development and will require many steps, tests and processes before we will be able to commence clinical testing in humans. There can be no assurance that a biologics license application, or BLA, with the FDA will not be required for our VSEL™ Technology or our other stem cell technologies. The approval process for a BLA can take years, require human clinical trials and cost several million dollars. There also can be no assurance that we independently, or through collaborations, will successfully develop, commercialize or market our VSEL™ Technology or other stem cells for any therapeutic indication. Should we fail to develop our VSEL™ Technology or other adult stem cell technologies pursued by us, our business prospects, operating results and financial condition will be materially and adversely affected.

***Technological and medical developments or improvements in conventional therapies could render the use of stem cells and our services and planned products obsolete.***

Advances in other treatment methods or in disease prevention techniques could significantly reduce or entirely eliminate the need for our stem cell services, planned products and therapeutic efforts. Additionally, technological or medical developments may materially alter the commercial viability of our technology or services, and require us to incur significant costs to replace or modify equipment in which we have a substantial investment. In either event, we may experience a material adverse effect on our business, operating results and financial condition.

***If safety problems are encountered by us or others developing new stem cell-based therapies, our stem cell initiatives could be materially and adversely affected.***

The use of stem cells for therapeutic indications is still in the very early stages of development. If an adverse event occurs during clinical trials related to one of our product candidates or those of others, the FDA and other regulatory authorities may halt our clinical trials or require additional studies. The occurrence of any of these events would delay, and increase the cost of, our product development and may render the commercialization of our product candidates impractical or impossible.

***Future therapies using adult stem cells may not develop, and demand for adult stem cell collection, processing and storage may never develop.***

The value of our stem cell collection, processing and storage business and our development programs could be significantly impaired, and our ability to become profitable and continue our business could be materially and adversely affected, if cell therapies under development by us or by others to treat disease are not proven effective, demonstrate unacceptable risks or side effects or, where required, fail to receive regulatory approval. The therapeutic application of stem cells to treat serious diseases is currently being explored using adult stem cells like those that are the focus of our business, as well as embryonic stem cells. Cells collected and used for the same individual are referred to as autologous cells and those collected from an individual who is not the user of the cells are referred to as allogeneic cells. To our knowledge, the only allowed therapeutic uses of stem cells in the U.S., other than in connection with clinical trials, involves hematopoietic stem cell transplants to treat certain types of blood-based cancers (hematopoietic stem cells are the stem cells from which all blood cells are made) and adult autologous cultured cartilage cells for implantation for the repair of symptomatic cartilage defects of the femoral condyle (the distal end of the femur). No other stem cell therapeutic products have received regulatory approval for sale in the U.S. While stem cell-based therapy has been reported to be susceptible to various risks, including some undesirable side effects and immune system responses, these problems have been primarily associated with allogeneic use. Inadequate therapeutic efficacy also is a risk that may prevent or limit approval or commercial use of adult stem cells, whether for autologous use or allogeneic use. In addition, the time and cost necessary to complete the clinical development and to obtain regulatory approval of new therapies using stems cells are expected to be significant.

***The demand for PCT's services depends in part on our customers' research and development and marketing efforts. Our business, financial condition and results of operations may be harmed if our customers spend less on, or are less successful in, these activities.***

Many of PCT's customers are engaged in research, development, production and marketing. The amount of customer spending on research, development, production and marketing has a large impact on our revenues and profitability, particularly the amount customers choose to spend on outsourcing. Customers determine the amounts that they will spend based upon, among other things, available resources and their need to develop new products, which, in turn, is dependent upon a number of factors, including their competitors' research, development and production initiatives, and the anticipated reimbursement scenarios for specific products and therapeutic areas. In addition, consolidation in the industries in which our customers operate may have an impact on such spending as customers integrate acquired operations, including research and development departments and their budgets. Our customers finance their research and development spending from private and public sources. A reduction in spending by our customers could have a material adverse effect on our business, financial condition and results of operations. If our customers are not successful in attaining or retaining product sales due to market conditions, reimbursement issues or other factors, our results of operations may be materially impacted.

***The nature and duration of PCT's contracts can yield varying revenues and profits.***

PCT's contracts with customers may be subject to repeated renegotiation and amendments which change the objectives of our work and the milestones which determine when revenues are received by us. Due to the fact that our customers are engaged in businesses that are in many instances experimental, the objectives of such customer relationships with us are subject to change as customer research and development and business models develop. Additionally, most of these customers are subject to regulatory controls and approval processes over their businesses and products. If such customers fail to comply with such processes or do not receive necessary approvals, we may be required to alter or halt the activities for which such customers have contracted with us. Each of these factors may have an adverse effect on our revenues.

***Side effects or limitations of our stem cell collection process or a failure in the performance of the cryopreservation storage facility or systems of our service providers could harm our reputation and business.***

Customers may experience adverse outcomes from our adult stem cell collection and storage process. These include: (i) the possibility of an infection acquired from the apheresis process, which is the process of extracting stem cells from a patient's whole blood and it is an integral part of our collection process; (ii) collection of insufficient quantities of stem cells for therapeutic applications; (iii) failure of the equipment supporting our cryopreservation storage service to function properly and thus maintain a supply of usable adult stem cells; and (iv) specimen damage, including contamination or loss in transit to us. Should any of these events occur, our reputation could be harmed, our operations could be adversely affected and litigation could be filed against us. Our systems and operations are vulnerable to damage or interruption from fire, flood, equipment failure, break-ins, tornadoes and similar events for which we do not have redundant systems or a formal disaster recovery plan. Any claim of adverse side effects or limitations or material disruption in our ability to maintain continued uninterrupted storage systems could have a material adverse effect on our business, operating results and financial condition.

***Our adult stem cell collection, processing and storage business was not contemplated by many existing laws and regulations, and our ongoing compliance, therefore, is subject to interpretation and risk.***

Our adult stem cell collection, processing and storage service is not a medical treatment, although it involves medical procedures. Our stem cell-related business is relatively new and is not addressed by many of the regulations applicable to our field. As a result, there is often considerable uncertainty as to the applicability of regulatory requirements. Although we have devoted significant resources to ensuring compliance with those laws that we believe to be applicable, it is possible that regulators may disagree with our interpretations, prompting additional compliance requirements or even enforcement actions.

We believe that the adult stem cells collected, processed and stored through our collection services are properly classified under the FDA's human cells, tissues and cellular- and tissue-based products, or HCT/P, regulatory paradigm and should not be classified as a medical device, biologic or drug. There can be no assurance that the FDA will not reclassify the adult stem cells collected, processed and stored through our collection services. Any such reclassification could have adverse consequences for us and make it more difficult or expensive for us to conduct our business by requiring regulatory clearance, approval and/or compliance with additional regulatory requirements.

The costs of compliance with such additional requirements or such enforcement may have a material adverse effect on our operations or may require restructuring of our operations or impair our ability to operate profitably.

***We operate in a highly regulated environment and may be unable to comply with applicable federal and state regulations, registrations and approvals or the standards of private accrediting entities. Failure to comply with applicable licensure, registration, certification, and accreditation standards may result in loss of licensure, certification or accreditation or other government enforcement actions.***

Since January of 2004, registration with the FDA is required by facilities engaged in the recovery, processing, storage, labeling, packaging or distribution of any HCT/Ps, or the screening or testing of a donor. Any third party retained by us to process our samples must be similarly registered with the FDA and comply with HCT/P regulations. If we, or any third-party processors, fail to register or update registration information in a timely way, we will be out of compliance with FDA regulations which could adversely affect our business. The FDA also adopted rules in May 2005 that regulate current Good Tissues Practices, or cGTP. Adverse events in the field of stem cell therapy that may occur could result in greater governmental regulation of our business, creating increased expenses and potential delays relating to the approval or licensing of any or all of the processes and facilities involved in our stem cell collection and storage services.

Though not implicated for our adult stem cell collection services, our manufacture of certain cellular therapy products for ourselves or on behalf of our customers may trigger additional FDA requirements applicable to HCT/Ps, or products comprised of HCT/Ps, which are regulated as a drug, biological product, or medical device. FDA current Good Manufacturing Practices, or cGMP, requirements, set forth in Title 21, Parts 210 and 211, of the Code of Federal Regulations (21 C.F.R. Pts. 210 and 211) are federal regulations that govern the manufacture, processing, packaging and holding of drug and cell therapy products. We must comply with cGMP requirements demanded by customers and enforced by the FDA through its facilities inspection program. These requirements include quality control, quality assurance and the maintenance of records and documentation. We may be unable to comply with these cGMP requirements and with other FDA, state and foreign regulatory requirements. These requirements may change over time and we or third-party manufacturers may be unable to comply with the revised requirements.

We also are subject to state and federal laws regulating the proper disposal of biohazardous materials. Although we believe we are currently in compliance with all such applicable laws, a violation of such laws, or the future enactment of more stringent laws or regulations, could subject us to liability for noncompliance and may require us to incur significant costs.

Some states impose additional regulation and oversight of clinical laboratories and stem cell laboratories operating within their borders and impose regulatory compliance obligations on out-of-state laboratories providing services to their residents. Many of the states in which we, our strategic partners or members of our collection network, engage in collection, processing or storage activities have licensing requirements with which we must comply. Additionally, there may be state regulations affecting the use of HCT/Ps that would affect our business. Certain licensing requirements require employment of medical directors and others with certain training and technical backgrounds and there can be no assurance that such individuals can be retained or will remain retained or that the cost of retaining such individuals will not materially and adversely affect our ability to market or perform our services or our ability to do so profitably. There can be no assurance that we, our strategic partners or members of our collection center network, will be able to obtain or maintain any necessary licenses required to conduct business in any states or that the cost of compliance will not materially and adversely affect our ability to market or perform our services or our ability to do so profitably.

Currently, PCT is licensed as a blood bank with respect to its activities in New Jersey, as a tissue bank with respect to its activities in New York and as a drug manufacturer with respect to its facility in California. We believe that PCT and NeoStem Family Storage, LLC are in material compliance with current federal, state, and local stem cell laboratory licensure requirements. However, the licensing requirements in the states where we are currently licensed may change, and PCT and/or NeoStem Family Storage, LLC may become subject to the additional licensing, registration and/or compliance requirements of other states, local governments and/or the federal government as PCT and/or NeoStem Family Storage, LLC expands its network and as new regulations are implemented. If we fail to comply with the various licensure requirements, certification and accreditation standards to which we are subject, we may be subject to a loss of licensure, certification, or accreditation that could adversely affect them.

Additionally, certain private entities have promulgated standards for certification, accreditation and licensing of cord blood businesses that may apply to our operations. These organizations include, but may not be limited to, AABB, formerly the American Association of Blood Banks, the Foundation for the Accreditation of Cellular Therapy (FACT), and the American Association of Tissue Banks (AATB). While our compliance with the standards of these organizations currently are voluntary, in some cases compliance with such standards may be necessary for a cord blood business to be accepted and competitive in the marketplace. Compliance with these standards and obtaining the applicable accreditation, certification, or license from such private organizations can be costly and time-consuming. These accreditation, certification, or license requirements may also change and new standards may be developed. If we fail to comply with applicable standards, or fail to obtain or maintain applicable accreditations, certifications, or licenses, our business may be adversely affected.

There can be no assurance that we will be able, or will have the resources, to continue to comply with regulations that govern our operations currently, or that we will be able to comply with new regulations that govern our operations, or that the cost of compliance will not materially and adversely affect our ability to market or perform our services or our ability to do so profitably. A failure to comply with these requirements may result in fines and civil or criminal penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval. If the safety of any materials supplied by third parties is compromised due to their failure to adhere to applicable laws or for other reasons, we may not be able to obtain regulatory approval for, or successfully commercialize, product candidates that we may develop.

***The Health Insurance Portability and Accountability Act of 1996, or HIPAA, requires that our business comply with state and federal privacy laws which increase the cost and administrative burden of providing stem cell banking services.***

We are subject to state and federal privacy laws related to the protection of our customers' personal health information and state and federal laws related to the security of such personal health information and other personal data to which we would have access through the provision of our services. Currently, we are obligated to comply with privacy and security standards adopted under HIPAA. Certain of these regulatory obligations will be changing over the next year as a result of amendments to HIPAA under the American Recovery and Reinvestment Act of 2009. Consequently, our compliance burden will increase, and we will be subject to audit and enforcement by the federal government and, in some cases, enforcement by state authorities. We will also be obligated to publicly disclose wrongful disclosures or losses of personal health information. We may be required to spend substantial amounts of time and money to comply with these requirements, any regulations and licensing requirements, as well as any future legislative and regulatory initiatives. Failure by us or our business partners to comply with these or other applicable regulatory requirements or any delay in compliance may result in, among other things, injunctions, operating restrictions, and civil fines and criminal prosecution and have a material adverse effect on the marketing and sales of our services and our ability to operate profitably or at all.

***We have limited manufacturing capabilities.***

We believe that we can provide services and produce materials for clinical trials and for human use at our existing facilities, which we believe are compliant with FDA requirements for cGMP and cGTP. We also believe that we have sufficient capacity to meet expected near term demand. However, we may need to, depending on demand, expand our manufacturing capabilities for cell therapy services and products in the future. In 2007, PCT acquired an additional facility in Allendale, New Jersey, which became a cGMP compliant facility in 2010. The demand for our services and products could, at times, exceed existing manufacturing capacity. If we do not meet rising demand for products and services on a timely basis or are not able to maintain cGMP compliance standards, then our clients and potential clients may elect to obtain the products and services from competitors, which could materially and adversely affect our revenues.

***If our processing and storage facilities are damaged or destroyed, our business, programs, and prospects could be negatively affected and could adversely affect our value.***

We process and store adult autologous stem cells from our network of U.S. adult stem cell collection centers and the umbilical cord blood of customers of NeoStem Family Storage, LLC at PCT's facility in Allendale, New Jersey, and may do so at PCT's Mountain View, California, facility in the future. We also process and store cellular therapy products for clinical trials at PCT's facility in Allendale, New Jersey, and may do so at PCT's Mountain View, California, facility. If these facilities or the equipment in these facilities was to be significantly damaged or destroyed, we could suffer a loss of some or all of the stored adult autologous stem cells, cord blood units, and cellular therapy products. Depending on the extent of loss, such an event could reduce the ability of us, NeoStem Family Storage, LLC, and PCT to provide stem cells when requested, could expose us, NeoStem Family Storage, LLC, and PCT to significant liability from our customers, and could affect the ability to continue to provide adult autologous stem cells and umbilical cord blood preservation services and manufacturing of cellular therapy services and products. While we believe that we have insured against losses from damage to or destruction of our facilities consistent with typical industry practices, if we have underestimated our insurance needs, we may not have sufficient insurance to cover losses beyond the limits on its policies. Such events could have a material adverse effect on our value.

***We and our customers conduct business in a heavily regulated industry. If we or one or more of our customers fail to comply with applicable current and future laws and government regulations, our business and financial results could be adversely affected.***

The healthcare industry is one of the most highly regulated industries in the United States. The federal government, individual state and local governments and private accreditation organizations all oversee and monitor the activities of individuals and businesses engaged in the delivery of health care products and services. Current laws, rules and regulations that could directly or indirectly affect our ability and the ability of our strategic partners and customers to operate each of their businesses could include, without limitation, the following:

- State and local licensure, registration and regulation of laboratories, the collection, processing and storage of human cells and tissue and cord blood, and the development and manufacture of pharmaceuticals and biologics;
- The federal Clinical Laboratory Improvement Act and amendments of 1988;
- Laws and regulations administered by the FDA, including the Federal Food Drug and Cosmetic Act and related laws and regulations;
- The Public Health Service Act and related laws and regulations;
- Laws and regulations administered by the United States Department of Health and Human Services, including the Office for Human Research Protections;
- State laws and regulations governing human subject research;
- Occupational Safety and Health requirements;
- State and local laws and regulations dealing with the handling and disposal of medical waste;
- The federal Medicare and Medicaid Anti-Kickback Law and similar state laws and regulations;
- Federal and state coverage and reimbursement laws and regulations, including laws and regulations administered by the Centers for Medicare & Medicaid Services;
- The federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including the amendments included in the American Recovery and Reinvestment Act of 2009, commonly known as the HITECH Act, and regulations promulgated thereunder;
- The federal physician self-referral prohibition, commonly known as the Stark Law, and state equivalents of the Stark Law;
- State funding decisions on stem cell research and the development of cellular therapies; and
- The Intermediate Sanctions rules of the IRS providing for potential financial sanctions with respect to "Excess Benefit Transactions" with HUMC or other tax-exempt organizations.

In addition, as we expand into other parts of the world (in addition to China), we will need to comply with the applicable laws and regulations in such foreign jurisdictions. We have not yet thoroughly explored the requirements or feasibility of such compliance. It is possible that we may not be permitted to expand our business into one or more foreign jurisdictions.

Although we intend to conduct our business in compliance with applicable laws and regulations and believe that we are in material compliance with applicable governmental healthcare laws and regulations, the laws and regulations affecting our business and relationships are complex, and many aspects of such relationships have not been the subject of judicial or regulatory interpretation. Furthermore, the cell therapy industry is the topic of significant government interest, and thus the laws and regulations applicable to us and our strategic partners and customers and to their business are subject to frequent change and/or reinterpretation and there can be no assurance that the laws and regulations applicable to us and our strategic partners and customers will not be amended or interpreted in a manner that adversely affects our business, financial condition, or operating results. For example, the federal government could issue tighter restrictions on private cord blood banking that prevents NeoStem Family Storage, LLC from collecting cord blood for private banking. While we are not aware of any such developments or that any court or federal or state government is reviewing our operations, it is possible that such a review could result in a determination that would have a material adverse effect on our business, financial condition and operating results. Thus, there can be no assurance that we and our strategic partners and customers will be able to maintain compliance with all such healthcare laws and regulations. Failure to comply with such healthcare laws and regulations, as well as the costs associated with such compliance or with enforcement of such healthcare laws and regulations, may have a material adverse effect on our operations or may require restructuring of our operations or impair our ability to operate profitably.

***It is uncertain to what extent the government, private health insurers and third-party payors will approve coverage or provide reimbursement for the therapies and products to which our services relate. Availability for such reimbursement may be further limited by an increasing uninsured population and reductions in Medicare and Medicaid funding in the United States.***

To the extent that the health care provider customers cannot obtain coverage or reimbursement for our therapies and products, they may elect not to provide such therapies and products to their patients and, thus, may not need our services. Further, as cost containment pressures are increasing in the health care industry, government and private payors adopt strategies designed to limit the amount of reimbursement paid to health care providers. Such cost containment measures may include:

- Reducing reimbursement rates;
- Challenging the prices charged for medical products and services;
- Limiting services covered;
- Decreasing utilization of services;
- Negotiating prospective or discounted contract pricing;
- Adopting capitation strategies; and
- Seeking competitive bids.

Similarly, the trend toward managed health care and bundled pricing for health care services in the United States, which may accelerate under the health reform legislation approved by Congress on March 23, 2010 and thereafter signed into law (“Health Reform”), could significantly influence the purchase of healthcare services and products, resulting in lower prices and reduced demand for cancer therapies.

We currently receive a small portion of our revenues from services rendered to patients enrolled in federal health care programs, such as Medicare, and we may also directly or indirectly receive revenues from federal health care programs. Federal health care programs are subject to changes in coverage and reimbursement rules and procedures, including retroactive rate adjustments. These contingencies could materially decrease the range of services covered by such programs or the reimbursement rates paid directly or indirectly for our products and services. To the extent that any health care reform favors the reimbursement of other cancer therapies over stem cell therapies, such reform could affect our ability to sell our services, which may have a material adverse effect on our revenues.

The limitation on reimbursement available from private and government payors may reduce the demand for, or the price of, our services, which would have a material adverse effect on our revenues. Additional legislation or regulation relating to the health care industry or third-party coverage and reimbursement may be enacted in the future which could adversely affect the revenues generated from the sale of our products and services.

Furthermore, there has been a trend in recent years towards reductions in overall funding for Medicare and Medicaid. There has also been an increase in the number of people who do not have any form of health care coverage in recent years and who are not eligible for or enrolled in Medicare, Medicaid or other governmental programs. The extent to which the reforms brought about under Health Reform may be successful in reducing the number of such uninsured is unclear, and the reduced funding of governmental programs and increase in uninsured populations could have a negative impact on the demand for our services to the extent they relate to products and services which are reimbursed by government and private payors.

***Health care companies have been the subjects of federal and state investigations, and we could become subject to investigations in the future.***

Both federal and state government agencies have heightened civil and criminal enforcement efforts. There are numerous ongoing investigations of health care companies, as well as their executives and managers. In addition, amendments to the Federal False Claims Act, including under Health Reform, have made it easier for private parties to bring "*qui tam*" (whistleblower) lawsuits against companies under which the whistleblower may be entitled to receive a percentage of any money paid to the government. The Federal False Claims Act provides, in part, that an action can be brought against any person or entity that has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved. The government has taken the position that claims presented in violation of the federal anti-kickback law, Stark Law or other healthcare-related laws, including laws enforced by the FDA, may be considered a violation of the Federal False Claims Act. Penalties include substantial fines for each false claim, plus three times the amount of damages that the federal government sustained because of the act of that person or entity and/or exclusion from the Medicare program. In addition, a majority of states have adopted similar state whistleblower and false claims provisions.

We are not aware of any government investigations involving any of our facilities or management. While management believes that we are in material compliance with applicable governmental healthcare laws and regulations, any future investigations of our business or executives could cause us to incur substantial costs, and result in significant liabilities or penalties, as well as damage to our reputation.

***Unintended consequences of recently adopted health reform legislation in the U.S. may adversely affect our business.***

The healthcare industry is undergoing fundamental changes resulting from political, economic and regulatory influences. In the U.S., comprehensive programs are under consideration that seek to, among other things, increase access to healthcare for the uninsured and control the escalation of healthcare expenditures within the economy. On March 23, 2010, health reform legislation was approved by Congress and has been signed into law. While we do not believe this legislation will have a direct impact on our business, the legislation has only recently been enacted and requires the adoption of implementing regulations, which may have unintended consequences or indirectly impact our business. For instance, the scope and implications of the recent amendments pursuant to the Fraud Enforcement and Recovery Act of 2009 ("FERA"), have yet to be fully determined or adjudicated and as a result it is difficult to predict how future enforcement initiatives may impact our business. Also, in some instances our clients may be health insurers that will be subject to limitations on their administrative expenses and new federal review of "unreasonable" rate increases which could impact the prices they pay for our services. If the legislation causes such unintended consequences or indirect impact, it could have a material adverse effect on our business, financial condition and results of operations.

***Recent legislation regarding the establishment and funding of public cord blood collection and storage may adversely affect the business of NeoStem Family Storage, LLC.***

The Stem Cell Therapeutic and Research Act of 2005 established requirements for a national donor bank of cord blood and for a national network for matching cord blood to patients. The federal government has entered into contracts with the National Marrow Donor Program (NMDP) to carry out the provisions of this legislation. Under these contracts, the NMDP acts as the nation's Cord Blood Coordinating Center and actively recruits parents for cord blood donations. The NMDP also administers the National Cord Blood Inventory (NCBI), which has a goal of collecting 150,000 cord blood units that may be used for patients throughout the United States. The legislation also authorized federal funding to support its goals and requirements. Parents may opt to donate their newborn's cord blood to the public registry and to use the public registry if stem cells from cord blood are needed for treatment purposes. In this regard, an important advantage of the national, public cord blood collection system is that it costs nothing for patients to donate their cord blood. This national, public cord blood registry has also been widely accepted and supported by the medical community, so physicians and others in the health care community may be less willing to use or recommend a private cord blood facility when public collection is available. Additionally, major medical organizations, including the American Academy of Pediatrics (AAP), the American Medical Association (AMA), the American College of Obstetricians and Gynecologists (ACOG), and the American Society of Blood and Marrow Transplantation (ASBMT) do not recommend private storage, except in very limited instances. Further, we believe that the medical community is currently supportive of public cord blood donation and the national cord blood registry that is administered by the National Marrow Donor Program. For these reasons, a significant number of patients may choose to use to donate their cord blood to the national, public cord registry instead of privately banking cord blood. The medical community could also issue stronger recommendations and opinions that favor the use of the national registry. Therefore, the existence and proliferation of the national registry may adversely affect our business.

***The market for services related to the preservation and expansion of stem cells has become increasingly competitive. Our competitors may have greater resources or capabilities or better technologies than do we, or may succeed in developing better service than do we and we may not be successful in competing with them.***

The biotechnology and life science industries are highly competitive. They include multinational biotechnology and life science, pharmaceutical and chemical companies, academic and scientific institutions, governmental agencies, and public and private research organizations. Many of these companies or entities have significantly greater financial and technical resources and production and marketing capabilities than do we. The biotechnology and life science industries are characterized by extensive research and development, and rapid technological progress. Competitors may successfully develop services or products superior or less expensive than cell therapy services or products, rendering our services less valuable or marketable.

Historically, in the U.S. we have faced competition from other established operators of stem cell preservation businesses and providers of stem cell storage services. Today, there is an established and growing market for cord blood stem cell banking. We are also aware of another company with established stem cell banking services that processes and stores stem cells collected from adipose, or fat, tissue. This type of stem cell banking requires harvesting fat by a liposuction procedure. Embryonic stem cells represent yet another alternative to pre-donated and stored adult stem cells. As techniques for expanding stem cells improve, thereby allowing therapeutic doses, the use of embryonic stem cells and other collection techniques of adult stem cells could increase and compete with our services. Finally, we are aware that other technologies are being developed to turn skin cells into cells that behave like embryonic stem cells or to harvest stem cells from the pulp of baby teeth. While these and other approaches remain in early stages of development, they may one day be competitive.

In addition, cord blood banks such as ViaCord, a Perkin Elmer company, or LifebankUSA, a Celgene company, easily could enter the field of adult stem cell collection because of their processing labs, storage facilities and customer lists. We estimate that, combined, there are approximately 75 cord blood banks in the U.S., approximately 36 of which are private autologous banks, meaning that the donor and recipient are the same, and approximately 39 of which are public allogeneic banks, meaning that the donor and recipient are not the same. Hospitals that have transplant centers to serve cancer patients may elect to provide some or all of the services that we provide. According to the National Marrow Donor Program, there are approximately 52 hospitals in the U.S. with stem cell transplant centers. These competitors may have better experience and access to greater financial resources than do we. In addition, other established companies may enter our markets and compete with us. There can be no assurance that we will be able to compete successfully.

The private umbilical cord banking business is a relatively new, highly competitive, and evolving field. NeoStem Family Storage, LLC competes with companies such as ViaCell, Inc., a subsidiary of the Perkin-Elmer Corporation, CBR Systems, Cryo-Cell International, Inc., CorCell, Inc., a subsidiary of Cord Blood America Inc., and LifeBank USA, a division of Celgene Cellular Therapeutics, a wholly owned subsidiary of Celgene Corporation. Any of these companies may choose to invest more in sales, marketing, and research and product development than NeoStem Family Storage, LLC.

NeoStem Family Storage, LLC will also have to compete with the national, public cord blood banking program, which has the support of the medical community and which receives federal funding. In this regard, NeoStem Family Storage, LLC also competes with public cord blood banks such as the New York Blood Center (National Cord Blood Program), University of Colorado Cord Blood Bank, Milan Cord Blood Bank, Dusseldorf Cord Blood Bank, and other public cord blood banks around the world. Public cord blood banks provide families with the option of donating their cord blood for public use at no cost. The Stem Cell Therapeutic Act provides financing for a national system of public cord blood banks in the United States to encourage cord blood donations from an ethnically diverse population. In addition, many states are evaluating the feasibility of establishing cord blood repositories for transplantation purposes. An increase in the number and diversity of publicly available cord blood units from public banks would increase the probability of finding suitably matched cells for a family member, which may result in a decrease in the demand for private cord blood banking. If the science of human leukocyte antigens, or HLA, typing advances, then unrelated cord blood transplantation may become safer and more efficacious, similarly reducing the clinical advantage of related cord blood transplantation. Such events could negatively affect our business and revenues.

***Ethical and other concerns surrounding the use of stem cell therapy may negatively impact the public perception of our stem cell services, thereby suppressing demand for our services.***

Although our stem cell business pertains to adult stem cells only, and does not involve the more controversial use of embryonic stem cells, the use of adult human stem cells for therapy could give rise to similar ethical, legal and social issues as those associated with embryonic stem cells, which could adversely affect its acceptance by consumers and medical practitioners. Additionally, it is possible that our business could be negatively impacted by any stigma associated with the use of embryonic stem cells if the public fails to appreciate the distinction between adult and embryonic stem cells. Delays in achieving public acceptance may materially and adversely affect the results of our operations and profitability.

***Building market acceptance of our U.S. autologous adult stem cell collection, processing and storage services, may be more costly and take longer than we expect.***

The success of our U.S. autologous adult stem cell business depends on continuing and growing market acceptance of our collection, processing and storage services as well as stem cell therapy generally. Increasing the awareness and demand for our services requires expenditures for marketing and education of consumers and medical practitioners who, under present law, must order stem cell collection and treatment on behalf of a potential customer. The time and expense required to educate and to build awareness of our services and their potential benefits, and about stem cell therapy in general, could significantly delay market acceptance and our ultimate profitability. The successful commercialization of our services will also require that we satisfactorily address the concerns of medical practitioners in order to avoid resistance to recommendations for our services and ultimately reach our potential consumers. No assurances can be given that our business plan and marketing efforts will be successful, that we will be able to commercialize our services, or that there will be market or clinical acceptance of our services by potential customers or physicians, respectively, sufficient to generate any material revenues for us. To date, only a minimal number of collections have been performed at the collection centers in our network.

***Technologies for the treatment of cancer and other diseases and processes used by us are subject to rapid change, and the development of treatment strategies that are more effective than our products and services could render our services obsolete. Given our focus on the field of cell therapy, such obsolescence could jeopardize our success or future results.***

Our activities involve treatment modalities and protocols influenced by advancements in technology. Various methods for treating cancer and other diseases, of which cell therapy is but only one, currently are, and in the future may be expected to be, the subject of extensive research and development. There is no assurance that cell therapies will achieve the degree of success envisioned by us in the treatment of cancer and other diseases. Nor is there any assurance that new technological improvements and techniques will not render processes currently used by us obsolete. In addition, the successful development and acceptance of any one or more alternative forms of treatment could render the need for our services obsolete. We are focused on cell therapy, and if this field is substantially unsuccessful, this could jeopardize our success or future results.

***There is a scarcity of experienced professionals in the field of cell therapy and we may not be able to retain key officers or employees or hire new key officers or employees needed to implement our business strategy and develop our products and businesses. If we are unable to retain or hire key officers or employees, we may be unable to continue to grow this business or to implement our business strategy, and our business may be materially and adversely affected.***

Given the specialized nature of cell therapy and the fact that it is a young field, there is an inherent scarcity of experienced personnel in the field. The Company is substantially dependent on the skills and efforts of current senior management for their management and operations, as well as for the implementation of their business strategy. As a result of the difficulty in locating qualified new management, the loss or incapacity of existing members of management or unavailability of qualified management or as replacements for management who resign or are terminated could adversely affect the Company's operations. The future success of the Company also depends upon our ability to attract and retain additional qualified personnel (including medical, scientific, technical, commercial, business and administrative personnel) necessary to support our anticipated growth, develop our business, perform contractual obligations under our University of Louisville and other license agreements and maintain appropriate licensure, on acceptable terms. There can be no assurance that we will be successful in attracting or retaining personnel required by us to continue and grow our operations. The loss of a key employee, the failure of a key employee to perform in his or her current position or our inability to attract and retain skilled employees, as needed, could result in our inability of to continue to grow our business or to implement our business strategy, or may have a material adverse effect on our business, financial condition and operating results.

***Current cell therapy products have a limited biologic shelf life as a result of which there are constraints on transit times between the time stem cells are extracted from a patient and the time that a processed product leaves our facility and arrives for re-infusion in the patient. Thus, our current business model has to assume that, in order to effectively provide many of our services in a market, we need to have a suitable facility that can provide timely service in such market. This could add significantly to our capital requirements and be a limiting factor on our future growth and profitability.***

Current cell therapy products have a limited shelf life, in certain instances limited to less than 12 hours. Thus, there are constraints on transit times between the time the cell product is extracted from a patient and the product arrives at one of our facilities for processing, as well as constraints on the time that a processed product leaves our facility and arrives for re-infusion in the patient. Therefore, cell therapy facilities need to be located in major population centers in which patients of the cell therapy products are likely to be located and within close proximity of major airports from which they can be timely delivered. Building new facilities requires significant commitments of time and capital, which we may not have available in a timely manner. Even if such new facilities are established, there may be challenges to ensuring that they are compliant with cGMP, other FDA requirements, and/or applicable state or local regulatory requirements. We cannot be certain that we would be able to recoup the costs of establishing a facility and attaining regulatory compliances in a given market. Thus, the limited biologic shelf life of cell therapy products is a hindrance on the rate at which we can expand our cell processing and manufacturing services into new geographic markets and requires significant capital risk by us, which we may or may not be able to recover.

***Commercially available transportation systems are not set up for shipment of biological or other perishable goods and will not be able to meet the demands of the emerging cell therapy market. To succeed, the large-scale commercialization of cell therapy products will need to overcome the present weaknesses of the major air carriers.***

Weaknesses in our existing transportation carriers include the lack of a true point-to-point chain of control, non-controlled X-ray and inspection, no guarantee of package orientation, handling or storage conditions and in many cases no standard, documented and tracked operating procedures. While reliable ground carriers with experience in the transport of blood products already exist in major metropolitan areas of the country, air carriers meeting such needs are limited. We evaluated the major domestic express carriers, and concluded that even their highest-level services are inadequate to meet the sector's needs. However, we identified and validated only one specialty air carrier as a transportation partner, which specializes in shipping medical products, including whole blood and blood products, tissue for transplantation, and diagnostic specimens. There are presently few alternative sources for the safe transportation of cell therapy products. If this carrier should cease its medical shipping operations or otherwise be unable to properly meet our transportation needs, the lack of access to safe and effective transportation options could adversely affect our business.

***Failure of the PCT Merger to achieve potential benefits could harm the business and operating results of the Company.***

We expect that the combination of the respective businesses of PCT and NeoStem will result in potential benefits for our Company. Achieving these potential benefits will depend on a number of factors, some of which include:

- retention of key management, marketing and technical personnel;
- the ability of the Company to increase its customer base and to increase the sales of products and services; and
- competitive conditions in the industry surrounding the collection, processing, and storage of stem cells.

The failure to achieve anticipated benefits could harm the business, financial condition and operating results of the Company.

***We may experience difficulties in integrating PCT's business and could fail to realize the potential benefits of the PCT Merger.***

Achieving the anticipated benefits of the PCT Merger will depend in part upon whether we are able to integrate PCT's business in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. The difficulties of combining the two companies' businesses could include, among other things:

- the fact that the two companies are geographically separate organizations, with possible differences in corporate cultures and management philosophies;
- the significant demands that will be placed on management resources, which may distract management's attention from day-to-day business operations;
- differences in the disclosure systems, accounting systems, and accounting controls and procedures of the two companies, which may interfere with our ability to make timely and accurate public disclosure; and
- the demand of managing new locations and new lines of business acquired in the PCT Merger.

Any inability to realize the potential benefits of the PCT Merger, as well as any delay in successfully integrating the two companies, could have an adverse effect upon the Company's revenues, level of expenses and operating results, which could adversely affect the value of our Common Stock.

***If the market for the Company's products and/or technology does not experience significant growth or if the Company's products and/or technology do not achieve broad acceptance, the Company's operations will suffer.***

We cannot accurately predict the future growth rate or the size of the market for the Company's products and technology. The expansion of this market depends on a number of factors, such as:

- the cost, performance and reliability of the Company's products/technologies, and the products/technologies offered by competitors;
- customers' perceptions regarding the benefits of the Company's products and technologies;
- public perceptions regarding the use of the Company's products and technologies;
- customers' satisfaction with the products and technologies; and
- marketing efforts and publicity regarding the products and technologies.

***Our success in developing future therapeutics will depend in part on establishing and maintaining effective strategic partnerships and collaborations, which may impose restrictions on our business and subject us to additional regulation.***

A key aspect of our business strategy is to establish strategic relationships in order to gain access to critical supplies, to expand or complement our research and development or commercialization capabilities, and to reduce the cost of research and development. There can be no assurance that we will enter into such relationships, that the arrangements will be on favorable terms or that such relationships will be successful. If any of our research partners terminate their relationship with us or fail to perform their obligations in a timely manner, our research and development activities or commercialization of our services may be substantially impaired or delayed.

Relationships with licensed professionals such as physicians may be subject to state and federal laws restricting the referral of business, prohibiting certain payments to physicians, or otherwise limiting such collaborations. If our services become approved for reimbursement by government or private insurers, we could be subject to additional regulation and perhaps additional limitations on our ability to structure relationships with physicians. Additionally, state regulators may impose restrictions on the business activities and relationships of licensed physicians or other licensed professionals. For example, many states restrict or prohibit the employment of licensed physicians by for-profit corporations, or the "corporate practice of medicine." If we fail to structure our relationships with physicians in accordance with applicable laws or other regulatory requirements, it could have a material adverse effect on our business. Even if we do enter into these arrangements, we may not be able to maintain these relationships or establish new ones in the future on acceptable terms.

***We have a limited marketing staff and budget.***

The degree of market acceptance of our products and services depends upon a number of factors, including the strength of our sales and marketing support. If our marketing is not effective, our ability to generate revenues could be significantly impaired. Due to capital constraints, our marketing and sales activities have been somewhat limited and thus we may not be able to make our services known to a sufficient number of potential customers and partners. Limitations in our marketing and sales activities, and the failure to attract enough customers, will affect our ability to operate profitably.

***There is significant uncertainty about the validity and permissible scope of patents in the biotechnological industry and we may not be able to obtain patent protection.***

We own or hold exclusive rights to 30 issued patents and over 80 pending patent applications. Given the nature of our therapeutic programs, our patents and patent applications cover certain methods of isolating, storing and using stem cells, including very small embryonic stem cells, as well as compositions and methods relating to T regulatory cells. There can be no assurance that the patent applications to which we hold rights will result in the issuance of patents, or that any patents issued or licensed to us will not be challenged and held to be invalid or of a scope of coverage that is different from what we believe the patent's scope to be. Our success will depend, in part, on whether we can: obtain patents to protect our own products and technologies; obtain licenses to use the technologies of third parties if necessary, which may be protected by patents; and protect our trade secrets and know-how. Our inability to obtain and rely upon patents essential to our business may have a material adverse effect on our business, operating results and financial condition.

***We may be unable to protect our intellectual property from infringement by third parties.***

Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property. Our competitors may also independently develop similar technology, duplicate our processes or services or design around our intellectual property rights. We may have to litigate to enforce and protect our intellectual property rights to determine their scope, validity or enforceability. Intellectual property litigation is costly, time-consuming, diverts the attention of management and technical personnel and could result in substantial uncertainty regarding our future viability. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection would limit our ability to develop or market our services in the future. This would also likely have an adverse effect on the revenues generated by any sale or license of such intellectual property. Furthermore, any public announcements related to such litigation or regulatory proceedings could adversely affect the price of our Common Stock.

***Third parties may claim that we infringe on their intellectual property.***

We may be subject to costly litigation in the event our technology is claimed to infringe upon the proprietary rights of others. Third parties may have, or may eventually be issued, patents that would be infringed by our technology. Any of these third parties could make a claim of infringement against us with respect to our technology. We may also be subject to claims by third parties for breach of copyright, trademark or license usage rights. Litigation and patent interference proceedings could result in substantial expense to us and significant diversion of efforts by our technical and management personnel. An adverse determination in any such proceeding or in patent litigation could subject us to significant liabilities to third parties or require us to seek licenses from third parties. Such licenses may not be available on acceptable terms or at all. Adverse determinations in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from commercializing our products, which would have a material adverse affect on our business, operating results and financial condition.

***We may be unable to maintain our licenses, patents or other intellectual property and could lose important protections that are material to continuing our operations and growth and our ability to achieve profitability.***

Our license agreement with the University of Louisville and other license agreements require us to pay license fees, royalties and milestone payments and fees for patent filings and applications. Obtaining and maintaining patent protection and licensing rights also depends, in part, on our ability to pay the applicable filing and maintenance fees. Our failure to meet financial obligations under our license agreements in a timely manner or our non-payment or delay in payment of our patent fees, could result in the loss of some or all of our rights to proprietary technology or the inability to secure or enforce intellectual property protection. Additionally, our license agreements require us to meet certain diligence obligations in the development of the licensed products. Our failure to meet these diligence obligations under our license agreements could result in the loss of some or all of our rights under the license agreements. The loss of any or all of our intellectual property rights could materially limit our ability to develop and/or market our services, which would materially and adversely affect our business, operating results and financial condition.

***Our inability to obtain reimbursement for our therapies from private or governmental insurers, could negatively impact demand for our services.***

Successful sales of health care services and products generally depends, in part, upon the availability and amounts of reimbursement from third party healthcare payor organizations, including government agencies, private healthcare insurers and other healthcare payors, such as health maintenance organizations and self-insured employee plans. Uncertainty exists as to the availability of reimbursement for new therapies such as stem cell-based therapies. There can be no assurance that such reimbursement will be available in the future at all or without substantial delay or, if such reimbursement is provided, that the approved reimbursement amounts will be sufficient to support demand for our services at a level that will be profitable.

***We may be subject to significant product liability claims and litigation.***

Our business exposes us to potential product liability risks inherent in the testing, processing and marketing of cell therapy products. Such liability claims may be expensive to defend and result in large judgments against us. We presently have product liability insurance limited to $10 million per incident and $10 million in annual aggregate. We also maintain errors and omissions, directors and officers, workers' compensation and other insurance appropriate to our business activities. If we were to be subject to a claim in excess of this coverage or to a claim not covered by our insurance and the claim succeeded, we would be required to pay the claim from our own limited resources, which could have a material adverse effect on our financial condition, results of operations and business. Additionally, liability or alleged liability could harm our business by diverting the attention and resources of our management and damaging our reputation and that of our subsidiaries.

**Risks Related to Doing Business in China**

***Our operations are subject to risks associated with emerging markets.***

The Chinese economy is not well established and is only recently emerging and growing as a significant market for consumer goods and services. Accordingly, there is no assurance that the market will continue to grow. Perceived risks associated with investing in China, or a general disruption in the development of China's markets could materially and adversely affect the business, operating results and financial condition of Erye and us.

***A significant portion of our assets is located in the PRC, and investors may not be able to enforce federal securities laws or their other legal rights.***

A substantial portion of our assets is located in the PRC. As a result, it may be difficult for investors in the U.S. to enforce their legal rights, to effect service of process upon certain of our directors or officers or to enforce judgments of U.S. courts predicated upon civil liabilities and criminal penalties against our directors and officers located outside of the U.S.

***The PRC government has the ability to exercise significant influence and control over our operations in China.***

In recent years, the PRC government has implemented measures for economic reform, the reduction of state ownership of productive assets and the establishment of corporate governance practices in business enterprises. However, many productive assets in China are still owned by the PRC government. In addition, the government continues to play a significant role in regulating industrial development by imposing business regulations. It also exercises significant control over the country's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

There can be no assurance that China's economic, political or legal systems will not develop in a way that becomes detrimental to our business, results of operations and financial condition. Our activities may be materially and adversely affected by changes in China's economic and social conditions and by changes in the policies of the government, such as measures to control inflation, changes in the rates or method of taxation and the imposition of additional restrictions on currency conversion.

Additional factors that we may experience in connection with having operations in China that may adversely affect our business and results of operations include:

- our inability to enforce or obtain a remedy under any material agreements;
- PRC restrictions on foreign investment that could impair our ability to conduct our business or acquire or contract with other entities in the future;
- restrictions on currency exchange that may limit our ability to use cash flow most effectively or to repatriate our investment;

- fluctuations in currency values;
- cultural, language and managerial differences that may reduce our overall performance; and
- political instability in China.

***Cultural, language and managerial differences may adversely affect our overall performance.***

We have experienced difficulties in assimilating cultural, language and managerial differences with our subsidiaries in China. Personnel issues have developed in consolidating management teams from different cultural backgrounds. In addition, language translation issues from time to time have caused miscommunications. These factors make the management of our operations in China more difficult. Difficulties in coordinating the efforts of our U.S.-based management team with our China-based management team may cause our business, operating results and financial condition to be materially and adversely affected.

***We may not be able to enforce our rights in China.***

China's legal and judicial system may negatively impact foreign investors. The legal system in China is evolving rapidly, and enforcement of laws is inconsistent. It may be impossible to obtain swift and equitable enforcement of laws or enforcement of the judgment of one court by a court of another jurisdiction. China's legal system is based on civil law or written statutes and a decision by one judge does not set a legal precedent that must be followed by judges in other cases. In addition, the interpretation of Chinese laws may vary to reflect domestic political changes.

There are substantial uncertainties regarding the interpretation and application to our business of PRC laws and regulations, since many of the rules and regulations that companies face in China are not made public. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that apply to future businesses may be applied retroactively to existing businesses. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

The laws of China are likely to govern many of our material agreements, including, without limitation the Joint Venture Agreement. We cannot assure you that we will be able to enforce our interests or our material agreements or that expected remedies will be available. The inability to enforce or obtain a remedy under any of our future agreements may have a material adverse impact on our operations.

***Our businesses in China are subject to government regulation that limit or prohibit direct foreign investment, limiting our ability to control these businesses, as well as our ability to pursue new ventures and expand further into the Chinese market.***

The PRC government has imposed regulations in various industries, including medical research and the stem cell business, that limit foreign investors' equity ownership or prohibit foreign investments altogether in companies that operate in such industries. As a result, our ability to control our existing China-based businesses as well as pursue new ventures and expand further into the Chinese market may be limited.

If new laws or regulations or policies forbid foreign investment in industries in which we want to expand or complete a business combination, they could severely impair our ability to grow our business. Additionally, if the relevant Chinese authorities find us or such business combination to be in violation of any laws or regulations, they would have broad discretion in dealing with such violation, including, without limitation: (i) levying fines; (ii) revoking our business and other licenses; (iii) requiring that we restructure our ownership or operations; and (iv) requiring that we discontinue any portion or all of our business. Accordingly, any of these regulations or violations could have a material adverse effect on our business, operating results and financial condition.

***The import into China or export from China of technology relating to stem cell therapy may be prohibited or restricted.***

The Chinese Ministry of Commerce, or MOFCOM, and Ministry of Science and Technology of China, or MOST, jointly publish the Catalogue of Technologies the Export of which from China is Prohibited or Restricted, and the Catalogue of Technologies the Import of which into China Prohibited or Restricted. Stem cell-related technologies are not listed in the current versions of these catalogues, and therefore their import or export should not be forbidden or require the approval of MOFCOM and MOST. However, these catalogues are subject to revision and, as the PRC authorities develop policies concerning stem cell technologies, it is possible that the categories would be amended or updated should the PRC government want to regulate the export or import of stem cell related technologies to protect material state interests or for other reasons. Should the catalogues be updated so as to bring any activities of the planned stem cell processing, storage and manufacturing operation in Beijing and related research and development activities under their purview, any such limitations or restrictions imposed on the operations and related activities could materially and adversely affect our business, financial condition and results of operations.

***The PRC government does not permit direct foreign investment in stem cell research and development businesses. Accordingly, we operate these businesses through local companies with which we have contractual relationships but in which we do not have controlling equity ownership.***

PRC regulations prevent foreign companies from directly engaging in stem cell-related research, development and commercial applications in China. Therefore, to perform these activities, we operate our current stem cell-related business in China through two domestic variable interest entities, or VIEs: Tianjin Niou Bio-Technology Ltd., or Tianjin Neo Bio-Technology, and Beijing Ruijieao Bio-Technology Ltd., or Beijing Ruijieao, each a Chinese domestic company controlled by the Chinese employees of NeoStem (China), Inc., our wholly foreign-owned entity, or the WFOE, through various business agreements, referred to, collectively, as the VIE documents. Tianjin Neo-Biotechnology conducts operations formerly conducted by another Company VIE, Qingdao Neo Biotechnology. We control these companies and operate these businesses through contractual arrangements with the companies and their individual owners, but we have no direct equity ownership or control over these companies. Our contractual arrangements may not be as effective in providing control over these entities as direct ownership. For example, the VIEs could fail to take actions required for our business or fail to conduct business in the manner we desire despite their contractual obligation to do so. These companies are able to transact business with parties not affiliated with us. If these companies fail to perform under their agreements with us, we may have to rely on legal remedies under PRC law, which may not be effective. In addition, we cannot be certain that the individual equity owners of the VIEs would always act in our best interests, especially if they have no other relationship with us.

Although other foreign companies have used WFOEs and VIE structures similar to ours and such arrangements are not uncommon in connection with business operations of foreign companies in China in industry sectors in which foreign direct investments are limited or prohibited, recently there has been greater scrutiny by the business community of the VIE structure and, additionally, the application of a VIE structure to control companies in a sector in which foreign direct investment is specifically prohibited carries increased risks.

For example, if our structure is deemed in violation of PRC law, the PRC government could revoke the business license of the WFOE, require us to discontinue or restrict our operations, restrict our right to collect revenues, require us to restructure our business, corporate structure or operations, impose additional conditions or requirements with which we may not be able to comply, impose restrictions on our business operations or on our customers, or take other regulatory or enforcement actions against us. We may also encounter difficulties in enforcing related contracts. Any of these events could materially and adversely affect our business, operating results and financial condition.

***Due to the relationship between the WFOE and the VIEs, the PRC tax authorities may challenge our VIE structure, including the transfer prices used for related party transactions among our entities in China.***

Substantially all profits generated from the VIEs will be paid to the WFOE in China through related party transactions under contractual agreements. We believe that the terms of these contractual agreements are in compliance with the laws in China. However, the tax authorities in China have not examined these contractual agreements. Due to the uncertainties surrounding the interpretation of the transfer pricing rules relating to related party transactions in China, it is possible that the tax authorities in China could challenge the transfer prices that we will use for related party transactions among our entities in China and this could increase our tax liabilities and diminish the profitability of our business in China, which would materially and adversely affect our operating results and financial condition.

***We expect to rely, in part, on dividends paid by our WFOE and/or Erye to supply cash flow for our U.S. business, and statutory or contractual restrictions may limit their ability to pay dividends to us.***

We expect to rely partly on dividends paid to us by the WFOE under the contracts with the VIEs, and under the Joint Venture Agreement, attributable to our 51% ownership interest in Erye, to meet our future cash needs. However, there can be no assurance that the WFOE in China will receive payments uninterrupted or at all as arranged under the contracts with the VIEs. In addition, pursuant to the Joint Venture Agreement that governs the ownership and management of Erye, for the three-year period commencing on the first day of the first fiscal quarter after the Joint Venture Agreement became effective distributions are made as follows: (i) 49% of undistributed profits (after tax) will be distributed to EET and loaned back to Erye for use in connection with its construction of the new Erye facility; (ii) 45% of the net profit after tax will be provided to Erye as part of the new facility construction fund, which will be characterized as paid-in capital for our 51% interest in Erye; and (iii) only 6% of the net profit will be distributed to us directly for our operating expenses.

The payment of dividends by entities organized under PRC law to non-PRC entities is subject to limitations. Regulations in the PRC currently permit payment of dividends by our WFOE and Erye only out of accumulated distributable earnings, if any, as determined in accordance with accounting standards and regulations in China. Moreover, our WFOE and Erye are required to appropriate from PRC GAAP profit after tax to other non-distributable reserve funds. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits (i.e., 50% of the registered capital of relevant company), the general reserve fund requires annual appropriation at 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end); the appropriation to the other funds are at the discretion of WFOE and Erye. In addition, if Erye incurs additional debt on its own behalf to finance the building of the new facility in the future, the instruments governing the debt may restrict Erye's or the joint venture's ability to pay dividends or make other distributions to us. This may diminish the cash flow we receive from Erye's operations, which would have a material adverse effect on our business, operating results and financial condition.

***Restrictions on currency exchange may limit our ability to utilize our cash flow effectively.***

Our interests in China will be subject to China's rules and regulations on currency conversion. In particular, the initial capitalization and operating expenses of the VIEs are funded by our WFOE. In China, the State Administration for Foreign Exchange, or the SAFE, regulates the conversion of the Chinese Renminbi into foreign currencies and the conversion of foreign currencies into Chinese Renminbi. Currently, foreign investment enterprises are required to apply to the SAFE for Foreign Exchange Registration Certificates, or IC Cards of Enterprises with Foreign Investment. Foreign investment enterprises holding such registration certificates, which must be renewed annually, are allowed to open foreign currency accounts including a "basic account" and "capital account." Currency translation within the scope of the "basic account," such as remittance of foreign currencies for payment of dividends, can be effected without requiring the approval of the SAFE. However, conversion of currency in the "capital account," including capital items such as direct investments, loans, and securities, require approval of the SAFE. According to the *Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues Concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises* promulgated on August 29, 2008, or the SAFE Notice 142, to apply to a bank for settlement of foreign currency capital, a foreign invested enterprise shall submit the documents certifying the uses of the RMB funds from the settlement of foreign currency capital and a detailed checklist on use of the RMB funds from the last settlement of foreign currency capital. It is stipulated that only if the funds for the settlement of foreign currency capital are of an amount not more than US$50,000 and are to be used for enterprise reserve, the above documents may be exempted by the bank. This SAFE Notice 142, along with the recent practice of Chinese banks of restricting foreign currency conversion for fear of "hot money" going into China, limits and may continue to limit our ability to channel funds to the VIE entities for their operation. There can be no assurance that the PRC regulatory authorities will not impose further restrictions on the convertibility of the Chinese currency. Future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our stockholders or to fund operations we may have outside of China, which could materially adversely affect our business and operating results.

***Fluctuations in the value of the Renminbi relative to the U.S. dollar could affect our operating results.***

We prepare our financial statements in U.S. dollars, while our underlying businesses operate in two currencies, U.S. dollars and Chinese Renminbi. It is anticipated that our Chinese operations will conduct their operations primarily in Renminbi and our U.S. operations will conduct their operations in dollars. At the present time, we do not expect to have significant cross currency transactions that will be at risk to foreign currency exchange rates. Nevertheless, the conversion of financial information using a functional currency of Renminbi will be subject to risks related to foreign currency exchange rate fluctuations. The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and supply and demand in local markets. As we have significant operations in China, and will rely principally on revenues earned in China, any significant revaluation of the Renminbi could materially and adversely affect our financial results. For example, to the extent that we need to convert U.S. dollars we receive from an offering of our securities into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar could have a material adverse effect on our business, financial condition and results of operations.

Beginning in July of 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, the value of the Renminbi has fluctuated within a narrow and managed band against a basket of certain foreign currencies. However, the Chinese government has come under increasing U.S. and international pressure to revalue the Renminbi or to permit it to trade in a wider band, which many observers believe would lead to substantial appreciation of the Renminbi against the U.S. dollar and other major currencies. There can be no assurance that Renminbi will be stable against the U.S. dollar. On June 19, 2010 the central bank of China announced that it will gradually modify its monetary policy and make the Renminbi's exchange rate more flexible and allow the Renminbi to appreciate in value in line with its economic strength.

***If China imposes economic restrictions to reduce inflation, future economic growth in China could be severely curtailed, reducing the profitability of our operations in China.***

Rapid economic growth can lead to growth in the supply of money and rising inflation. If prices for any products or services in China are unable, for any reason, to increase at a rate that is sufficient to compensate for any increase in the costs of supplies, materials or labor, it may have an adverse effect on the profitability of Erye and our stem cell activities in China would be adversely affected. In order to control inflation in the past, China has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending and could adopt additional measures to further combat inflation. Such measures could harm the economy generally and hurt our business by (i) limiting the income of our customers available to spend on our products and services, (ii) forcing us to lower our profit margins, and (iii) limiting our ability to obtain credit or other financing to pursue our expansion plans or maintain our business. We cannot predict with any certainty the degree to which our business will be adversely affected by slower economic growth in China.

***Erye's manufacturing operations in China may be adversely affected by changes in PRC government policies regarding ownership of assets and allocation of resources to various industries and companies.***

While the PRC government has implemented economic and market reforms, a substantial portion of productive assets in China are still owned by the PRC government. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency and providing preferential treatment to particular industries or companies. Should the PRC government change its policies regarding economic growth and private ownership of manufacturing and other assets of Erye, we may be unable to execute our business plan, we may lose rights to certain business assets and our business, operating results and financial condition may be materially harmed.

***If there are any adverse public health developments in China, our business and operations may be disrupted and medical tourism in China may decline, which could delay the launch of our stem cell therapies in China.***

Any prolonged occurrence of avian flu, severe acute respiratory syndrome, or SARS, or other adverse public health developments in China or other regions where we operate could disrupt our business and have a material adverse effect on our business and operating results. These could include the ability of our personnel to travel or to promote our services within China or in other regions where we operate, as well as temporary closure of our facilities.

Any closures or travel or other operational restrictions would severely disrupt our business operations and adversely affect our results of operations.

***If the anticipated growth of medical tourism in China does not occur, or if fewer people travel abroad for the purpose of cosmetic or medical therapies for any reason, including limitations imposed by governmental authorities, we may not achieve our revenue and profit expectations.***

One part of our business plan involves launching innovative, safe, and effective cell therapies in China that have not yet been approved in the U.S., to generate sales revenues in advance of obtaining U.S. regulatory approvals. Different countries have different regulatory requirements and pathways resulting in the availability of therapeutics in one market prior to another. This phenomenon has led to the growth of an industry called “medical tourism” where patients travel to foreign locations and receive treatments that have not yet been approved in their home countries.

If the anticipated growth of medical tourism in China does not occur, or if fewer people travel abroad for the purpose of cosmetic or medical therapies for any reason, including limitations imposed by governmental authorities, we may not achieve our revenue and profit expectations. Any setbacks to the implementation of our business plan could materially and adversely affect our business, operating results and financial condition.

***China is a developing nation governed by a one-party communist government and susceptible to political, economic, and social upheaval that could disrupt the economy.***

China is a developing country governed by a one-party government. China is also a country with an extremely large population, wide income gaps between rich and poor and between urban and rural residents, minority ethnic and religious populations, and growing access to information about the different social, economic, and political systems found in other countries. China has also experienced extremely rapid economic growth over the last decade, and its legal and regulatory systems have had to change rapidly to accommodate this growth. If China experiences political or economic upheaval, labor disruptions or other organized protests, nationalization of private businesses, civil strife, strikes, acts of war and insurrections, this may disrupt China’s economy and could materially and adversely affect our financial performance.

***If political relations between China and the U.S. deteriorate, our business in China may be materially and adversely affected.***

The relationship between China and the U.S. is subject to periodic tension. Relations may also be compromised if the U.S. becomes a more active advocate of Taiwan or if either government pressures the other regarding its monetary, economic or social policies. Changes in political conditions in China and changes in the state of Sino-U.S. relations are difficult to predict and could adversely affect our operations or financial condition. In addition, because of our involvement in the Chinese market, any deterioration in political relations might cause a public perception in the U.S. or elsewhere that might cause the goods or services we may offer to become less attractive. If any of these events were to occur, it could materially and adversely affect our business, operating results and financial condition.

***China’s State Food and Drug Administration’s regulations may limit our ability to develop, license, manufacture and market our products and services.***

Some or all of our operations in China will be subject to oversight and regulation by the PRC's State Food and Drug Administration ("SFDA"). Government regulations, among other things, cover the inspection of and controls over testing, manufacturing, safety and environmental considerations, efficacy, labeling, advertising, promotion, record keeping and sale and distribution of pharmaceutical products. Such government regulations may increase our costs and prevent or delay the licensing, manufacturing and marketing of any of our products or services. In the event we seek to license, manufacture, sell or distribute new products or services, we likely will need approvals from certain government agencies such as the SFDA. The future growth and profitability of any operations in China would be contingent on obtaining the requisite approvals. There can be no assurance that we will obtain such approvals.

In 2004, the SFDA implemented new guidelines for the licensing of pharmaceutical products. All existing manufacturers with licenses were required to apply for the Good Manufacturing Practices, or cGMP, certifications. Erye has received the requisite certifications. However, should Erye fail to maintain its cGMP certifications or fail to obtain cGMP and other certifications for its new production facilities, this would have a material adverse effect on Erye's and our business, results of operations and financial condition.

In addition, delays, product recalls or failures to receive approval may be encountered based upon additional government regulation, legislative changes, administrative action or changes in governmental policy and interpretation applicable to the Chinese pharmaceutical industry. Our pharmaceutical activities also may subject us to government regulations with respect to product prices and other marketing and promotional related activities. Government regulations may substantially increase our costs for developing, licensing, manufacturing and marketing any products or services, which could have a material adverse effect on our business, operating results and financial condition.

The SFDA and other regulatory authorities in China have implemented a series of new punitive and stringent measures regarding the pharmaceuticals industry to redress certain past misconducts in the industry and certain deficiencies in public health reform policies. Given the nature and extent of such new enforcement measures, the aggressive manner in which such enforcement is being conducted and the fact that newly-constituted local level branches are encouraged to issue such punishments and fines, there is the possibility of large scale and significant penalties being levied on manufacturers. These new measures may include fines, restriction and suspension of operations and marketing and other unspecified penalties. This new regulatory environment has added significantly to the risks of our businesses in China and may have a material adverse effect on our business, operating results and financial condition.

***Changes to PRC policies regarding drug pricing may have a material adverse effect on Erye's and our results of operations and financial condition.***

Erye's financial performance is heavily dependent on government pricing policies and procedures, which are subject to change. The *Rules on Introduction of Suzhou's Local Enterprises Produced Drugs into Suzhou's Local Medical Insurance Drugs Catalogue*, which was promulgated in 2006, may soon cease to be effective. The cancellation of such Rules would reduce Erye's sales and profits by an estimated $2 million and $1 million, respectively, calculated based on Erye's sales and profits for 2010. On March 2, 2011, the National Development and Reform Commission issued price cuts for drugs covered by national medical insurance which greatly influences two of Erye's drugs. It is anticipated that the price of Piperacillin Sodium Sulbactum Sodium will decrease by 50% and the price of Ligustrazine Phosphate will be cut by 75%. In 2010 Piperacillin Sodium Sulbactum Sodium accounted for approximately 3% of sales and Ligustrazine Phosphate accounted for approximately 2.5% of sales.

***Erye's production will be concentrated in two production lines and Erye will be operating in a new facility.***

Erye began transferring its operations to its new manufacturing facility in January 2010. The relocation is continuing as the new production lines are completed and receive cGMP certification through 2011. In January 2010, Suzhou Erye received notification that the SFDA has approved Suzhou Erye's application for cGMP certification to manufacture solvent crystallization sterile penicillin and freeze dried raw sterile penicillin at the new facility, which provides 50% and 100% greater manufacturing capacity, respectively, than its original facility. In June 2010, Suzhou Erye passed the government inspection by the SFDA to manufacture penicillin and cephalosporin powder for injection at the new facility. In May 2011, Suzhou Erye received cGMP production certification for freeze dried powder for injection issued by SFDA at the new facility. The facility is fully operational with respect to these lines. The combined production lines now certified by the SFDA were responsible for approximately 99% of Erye's 2010 revenues with two of them responsible for over 90% of Erye's 2010 revenues. Any interruptions in production with respect to those lines at the new facility will have a material adverse effect on Erye's business and ours. There are inherent problems in commencing operations at any new production facility. If Erye encounters operational difficulties in commencing production at its new facility, it could have a material adverse effect on Erye's business and ours.

***As a result of Erye's relocation to a new manufacturing facility, Erye may experience certain delays and disruptions in its manufacturing operations which could adversely affect our business.***

Erye has built a new production facility for purposes of manufacturing its products and relocated substantially all of its manufacturing operations from its existing facility to the new facility. The new facility is expected to be fully operational in 2011. As a result of this relocation, Erye has and may continue to experience certain delays and disruptions in its manufacturing operations which may adversely impact our business.

***In China, we may conduct research and development activities related to cell therapy in cooperation with a domestic Chinese company. If these activities are regarded by PRC government authorities as "human genetic resources research and development activities," additional approvals by PRC government authorities will be required.***

Our research and development activities in cell therapy in China may be conducted in cooperation with Beijing Ruijieao Biotechnology Ltd. Pursuant to the Interim Measures for the Administration of Human Genetic Resources, or the Measures, that took effect on June 10, 1998, China maintains a reporting and registration system on important pedigrees and genetic resources in specified regions. All entities and individuals involved in sampling, collecting, researching, developing, trading or exporting human genetic resources or taking such resources outside China must abide by the Measures. "Human genetic resources" refers to genetic materials such as human organs, tissues, cells, blood specimens, preparations or any type of recombinant DNA constructs, which contain human genome, genes or gene products as well as to the information related to such genetic materials.

It is possible that our research and development activities conducted by the Lab in cooperation with us in China may be regarded by PRC government authorities as human genetic resources research and development activities, and thus will be subject to approval by PRC government authorities. The sharing of patents or other corresponding intellectual property rights derived from such research and development operations is also subject to various restrictions and approval requirements established under the Measures.

With regard to the ownership of intellectual property rights derived from human genetic resources research and development, the Measures provide that the China-based research and development institution shall have priority access to information about the human genetic resources within China, particularly the important pedigrees and genetic resources in the specified regions and the relevant data, information and specimens and any transfer of such human genetic resources to other institutions shall be prohibited without obtaining corresponding approval from the Human Genetic Resource Administration Office of China, among other governmental authorities or agencies. No foreign collaborating institution or individual that has access to the above-mentioned information may publicize, publish, apply for patent rights or disclose it by any other means without obtaining government approval. In a collaborative research and development project involving human genetic resources of China between any Chinese and foreign institutions, intellectual property rights shall be allocated according to the following principles: (i) patent rights shall be jointly applied for by both parties and the resulting patent rights shall be owned by both parties if an achievement resulting from the collaboration is patentable; (ii) either party has the right to exploit such patent separately or jointly in its own country, subject to the terms of the collaboration; however, the transfer of such patent to any third party or authorizing any third party to implement such patent shall be carried out upon agreement of both parties, and the benefits obtained thereof shall be shared in accordance with their respective contributions; and (iii) the right of utilizing, transferring and sharing any other scientific achievement resulted from the collaboration shall be specified in the collaborative contract or agreement signed by both parties. Both parties are equally entitled to make use of the achievement which is not specified in the collaborative contract or agreement; however, the transfer of such achievement to any third party shall be carried out upon agreement of both parties, and the benefits obtained thereof shall be shared in accordance with their respective contributions.

If the research and development operations conducted by the Lab in cooperation with us in China are regarded by PRC government authorities as human genetic resources research and development activities, we may be required to obtain approval from PRC governmental authorities to continue such operations and the Measures may adversely affect our rights to intellectual property developed from such operations. Our inability to access intellectual property, or our inability to obtain required approvals on a timely basis, or at all, could materially and adversely affect our operations in China, and our operating results and financial condition.

***Erye has lost certain preferential tax concessions, which will cause its tax liabilities to increase and profitability to decline.***

The National People's Congress of China enacted a new PRC Enterprise Income Tax Law, or the EIT Law, that went into effect on January 1, 2008. Domestic-invested enterprises and foreign-invested entities now are subject to enterprise income tax at a uniform rate of 25% unless they qualify for limited exceptions. During the transition period for enterprises established before March 16, 2007, the tax rate is subject to a gradual increase which started in 2008 and will be equal to the new tax rate in 2011 or 2012. As a result, Erye has lost its preferential tax rates.

Because of the EIT Law, the tax liabilities of Erye have increased. Any future increase in the enterprise income tax rate applicable to Erye or other adverse tax treatments could increase Erye's tax liabilities and reduce its net income, which could have a material adverse effect on Erye's and our results of operations and financial condition.

***Foreign-invested enterprises in China will be subject to city maintenance and construction tax and education expenses surtax starting from December 1, 2010.***

According to relevant tax rules in China, foreign-invested enterprises (e.g., WFOE) were not subject to city maintenance and construction tax and education expenses surtax in the past; however, the State Council of PRC issued the *Notice regarding Unifying Rules of City Maintenance and Construction Tax and Education Expenses Surtax Applicable to Foreign-invested Enterprises and Domestic Enterprises and Individuals* (Guo Fa (2010) 35) on October 18, 2010, or the State Council Notice No. 35. According to the State Council Notice No. 35, starting from December 1, 2010, the *Interim Measures on City Maintenance and Construction Tax* promulgated by the State Council in the year of 1985 and the *Interim Rules on Levying Education Expenses Surtax* promulgated by the State Council in the year of 1986, and relevant rules, measures promulgated thereafter shall also apply to foreign-invested enterprises, foreign enterprises and foreign individuals. Accordingly, foreign-invested enterprises will be subject to city maintenance and construction tax and education expenses surtax starting from December 1, 2010 (Erye was already subject to such taxes). Both city maintenance and construction tax and education expense surtax are levied based on the value-added tax, consumer tax and business tax actually paid by the tax payer, depending on location of the tax payer, the tax rate of city maintenance and construction tax applicable could be 7%, 5% or 1%, and the tax rate of education expense surtax applicable is currently 3%.

Because of the State Council Notice No. 35, we expect that the tax liabilities of WFOE will increase, which could have a material adverse effect on our results of operations and financial condition.

***Some of the laws and regulations governing our business in China are vague and subject to risks of interpretation.***

Some of the PRC laws and regulations governing our business operations in China are vague and their official interpretation and enforcement may involve substantial uncertainty. These include, but are not limited to, laws and regulations governing our business and the enforcement and performance of our contractual arrangements in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. Despite their uncertainty, we will be required to comply.

New laws and regulations that affect existing and proposed businesses may be applied retroactively. Accordingly, the effectiveness of newly enacted laws, regulations or amendments may not be clear. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

In addition, pursuant to China's Administrative Measures on the Foreign Investment in Commercial Sector, foreign enterprises are permitted to establish or invest in wholly foreign-owned enterprises or joint ventures that engage in wholesale or retail sales of pharmaceuticals in China subject to the implementation of relevant regulations. However, no specific regulations in this regard have been promulgated to date, which creates uncertainty. If specific regulations are not promulgated, or if any promulgated regulations contain clauses that cause an adverse impact to our operations in China, then our business, operating results and financial condition could be materially and adversely affected.

***The laws and regulations governing the therapeutic use of stem cells in China are evolving. New PRC laws and regulations may impose conditions or requirements with which could materially and adversely affect our business.***

As the stem cell therapy industry is at an early stage of development in China, new laws and regulations may be adopted in the future to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the stem cell therapy industry. There is no way to predict the content or scope of future Chinese stem cell regulation. There can be no assurance that the PRC government authorities will not issue new laws or regulations that impose conditions or requirements with which we cannot comply. Noncompliance could materially and adversely affect our business, results of operations and financial condition.

***We may be subject to fines and legal sanctions imposed by the SAFE or other PRC government authorities if we or our PRC employees fail to comply with recent PRC regulations relating to employee stock options granted by offshore listed companies to PRC citizens.***

On April 6, 2007, the SAFE issued the "*Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Ownership Plan or Stock Option Plan of An Overseas Listed Company*," referred to as Circular 78. It is not clear whether Circular 78 covers all forms of equity compensation plans or only those which provide for the granting of stock options. For any plans which are so covered and are adopted by a non-PRC listed company after April 6, 2007, Circular 78 requires all participants who are PRC citizens to register with and obtain approvals from the SAFE prior to their participation in the plan. In addition, Circular 78 also requires PRC citizens to register with the SAFE and make the necessary applications and filings if they participated in an overseas listed company's covered equity compensation plan prior to April 6, 2007. The 2009 Non-U.S. Plan authorizes the grant of certain equity awards to our officers, directors and employees, some of whom are PRC citizens. Circular 78 may require our officers, directors and employees who receive option grants and are PRC citizens to register with the SAFE. We believe that the registration and approval requirements contemplated in Circular 78 will be burdensome and time consuming. If it is determined that any of our equity compensation plans are subject to Circular 78, failure to comply with such provisions may subject us and participants of our equity incentive plan who are PRC citizens to fines and legal sanctions and prevent us from being able to grant equity compensation to our PRC employees. In that case, our ability to compensate our officers, directors and employees through equity compensation would be hindered and our business operations may be adversely affected.

***Failure to comply with the U.S. Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.***

We are subject to the U.S. Foreign Corrupt Practices Act, which generally prohibits U.S. companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in the PRC. There can be no assurance, however, that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

## RISKS RELATED TO THE AMORCYTE MERGER

***The consummation of the transactions contemplated by the Amorcyte Merger Agreement is dependent upon NeoStem and Amorcyte obtaining all relevant and necessary consents and approvals.***

A condition to consummation of the Amorcyte Merger is that NeoStem or Amorcyte obtains certain consents or approvals from third parties. In addition, the stockholders of NeoStem must approve the issuance of NeoStem securities pursuant to the Amorcyte Merger Agreement. The stockholders of Amorcyte must adopt the Amorcyte Merger Agreement and approve the Amorcyte Merger to be consummated pursuant thereto (and Amorcyte's governing documents afford class voting rights to the holders of Amorcyte Series A Preferred Stock), but a Voting Agreement has been entered into pursuant to which holders of a sufficient number of shares of Amorcyte Common Stock and Amorcyte Series A Preferred Stock have agreed to vote such shares in favor of the transactions. There can be no assurance that NeoStem or Amorcyte will be able to obtain all such relevant consents and approvals on a timely basis or at all. NeoStem has incurred, and expects to continue to incur, significant costs and expenses in connection with the proposed Amorcyte Merger. Any failure to obtain, or delay in obtaining, the necessary consents or approvals would prevent NeoStem from being able to consummate, or delay the consummation of, the transactions contemplated by the Amorcyte Merger Agreement, which could materially adversely affect the business, financial condition and results of operations of NeoStem. There is no guarantee that such approvals will be obtained or that such conditions will be satisfied.

***Failure to satisfy closing conditions and complete the Amorcyte Merger could cause NeoStem's stock price to decline and could harm NeoStem's business and operating results.***

The Amorcyte Merger Agreement contains conditions which NeoStem or Amorcyte, respectively, must meet in order to consummate the transactions. No assurance can be given that every closing condition will be satisfied or waived. In addition, the Amorcyte Merger Agreement may be terminated by either NeoStem or Amorcyte under certain circumstances.

If the Amorcyte Merger is not completed for any reason, NeoStem may be subject to a number of risks, including the following:

- the market price of NeoStem Common Stock may decline to the extent that the relevant current market price previously reflected a market assumption that the Amorcyte Merger will be completed;
- many costs related to the Amorcyte Merger, such as legal, accounting and financial printing fees, must be paid regardless of whether the transactions completed; and
- there may be substantial disruption to the business of NeoStem and distraction of its workforce and management team.

***Any acquisition exposes a company to additional risks.***

Acquisitions may entail numerous risks for NeoStem, including:

- competing claims for capital resources;
- difficulties in assimilating acquired operations, technologies or products;
- diversion of management's attention from NeoStem's core business;
- risks of undertaking activities or entering markets in which NeoStem has limited or no prior experience; and
- NeoStem's management team has limited experience in purchasing and integrating new businesses.

NeoStem's failure to successfully complete the integration of Amorcyte could have a material adverse effect on NeoStem's business, financial condition and operating results.

***Failure of the Amorcyte Merger to achieve potential benefits could harm the business and operating results of the combined company.***

NeoStem and Amorcyte expect that the combination of their businesses will result in potential benefits for the combined company. Achieving these potential benefits will depend on a number of factors, some of which include:

- The success of the AMR-001 Phase 2 trial;
- retention of key management, marketing and technical personnel after the transactions;
- the ability of the combined company to increase the sales of products and services; and
- competitive conditions in the cell therapy industry.

The failure to achieve anticipated benefits could harm the business, financial condition and operating results of the combined company.

***NeoStem's outstanding warrants may negatively affect NeoStem's ability to raise additional capital.***

As part of the Amorcyte Merger, NeoStem will be issuing warrants to purchase up to an additional 1,881,008 shares of NeoStem Common Stock. NeoStem already had, at August 17, 2011, approximately 54,470,909 stock options and warrants outstanding. Holders of NeoStem's outstanding warrants are given the opportunity to profit from a rise in the market price of NeoStem Common Stock. As long as these warrants are outstanding, the terms on which NeoStem could obtain additional capital may be adversely affected. The holders of these warrants might be expected to exercise them at a time when NeoStem would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by these warrants.

***If the market for the combined company's products and/or technology (including AMR-001 and any other product candidates) does not experience significant growth or if the combined company's products and/or technology do not achieve broad acceptance, the combined company's operations will suffer.***

NeoStem and Amorcyte cannot accurately predict the future growth rate or the size of the market for the combined company's products and technology. The expansion of this market depends on a number of factors, such as:

- the results of clinical trials;
- the cost, performance and reliability of the combined company's products/technologies, and the products/technologies offered by competitors;
- customers' perceptions regarding the benefits of the combined company's products and technologies;
- public perceptions regarding the use of the combined company's products and technologies;
- customers' satisfaction with the products and technologies; and
- marketing efforts and publicity regarding the products and technologies.

***While the acquisition of Amorcyte will further NeoStem's strategy of focusing its business on cell therapies, the development and marketing of cell therapies is a new business direction for NeoStem.***

Beginning with its January 2011 acquisition of PCT, NeoStem began to shift its business plan to focus on capturing the paradigm shift to cell therapies. It is anticipated that NeoStem's acquisition of Amorcyte will help to further NeoStem's expansion into the cell therapy field. However, NeoStem has limited experience in the areas of cell therapy development and marketing of cell therapy products, and the related regulatory issues and processes. While the current officers of PCT, including Dr. Andrew Pecora, Amorcyte's Chief Scientific Officer, will continue to provide services to Amorcyte following the acquisition, and while Amorcyte will continue to rely on the expertise of PCT and its other current consultants and service providers, NeoStem can provide no assurances that its management will successfully oversee Amorcyte's clinical development activities and integrate Amorcyte into the NeoStem business.

***NeoStem is contemplating a possible significant change in the nature of its business.***

As part of our plan to focus its business on capturing the paradigm shift to cell therapies following its January 2011 acquisition of PCT, NeoStem is pursuing strategic alternatives with respect to its 51% interest in Erye. NeoStem is planning to devote its resources and management efforts to cell therapy manufacturing and development, and other related activities, including adult stem cell collection and storage, and in further developing the Company's regenerative medicine business in China. NeoStem believes that the proposed acquisition of Amorcyte is in keeping with NeoStem's strategic mission. NeoStem also believes that if the Company could monetize Erye, NeoStem would have additional capital needed to pursue the development of multiple cell therapies. To that end, in June 2011, NeoStem engaged a financial advisor to lead the effort to pursue the possible divesture of its 51% interest in Erye. Marketing efforts have commenced; however, in addition to the factors set forth below, it is too early to determine whether such efforts will lead to a proposal to purchase at a price and on terms that NeoStem would consider acceptable or whether, in the event a proposal or proposals on prices and terms acceptable to NeoStem are received, whether a transaction would be completed.

Any sale of NeoStem's interest would also be subject to a right of first refusal held by Suzhou Erye Economy & Co. Ltd. ("EET") pursuant to the terms of the Joint Venture Agreement between a subsidiary of NeoStem and EET. EET owns the remaining 49% interest in Erye. A number of issues have arisen between EET and NeoStem with respect to the operation and financing of Erye. For instance, while EET is required to lend back to Erye dividends received by it to finance Erye's move to its new facilities, Erye has recently reported to NeoStem that such arrangement is no longer tax efficient in light of the ratio of Erye's shareholder loans to its registered capital. In connection with exploring ways to remedy the additional tax burden caused by the level of shareholder loans and in preparing for a sale process, other issues have also surfaced, including the issue of NeoStem and Erye needing to obtain all Chinese regulatory approvals (and associated registrations) required to reflect the legal title of NeoStem's 51% interest in Erye as being held by the proper entity within NeoStem's group which is its current beneficial owner as that term is used under U.S. law. NeoStem and Erye are determining what government approvals (and associated registrations) will need to be issued by the Suzhou Municipal Bureau of Foreign Investment and Commerce and the Suzhou Administration for Industry and Commerce to remediate these deficiencies. NeoStem's management believes these regulatory deficiencies can be remediated within a reasonable period of time and should not delay a sale of NeoStem's interest in Erye. However, no assurance can be given that any unremediated regulatory deficiencies would not have an adverse effect on the operating results and liquidity of Erye and NeoStem and will not impede or delay efforts to divest NeoStem's interest in Erye. In addition, the remediation process is expected to trigger certain tax liabilities and penalties.

NeoStem has not yet determined to sell its interest in Erye, and will not do so until it can assess the level of interest generated, the potential price and transaction terms it might be offered and any regulatory impediments to a transaction. A sale of NeoStem's interest in Erye, if a sale can be consummated, would have a material effect on the business, results of operations and balance sheet of NeoStem. Factors that may impede a sale may include, but not be limited to, EET's right of first refusal and the significant time and money that exercise of such right could cause a potential purchaser, the need for any purchaser to negotiate a new Joint Venture Agreement and a shareholder loan repayment schedule with EET if EET does not wish to either sell its interest or exercise its right of first refusal, recent regulatory changes in China which reduce prices that may be charged for certain of Erye's products and limit use of antibiotics, tax or regulatory issues affecting Erye, including those described above and other tax increases described in our filings which will adversely affect Erye going forward, availability of financing for a potential purchaser, and other factors typical of any sale process.

***If the combined company is unable to manage growth in its business, its prospects may be limited and its future results of operations may be adversely affected.***

The combined company intends to expand its processing and manufacturing activities, its research and development platform to provide innovative therapies, its sales and marketing programs and other activities as needed to meet future demand. Any significant expansion may strain the combined company's managerial, financial and other resources. If the combined company is unable to manage its growth, its business, operating results and financial condition could be adversely affected. The combined company will need to improve continually its operations, financial and other internal systems to manage its growth effectively, and any failure to do so may lead to inefficiencies and redundancies, and result in reduced growth prospects and diminished operational results.

***Certain current officers and directors of Amorcyte beneficially own large quantities of Amorcyte capital stock. Additionally, the Amorcyte Merger presents conflicts of interest that may cause the transactions contemplated by the Amorcyte Merger Agreement to have consequences to NeoStem that are less favorable than might be attained in comparable transactions where such potential conflicts are absent.***

The transactions contemplated by the Amorcyte Merger Agreement present potential conflicts of interest, or, at a minimum, the appearance of conflicts of interest. For example, Paul Schmitt, currently a director and the CEO of Amorcyte, is also a managing director to the advisor of Novitas Capital III, L.P., which fund holds 3,693.7 shares of Amorcyte's Series A Preferred Stock, representing 35.3% of the outstanding shares of such class. Darren Blanton, currently a director of Amorcyte, is also the founder and managing partner of Colt Ventures, Ltd. This entity's ownership of 939.7 shares of Amorcyte's Series A Preferred Stock, together with beneficial ownership of an additional 500.8 shares of Series A through two family trusts, results in Mr. Blanton having beneficial ownership of approximately 13.8% of Amorcyte's outstanding Series A Preferred shares. Michael Starcher, an Amorcyte director, is the president of the general partner of CCP-AMOR, L.P., which fund owns 1,252.1 Series A shares of Amorcyte, resulting in Mr. Starcher's beneficial ownership of approximately 11.8% of such class. Dr. Andrew L. Pecora, who is currently the Chief Scientific Officer of Amorcyte, the Chief Medical Officer of NeoStem, and the Chief Medical Officer of NeoStem's subsidiary PCT, and who it is expected will be appointed in 2011 to NeoStem's board of directors pursuant to the agreement governing NeoStem's acquisition of PCT, beneficially owns 58.8 Amorcyte Series A shares (0.6% of the class), 1,219.7 of Amorcyte's common shares (15.6% of the class), and 2,370,672 shares of NeoStem Common Stock (2.4% of the outstanding NeoStem Common Stock) including 78,125 shares of NeoStem Common Stock purchased in a March 2011 private placement. In June and July of 2011, respectively, Novitas Capital III, L.P. and Darren Blanton, each a substantial beneficial owner of Amorcyte Series A Preferred Stock, invested $1,000,000 and $350,000, respectively, in private placements of NeoStem Common Stock.

Amorcyte was initially formed as a wholly-owned subsidiary of PCT, and was spun off to PCT's members in 2005. In January 2011, NeoStem acquired PCT. Certain current officers of NeoStem's subsidiary PCT (including Dr. Pecora and Mr. Goldberger) provide services to Amorcyte pursuant to agreements with PCT. Dr. Pecora had also entered into an oral consulting arrangement with Amorcyte providing for compensation of $50,000 per year for serving as Amorcyte's Chief Scientific Officer. By written agreement with Amorcyte, Dr. Pecora has relinquished all rights he had with respect to such compensation, while continuing to serve as Amorcyte's Chief Scientific Officer. NeoStem's subsidiary PCT is Amorcyte's exclusive provider of cell processing services, which are performed entirely at PCT's facilities. PCT is the holder of 62.6 shares of Amorcyte Series A Preferred Stock.

These relationships create, or, at a minimum, appear to create potential conflicts of interest with respect to the Amorcyte Merger Agreement and the transactions contemplated thereby, as the persons involved have been faced with (or will face, on a going-forward basis, as applicable) decisions that could have different implications for Amorcyte, NeoStem, and any other entities with which such persons are associated.

Although NeoStem and Amorcyte have both established procedures designed to ensure that material related party transactions are fair to the respective company, no assurance can be given as to how potentially conflicted board members or officers of either company will evaluate the fiduciary duties owed by them to NeoStem, Amorcyte, and other entities to which they may owe fiduciary duties, respectively, or how such individuals will act in such circumstances.

Furthermore, the appearance of conflicts, even if such conflicts ultimately do not harm the combined company, might adversely affect the public's perception of the combined company's business, as well as its relationships with existing customers, licensors, licensees, and service providers and its ability to enter into new relationships in the future.

***The Amorcyte Merger will result in dilution of the ownership interests of current NeoStem stockholders.***

As a result of the Amorcyte Merger, the former equity holders of Amorcyte will have the right to receive approximately 6.5% of the outstanding NeoStem Common Stock immediately following the consummation of the transactions based on the number of shares outstanding as of August 17, 2011 (exclusive of the 1,881,008 shares of NeoStem common stock underlying the warrants to be issued to the Amorcyte equity holders and the maximum of 4,092,768 "Contingent Shares" that may be issued to Amorcyte equity holders in the event certain milestones specified in the Amorcyte Merger Agreement are achieved). This represents dilution of the ownership interests and voting power of the current NeoStem stockholders.

***Future sales of the combined company's common stock may depress its stock price.***

The shares of NeoStem Common Stock constituting the Base Stock Consideration issued at the closing of the Amorcyte Merger for the benefit of Amorcyte's former equity holders will be freely tradable in the public market once released from escrow (approximately 20% to be released six months after closing; with additional shares to be released one year after closing such that $1.25 million in shares (852,660 shares in accordance with the escrow valuation mechanism) shall remain in the escrow if no indemnification claims have been asserted by NeoStem, provided that in the event NeoStem has asserted any indemnification claims within one year following the closing, in such case an amount of shares representing $2.5 million (1,705,320 shares in accordance with the escrow valuation mechanism) plus the amount of pending claims shall remain in escrow remaining in escrow; and the remainder of shares to be released two years after closing). The market price of NeoStem Common Stock could fall in response to sales of a large number of shares of NeoStem Common Stock in the market after the release of the shares or in response to the perception that sales of a large number of shares could occur. In addition, these sales could create the perception by the public of difficulties or problems with NeoStem's products and services. As a result, these sales also might make it more difficult for NeoStem to sell equity or equity-related securities in the future at a time and price that its board of directors deems appropriate.

***Any adverse development relating to any of the combined company's product candidates, such as a significant clinical trial failure, could substantially depress NeoStem's stock price and prevent NeoStem from raising additional capital.***

The combined company's ability to progress as a company will be significantly dependent on its product candidates, and on clinical trials. Any clinical, regulatory or other development that significantly delays or prevents the combined company from completing any of its trials, any material safety issue or adverse side effect to any study participant in any of these trials, or the failure of these trials to show the results expected would likely depress NeoStem's stock price significantly and could prevent NeoStem from raising the substantial additional capital the combined company will need to further develop its product candidates and technologies. Moreover, any material adverse occurrence in early-phase clinical trials could substantially impair the combined company's ability to initiate additional clinical trials to test its product candidates, whether for new indications or otherwise. This, in turn, could adversely impact NeoStem's ability to raise additional capital and pursue the planned research and development efforts of the combined company.

***The nature of Amorcyte's business which is being acquired by NeoStem could subject the trading prices of NeoStem Common Stock to additional volatility.***

The market price of NeoStem Common Stock has been historically volatile. The stock market in general and the market for biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The clinical trials and other development activities intended to be undertaken by the combined company may contribute to additional volatility of the market price of NeoStem Common Stock, as investors react to the results of the combined company's clinical trials of product candidates and those of NeoStem's competitors. In addition to the foregoing, factors that could contribute to enhanced volatility of the combined company's stock price include:

- regulatory or legal developments in the United States and foreign countries;
- variations in the combined company's financial results or those of companies that are perceived to be similar to NeoStem;

- changes in the structure of healthcare payment systems;
- announcements by the combined company of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- market conditions in the pharmaceutical and biotechnology sectors and issuance of securities analysts' reports or recommendations;
- sales of substantial amounts of NeoStem Common Stock by current stockholders;
- sales of NeoStem securities by insiders and large stockholders;
- general economic, industry and market conditions;
- additions or departures of key personnel;
- intellectual property, product liability or other litigation against the combined company;
- expiration or termination of the combined company's potential relationships with collaborators; and
- the other factors described in this "Risk Factors" section.

In addition, in the past stockholders have initiated class action lawsuits against biotechnology and pharmaceutical companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against the combined company, could cause NeoStem to incur substantial costs and divert management's attention and resources.

## RISKS RELATED TO AMORCYTE'S BUSINESS

If the Amorcyte Merger is consummated, the business of Amorcyte will be highly speculative and subject to a high degree of risk. The risks and uncertainties described below are not the only ones that could affect Amorcyte. Additional risks and uncertainties of which Amorcyte is unaware, or currently believes are immaterial, may become important factors affecting Amorcyte's business. If any of the following risks occur, Amorcyte's business, financial condition and/or operating results could be materially harmed, or differ materially from those expressed in any forward-looking statements.

### Risks Related to Amorcyte's Clinical Development Activities

***If clinical trials of Amorcyte's product candidate AMR-001 or any future product candidates fail to demonstrate safety and efficacy to the satisfaction of the FDA or do not otherwise produce positive results, Amorcyte may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of its product candidates.***

Before obtaining regulatory approval for the sale of AMR-001 or any other product candidate, Amorcyte must conduct, at its own expense, extensive clinical trials to demonstrate the safety and efficacy of the product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials conducted by or on behalf of Amorcyte can occur at any stage of testing. Amorcyte may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent its ability to receive regulatory approval or commercialize its product candidates, including the following:

- regulators or institutional review boards may not authorize Amorcyte or its investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of product candidates may produce negative or inconclusive results, and Amorcyte may decide, or regulators may require it, to conduct additional clinical trials or abandon product development programs that it expects to be pursuing;
- the number of patients required for clinical trials of product candidates may be larger than Amorcyte anticipates, enrollment in these clinical trials may be slower than Amorcyte anticipates, or participants may drop out of these clinical trials at a higher rate than Amorcyte anticipates;

- third party contractors may fail to comply with regulatory requirements or meet their contractual obligations to Amorcyte in a timely manner or at all;

- Amorcyte might have to suspend or terminate clinical trials of its product candidates for various reasons, including a finding that the participants are being exposed to unacceptable health risks;

- regulators or institutional review boards may require that Amorcyte or its investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;

- the cost of clinical trials of Amorcyte's product candidates may be greater than anticipated;

- Amorcyte may be subject to a more complex regulatory process, since stem cell-based therapies are relatively new and regulatory agencies have less experience with them than with traditional pharmaceutical products;

- the supply or quality of Amorcyte's product candidates or other materials necessary to conduct clinical trials of these product candidates may be insufficient or inadequate; and

- Amorcyte's product candidates may have undesirable side effects or other unexpected characteristics, causing Amorcyte or its investigators to halt or terminate the trials.

After completion of Amorcyte's Phase 1 trials of AMR-001, the FDA issued a clinical hold notice on August 31, 2010 effective until Amorcyte submits information acceptable to the FDA on its plans to manufacture AMR-001 with an appropriate cell separation device, disposables and reagent kit and the FDA lifts the clinical hold. Amorcyte is negotiating an alternative supply agreement for the needed kits and disposables for the Phase 2 trials. A response to the clinical hold was submitted to the FDA on July 5 and 6, 2011. On August 5, 2011, Amorcyte received a letter from the FDA advising it that all clinical hold issued had been satisfactorily addressed, the clinical hold was removed and Amorcyte could proceed with its study.

During Amorcyte's Phase 1 trial of AMR-001, serious adverse events in the treatment group were not significantly different in number compared to the placebo group. However, serious adverse events during the Phase 1 trial that occurred included one treatment group subject death from ventricular fibrillation soon after cell infusion that was attributed to recurrent myocardial infarction from stent thrombosis preceding cell infusion. This subject's death resulted in a clinical hold during the Phase 1 trial; the hold letter was dated August 31, 2007. The hold was removed upon FDA's review of the complete documentation on the patient and changes to enrollment procedures for additional subjects that was submitted by Amorcyte. Another treatment group subject was withdrawn because of acute stent thrombosis before cell infusion. One control subject and two additional treatment subjects experienced in-stent restenosis. One treatment subject experienced worsening of congestive heart failure.

There can be no assurance that similar or other events will not occur in future clinical trials of Amorcyte's product candidates that could give rise to safety concerns, particularly in light of the impaired heart function of patients who will be the target subject population of Amorcyte's future planned clinical trials.

If Amorcyte is required to conduct additional clinical trials or other testing of AMR-001 beyond those that Amorcyte currently contemplates, or if Amorcyte is required to conduct additional trials or testing of future product candidates more than Amorcyte expects, or if Amorcyte is unable to successfully complete clinical trials of its product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive, or if there are safety concerns, Amorcyte may:

- be delayed in obtaining marketing approval for AMR-001 (or any future product candidate);

- not be able to obtain marketing approval;

- obtain approval for indications that are not as broad as intended;

- have the product removed from the market after obtaining marketing approval;

- be subject to additional post-marketing testing requirements; or
- be subject to restrictions on how the product is distributed or used.

Amorcyte's product development costs will also increase if Amorcyte experiences delays in testing or approvals. Amorcyte cannot predict whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which Amorcyte may have the exclusive right to commercialize product candidates or allow its competitors to bring products to market before Amorcyte does and impair Amorcyte's ability to commercialize its product candidates and may harm Amorcyte's business and results of operations.

***The initiation of a pivotal Phase 3 clinical trial for AMR-001 will require the validation and establishment of manufacturing controls that may delay product development.***

Amorcyte currently expects to initiate a Phase 2 clinical trial of AMR-001 by no later than the end of the first quarter of 2012. If the results of the Phase 2 clinical trial are positive and support Phase 3 development, Amorcyte intends to initiate and complete one or more pivotal Phase 3 clinical trials before seeking regulatory approval to commercialize AMR-001. Amorcyte is required to have certain validated and established manufacturing controls with respect to AMR-001 related to its safety, purity and potency when administered to patients. Manufacturing control issues will need to be addressed and resolved with the FDA if Amorcyte seeks to initiate a Phase 3 clinical trial of AMR-001. Specifically, Amorcyte must develop a potency assay for AMR-001 and lot release specifications that correlate with AMR-001 activity or clinical response. Amorcyte may not be successful in its efforts to address these chemistry, manufacturing and controls ("CMC") issues for AMR-001 in a manner satisfactory to the FDA. If Amorcyte cannot initiate, or if it is delayed in initiating, a pivotal Phase 3 clinical program of AMR-001, as a result of its failure to satisfy the FDA's CMC concerns or otherwise, the timing of Amorcyte's regulatory submission for commercialization of AMR-001 could be delayed, or Amorcyte may not be able to seek regulatory approval to commercialize AMR-001 at all.

***Development of Amorcyte's AMR-001 and potential future product candidates is subject to uncertainty because the CD34$^+$ cells are derived from human bone marrow, a source material that is inherently variable.***

The number of CD34$^+$/CXCR-4$^+$cells and the composition of the CD34$^+$ cell population from bone marrow vary from patient to patient. These cells are the basis of Amorcyte's product candidate AMR-001, and may also be used in future product candidates. Such variability in composition could adversely affect the ability of Amorcyte to manufacture its product candidates derived from a patient's bone marrow or to establish and meet acceptable specifications for release of the product candidate for treatment of a particular patient. As a consequence, the development and regulatory approval process for these product candidates could be delayed or may never be completed.

***The results of preclinical studies may not correlate with the results of human clinical trials. In addition, early stage clinical trial results do not ensure success in later stage clinical trials, and interim trial results are not necessarily predictive of final trial results.***

To date, Amorcyte has not completed the development of any products through regulatory approval. While Amorcyte and others have analyzed the potential of AMR-001 in preclinical studies with animals, the potential efficacy of AMR-001 in humans has only been evaluated in a Phase 1 clinical trial. The results of preclinical studies evaluating AMR-001 in animals may not be predictive of results in a clinical trial involving a small number of human subjects. Likewise, the outcomes of early clinical trials may not be predictive of the success of later clinical trials. The safety and efficacy data from Amorcyte's anticipated Phase 2 clinical trials of AMR-001 may be less favorable than the data observed in the Phase 1 clinical trial of this product candidate, which was based on smaller numbers of patients. There can be no assurances that the clinical trials of any product candidate of Amorcyte will ultimately be successful. New information regarding the safety and efficacy of such product candidate may be less favorable than the data observed to date.

***Amorcyte may experience delays in enrolling patients in its clinical trials, which could delay or prevent the receipt of necessary regulatory approvals.***

Amorcyte may not be able to initiate or continue clinical trials of AMR-001 (or any future product candidate) if Amorcyte is unable to locate and enroll a sufficient number of eligible patients to participate in the clinical trials required by the FDA or other regulatory authorities. Amorcyte may also be unable to engage a sufficient number of clinical trial sites to conduct its trials. The challenge of enrolling patients will become more difficult if Amorcyte is required by the FDA or a similar regulatory agency outside the United States to conduct a trial on a larger population than it currently anticipates. In that event, Amorcyte might be required to seek patients to participate in its trials from Europe or other foreign jurisdictions, which could raise regulatory uncertainties and increase clinical trial costs. Moreover, because PCT does not currently have FDA registered manufacturing facilities outside of the United States, Amorcyte's ability to conduct trials outside of the U.S. may be constrained by the capability of transporting trial materials to foreign destinations within the expiry period of such materials.

Amorcyte and its investigators may also face challenges in enrolling patients to participate in Amorcyte's clinical trials due to the novelty of its stem cell-based therapies. Some patients may have concerns regarding stem cells that may negatively affect their perception of therapies under development and their decision to enroll in the trials. Furthermore, patients suffering from diseases within target indications may enroll in competing clinical trials, which could negatively affect Amorcyte's ability to complete enrollment of its trials.

Additional factors that may affect the ability of Amorcyte to enroll patients in clinical trials include:

- the size of the patient population;
- patients' willingness to receive a placebo or other inactive control on the control arm of a clinical study;
- the distance between patients and clinical test sites; and
- the eligibility criteria for the trial.

Enrollment delays in clinical trials may result in increased development costs for product candidates, and inability to enroll a sufficient number of patients for any current or future clinical trials would result in significant delays or may require one or more clinical trials to be abandoned altogether.

***The cell sorting system Amorcyte intends to use in the Phase 2 clinical trial is owned by an unaffiliated third party.***

Amorcyte intends to obtain from a third party the essential cell sorting system that it expects to use in its Phase 2 clinical trial of AMR-001. Amorcyte currently does not have any agreement in place permitting it to use this system although negotiations are underway. Moreover, Amorcyte will need to provide the FDA with certain information regarding the design, use and operation of a device. The unavailability of the system, for any reason, would have a material adverse effect on Amorcyte's AMR-001 product development and commercialization efforts. Although there are other available systems in the marketplace, Amorcyte has not evaluated their costs or safety and effectiveness, or whether AMR-001 would be compatible with such systems. Moreover, if the system becomes unavailable during or after Phase 2, Amorcyte would need to demonstrate that the Phase 2 data obtained with this system are still relevant to future trials with other systems.

***Amorcyte has relied in the past, and expects to continue to rely, on research institutions, treatment centers, and contracted resources to conduct and oversee clinical trials of AMR-001, and in some case, to maintain regulatory files for the product candidate. If Amorcyte is not able to secure and maintain agreements with suitable research institutions, treatment centers, or contracted resources on acceptable terms to conduct and/or oversee its clinical trials, if these institutions do not perform as required, or if these institutions fail to timely transfer files/data held by them to Amorcyte, then Amorcyte may not be able to obtain regulatory approval for, or commercialize, its product candidates.***

With respect to its planned Phase 2 clinical trial of AMR-001, Amorcyte holds the IND and will rely on additional entities to conduct the clinical trial. Amorcyte expects to enroll patients in its clinical trials of AMR-001 at numerous trial sites across the United States. The reliance of Amorcyte upon research institutions, hospitals and clinics provides Amorcyte with less control over the timing and cost of clinical trials and the ability to recruit subjects. If Amorcyte is unable to enter into and maintain agreements with these entities on acceptable terms, or if any engagement is terminated, Amorcyte may be unable to enroll patients on a timely basis or otherwise conduct its clinical trials in the manner it anticipates.

In addition, there is no guarantee that these entities or any other third parties, including contracted entities for clinical monitoring and operations, imaging support, data management and biostatistics, upon which Amorcyte relies for administration and conduct of clinical trials, will devote adequate time and resources to the clinical trials or perform as required by contract or in accordance with regulatory requirements. If these third parties fail to meet expected deadlines, fail to adhere to the clinical protocols or fail to act in accordance with regulatory requirements, or if they otherwise perform in a substandard manner, clinical trials of Amorcyte product candidates may be extended, delayed or terminated, and as a result Amorcyte may not be able to commercialize AMR-001 or other future product candidates.

***If the potential of product candidates to address the indications that Amorcyte is pursuing is not realized, or if Amorcyte is unable to demonstrate in clinical trials that AMR-001 is safe and effective for the indications pursued, the value of Amorcyte's technology and its development programs could be significantly reduced.***

Amorcyte is currently exploring the potential of AMR-001 to address certain targeted cardiovascular indications, and Amorcyte may in the future study the safety and efficacy of other product candidates, which may also be based on CD34+ cell technology. AMR-001 and the underlying CD34+/CXCR-4$^+$ cell technology is still in early stages of discovery and development, and Amorcyte has not proven in clinical trials that its product candidate will be safe and effective for the indications for which Amorcyte intends to seek approval. AMR-001 (and potential future Amorcyte product candidates) are susceptible to various risks, including undesirable and unintended side effects, inadequate therapeutic efficacy or other characteristics that may prevent or limit their marketing approval or commercial use. Amorcyte has not treated a sufficient number of patients to allow Amorcyte to evaluate the most frequent or most serious adverse events that could occur with AMR-001. Any undesirable side effects that might be caused by AMR-001 (or future product candidates) could interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications. Amorcyte could also be required to change the manner in which a product candidate is administered, which could require that additional clinical trials be conducted. If the potential of AMR-001 and the CD34+/CXCR-4$^+$ technology is not realized, whether as a result of unintended consequences or otherwise, the value of Amorcyte's technology and development programs could be significantly reduced.

**Risks Related to the Commercialization of Amorcyte's Product Candidate**

***Amorcyte's product candidate is based on novel stem cell technologies that are inherently risky and may not be understood or accepted by the marketplace.***

Amorcyte is subject to the risks of failure inherent in the development and commercialization of therapeutic products based on new technologies. The novel nature of Amorcyte's therapeutics based on adult stem cells creates significant challenges with regards to product development and optimization, manufacturing, government regulation, third-party reimbursement and market acceptance. For example, the FDA has relatively limited experience regulating therapies based on adult stem cells, and there are few approved treatments utilizing stem cells.

Even if Amorcyte successfully develops and obtains regulatory approval for AMR-001 or any future product candidate, the market may not understand or accept them, which could adversely affect future sales. The degree of market acceptance of any such product candidates will depend on a number of factors, including:

- the clinical safety and effectiveness of the product candidates, the availability of alternative treatments and the perceived advantages of the particular Amorcyte product candidates over alternative treatments;

- the relative convenience and ease of administration of the product candidates;

- the ability of Amorcyte to separate the product candidates, which are based on adult stem cells, from the ethical and political controversies associated with stem cell product candidates derived from human embryonic or fetal tissue;

- ethical concerns that may arise regarding our commercial use of stem cells, including adult stem cells, in the manufacture of the product candidates;

- the frequency and severity of adverse events or other undesirable side effects involving the product candidates or the products or product candidates of others that are stem cell-based; and

- the cost of the products, the reimbursement policies of government and third-party payors and the ability of Amorcyte to obtain sufficient third-party coverage or reimbursement.

***Amorcyte faces substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than they do.***

The cell therapy industry is subject to rapid and intense technological change. Amorcyte faces, and will continue to face, intense competition from pharmaceutical, biopharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies engaged in drug discovery activities or funding, both in the United States and abroad. Some of these competitors are pursuing the development of drugs and other therapies that target the same diseases and conditions that Amorcyte is targeting with its product candidate AMR-001.

Amorcyte's product candidates generally target patients without other revascularization options. Therefore, Amorcyte does not believe that its product candidates will compete directly with pharmaceutical therapies being developed to treat less severe stages of Amorcyte's target indications. However, to the extent that therapies are developed that reverse the progression of the ischemic damage or improve blood flow, they could have the effect of reducing demand for Amorcyte's product candidates. In addition, because Amorcyte's product candidates require the removal of bone marrow from the patient, potential competing products that do not require this invasive procedure may have a competitive advantage against Amorcyte products. New pharmaceutical agents or devices that improve the repair of cardiac injury after a heart attack, with the result that fewer patients develop ischemic heart failure, would also represent a competitive threat for AMR-001. Furthermore, cell-based therapies, such as skeletal myoblasts, bone marrow-derived stem cells and adipose cells are being pursued by companies such as Aastrom Biosciences, Inc., Angioblast Systems, Inc., Athersys, Inc., Pluristem Therapeutics, Inc., ReNeuron Group, Stemedica Cell Technologies Inc. and Bioheart, Inc. Some other companies, such as Cytori and Miltenyi, are developing devices to facilitate the production of therapeutic cell populations by clinicians for the treatment of Amorcyte's target indications. Such devices may be approved by the FDA under a less rigorous regulatory process, and less extensive clinical testing and manufacturing controls than Amorcyte is required to pursue for AMR-001. Development and approval of such a device on the basis of this more limited dataset may take less time than development of AMR-001 and substantially affect Amorcyte's ability to market its product candidate if approved.

Amorcyte may also face competition in the future from other companies that are researching and developing stem cell therapies. Amorcyte is aware of many companies working in this area. Many of the companies competing against Amorcyte have financial and other resources substantially greater than Amorcyte's. In addition, many of these competitors have significantly greater experience in testing pharmaceutical and other therapeutic products, obtaining FDA and other regulatory approvals of products, and marketing and selling those products. If Amorcyte obtains necessary regulatory approval and commences significant commercial sales of any products, Amorcyte will also be competing with respect to manufacturing efficiency and marketing capabilities, areas in which Amorcyte has limited or no commercial-scale experience. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated by Amorcyte's competitors. Competition may increase further as a result of advances made in the commercial applicability of Amorcyte technologies and greater availability of capital for investment in these fields.

As a result, competitors of Amorcyte may:

- develop products that are safer or more effective than Amorcyte's;
- obtain FDA and other regulatory approvals or reach the market with their products more rapidly than Amorcyte can, reducing the potential sales of Amorcyte product candidates;
- develop new or improved technologies and scientific advances;
- obtain patent protection that could impact the ability of Amorcyte to market its product candidates;
- devote greater resources to market or sell their products;
- initiate or withstand substantial price competition more successfully than Amorcyte can;
- recruit skilled scientific workers from the limited pool of available talent; and
- take advantage of acquisition or other opportunities more readily than Amorcyte can.

***The successful commercialization of AMR-001 (and any future Amorcyte product candidates), if any, will depend on obtaining reimbursement from third-party payors.***

If it successfully obtains the necessary regulatory approvals, Amorcyte intends to sell AMR-001 initially in the United States. In the United States, the market for any pharmaceutical or biologic product is affected by the availability of reimbursement from third-party payors, such as government health administration authorities, private health insurers, health maintenance organizations and pharmacy benefit management companies. Amorcyte anticipates that AMR-001 and any future products, if approved, will be expensive. If Amorcyte cannot demonstrate a favorable cost-benefit relationship, it may have difficulty obtaining adequate reimbursement for Amorcyte products from these payors. Third-party payors may also deny coverage or offer inadequate levels of reimbursement for any potential product if they determine that the product is experimental, unnecessary or inappropriate.

Should Amorcyte seek to expand its commercialization internationally, it would be subject to the regulations of the European Union and other countries, where the pricing of prescription pharmaceutical products and services and the level of government reimbursement may be subject to governmental control. In these countries, pricing negotiations with governmental authorities can take six to twelve months or longer after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, Amorcyte may be required to conduct one or more clinical trials that compares the cost effectiveness of the respective product candidate or product to other available therapies. Conducting one or more of these clinical trials would be expensive and result in delays in commercialization of the products.

Managing and reducing healthcare costs has become a major priority of federal and state governments in the United States. As a result of healthcare reform efforts, Amorcyte might become subject to future regulations or other cost-control initiatives that materially restrict the price that Amorcyte can receive for its products. Third-party payors may also limit access and reimbursement for newly approved healthcare products generally or limit the indications for which they will reimburse patients who use any products that Amorcyte may develop. Cost control initiatives could decrease the price for products that Amorcyte may develop, which would result in lower product revenues to Amorcyte.

***In the event of regulatory approval, Amorcyte may not be able to manufacture AMR-001 at commercial scale (or any other product that may be approved) in compliance with evolving regulatory standards or in quantities sufficient for commercial sale.***

Components of therapeutic products approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with current good manufacturing practices, or cGMP, as required by the FDA. Manufacturers of cell-based product candidates such as AMR-001 also must comply with the FDA's current good tissue practices, or cGTP. In addition, Amorcyte may be required to modify its manufacturing process from time to time for its product candidates in response to FDA requests. Manufacture of live cellular-based products is complex and subjects Amorcyte to significant regulatory burdens that may change over time. Amorcyte may encounter difficulties in the production of its product candidates due to its limited manufacturing experience. Although Amorcyte has negotiated an Amended and Restated Cell Processing Agreement with PCT, whereby PCT is engaged as Amorcyte's exclusive provider of all cell processing services, Amorcyte (through PCT) may not have sufficient manufacturing capacity to meet any commercial demand that might develop should AMR-001demonstrate efficacy, receive necessary approvals and be cleared for commercialization. These difficulties could reduce sales of Amorcyte products, if any are approved for marketing, increase costs or cause production delays, any of which could damage the reputation and hurt the profitability of Amorcyte.

Amorcyte expects that it would need to significantly expand its manufacturing capabilities to meet potential demand for any products that might attain regulatory approval. Such expansion would require additional regulatory approvals. Amorcyte may also encounter difficulties in the commercial-scale manufacture that may be required following any regulatory approval. Amorcyte and PCT are currently developing new processes and are in discussions with other companies to develop new instruments to improve manufacturing efficiency. Improving the speed and efficiency of Amorcyte's manufacturing process (through PCT) and the cell sorters and other instruments PCT uses in connection with Amorcyte production is a key element of Amorcyte' business plan. Neither Amorcyte nor PCT can provide assurances that it will be able to develop process enhancements that are acceptable to the FDA, on a timely basis, on commercially reasonable terms, or at all. If they fail to develop these improvements, Amorcyte could face significantly higher capital expenditures than it anticipates, increased facility and personnel costs and other increased operating expenses. Amorcyte may need to demonstrate that product candidates manufactured using new processes or instruments are comparable to the product candidates used in clinical trials. Depending on the type and degree of differences, Amorcyte may be required to conduct additional studies or clinical trials to demonstrate comparability.

In addition, some changes in Amorcyte's manufacturing processes or procedures, including a change in the location where a product candidate is manufactured, generally require FDA or foreign regulatory authority review and approval prior to implementation. Amorcyte may need to conduct additional preclinical studies and clinical trials to support approval of any such changes. Furthermore, this review process could be costly and time-consuming and could delay or prevent the commercialization of product candidates.

***If PCT's Allendale, New Jersey or Mountain View, California manufacturing facilities are damaged or destroyed, Amorcyte's business and prospects would be negatively affected.***

AMR-001 for Amorcyte's clinical trials is produced by PCT at PCT's facilities, pursuant to an Amended and Restated Cell Processing Agreement between Amorcyte and PCT. Because PCT serves as Amorcyte's exclusive provider of all cell processing services (including production of AMR-001 for clinical trials), Amorcyte relies on PCT's Allendale or Mountain View facilities and on the continuing suitability of PCT's facility to provide necessary services. If PCT's Allendale or Mountain View facilities (or the equipment therein) are significantly damaged or destroyed, Amorcyte will likely experience significant disruptions to the manufacturing capacity for AMR-001, which capacity might not be quickly or inexpensively replaced. In such a situation, Amorcyte may be required to negotiate new agreements for cell processing services, and Amorcyte may not be able to obtain terms as favorable as it obtains from PCT. In the event of a temporary or protracted loss of PCT's facility or equipment, Amorcyte might not be able to transfer manufacturing to a third party. Even if Amorcyte could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and Amorcyte would need FDA approval before selling any products manufactured at that facility. Such an event could delay clinical trials or, if any Amorcyte product candidates are approved by the FDA, reduce sales of such products.

Following the Amorcyte Merger, NeoStem intends to institute coverage totaling $5,000,000 to cover business interruption and research and development restoration expenses prior to the initiation of Phase 2 trials. For its Allendale location, PCT maintains insurance coverage totaling $3,000,000 with respect to improvements and $600,000 for office and laboratory contents and equipment. If Amorcyte (or PCT, Amorcyte's provider of cell processing services) has underestimated its respective insurance needs or fails to get such insurance in connection with interruption to clinical manufacturing of Amorcyte product candidates, there may not be adequate coverage for losses.

***Amorcyte may use third-party collaborators to help it develop or commercialize AMR-001 or future product candidates, and Amorcyte's ability to commercialize such candidates may be impaired or delayed if collaborations are unsuccessful.***

Amorcyte may in the future selectively pursue strategic collaborations for the development and commercialization of AMR-001 or other product candidates and for the international development and commercialization of such product candidates. For example, Amorcyte anticipates that it would need to enter into a collaboration agreement with a third party to conduct and fund one or more pivotal Phase 3 clinical trials of AMR-001. In addition, Amorcyte may not be able to commercialize AMR-001 successfully without entering into an arrangement with a third party to provide an approved method of administration.

There can be no assurance that Amorcyte will be able to identify suitable collaborators or negotiate collaboration agreements on terms that are acceptable to Amorcyte, or at all. In any future third-party collaboration, Amorcyte would be dependent upon the success of the collaborators in performing their responsibilities and their continued cooperation. Such collaborators may not cooperate or perform their obligations under their agreements with Amorcyte. Amorcyte cannot control the amount and timing of its collaborators' resources that will be devoted to performing their responsibilities under their agreements with them. Collaborators may choose to pursue alternative technologies in preference to those being developed in collaboration with Amorcyte. The development and commercialization of product candidates will be delayed if collaborators fail to conduct their responsibilities in a timely manner or in accordance with applicable regulatory requirements or if they breach or terminate their collaboration agreements. Disputes with collaborators could also result in product development delays, decreased revenues and litigation expenses.

***If AMR-001 or a future Amorcyte product candidate receives marketing approval from the FDA, we would need either to hire a sales force with expertise in biologic products or to contract with a third party to provide a sales force to meet its needs.***

Amorcyte does not currently have a sales or marketing organization, and Amorcyte has no experience in the selling, marketing or distribution of biologic products, nor does NeoStem. To achieve commercial success for any product that might be approved in the future for marketing, we would be required either to develop a sales and marketing organization or to outsource these functions to third parties.

Amorcyte (and post merger, NeoStem) may be unable to establish marketing, sales and distribution capabilities necessary to commercialize and gain market acceptance for any of its product candidates and to be competitive. In addition, co-promotion or other marketing arrangements with third parties to commercialize product candidates could significantly limit the revenues derived by Amorcyte from such product candidates, and these third parties may fail to commercialize the product candidates successfully.

***Ethical and other concerns surrounding the use of stem cell-based therapy may negatively affect public perception of Amorcyte and/or its product candidates, thereby reducing potential demand for Amorcyte products.***

The commercial success of Amorcyte's product candidates, which are based on adult stem cells, will depend in part on general public acceptance of the use of stem cell-based therapy for the prevention or treatment of human diseases. The use of embryonic stem cells and fetal tissue for research and stem cell therapy has been the subject of substantial national and international debate regarding related ethical, legal and social issues. Although Amorcyte does not use embryonic stem cells or fetal tissue in any product candidate, the public may not be able to, or may fail to, differentiate Amorcyte's use of adult stem cells from the use by others of embryonic stem cells or fetal tissue. This could result in a negative perception of Amorcyte's product candidates.

***The use of Amorcyte's product candidates in human subjects may expose Amorcyte to product liability claims, for which Amorcyte may not be able to obtain adequate insurance.***

Amorcyte faces an inherent risk of product liability exposure related to the testing of its product candidates in human clinical trials and will face an even greater risk if Amorcyte commercially sells any products that it may develop following requisite approvals therefor. No Amorcyte product candidate (including AMR-001) has been widely used over an extended period of time, and therefore safety data is limited. Amorcyte derives the raw materials for manufacturing of its product candidates from human cell sources, and therefore the manufacturing process and handling requirements are extensive, which increases the risk of quality failures and subsequent product liability claims.

Amorcyte intends to obtain product liability insurance upon initiation of the Phase 2 clinical trial with an aggregate limit of $5.0 million for its product candidates that are in clinical testing. Amorcyte will need to increase its insurance coverage when it begins commercializing its product candidates, if ever. Amorcyte may not be able to obtain or maintain product liability insurance on acceptable terms with adequate coverage or at all. If Amorcyte is unable to obtain and maintain adequate insurance, or if claims against Amorcyte substantially exceed its coverage, then Amorcyte's financial position could be significantly impaired.

Whether or not Amorcyte is ultimately successful in any product liability litigation, such litigation could consume substantial amounts of Amorcyte's financial and managerial resources and could result in:

- decreased demand for any products or product candidates it may develop;
- significant awards against it;
- substantial litigation costs;
- injury to its reputation; and
- withdrawal of clinical trial participants.

***Risks Related to Amorcyte's Intellectual Property***

***If Amorcyte's patent position does not adequately protect its product candidates or any future products, others could compete against Amorcyte more directly, which would harm Amorcyte's businesses.***

The success of Amorcyte depends, in large part, on its ability to obtain and maintain patent protection for its product candidates. Issued patents may be challenged by third parties, resulting in patents being deemed invalid, unenforceable or narrowed in scope, or a third party may circumvent any such issued patents. The patent position of biotechnology companies is generally highly uncertain, involves complex legal and factual questions and has been the subject of much litigation and recent court decisions introduce uncertainty in the strength of patents owned by biotechnology companies. The legal systems of some foreign countries do not favor the aggressive enforcement of patents, and the laws of foreign countries may not protect Amorcyte's rights to the same extent as the laws of the United States. Therefore, any patents that Amorcyte owns or licenses may not provide sufficient protection against competitors.

The claims of the issued patents, and the claims of any patents which may issue in the future and be owned by or licensed to Amorcyte, may not confer on Amorcyte significant commercial protection against competing products. Also, any pending patent applications may not issue, and Amorcyte may not receive any additional patents. The patents might not contain claims that are sufficiently broad to prevent others from utilizing the covered technologies. For instance, patents relating to Amorcyte's AMR-001 product candidate are limited to isolation of a nonexpanded population of autologous mononuclear cells enriched for CD34+ cells, which further contains a subpopulation of potent CD34+/CXCR-4+ cells that have CXCR-4-mediated chemotactic activity. Consequently, Amorcyte's competitors may independently develop competing products that do not infringe Amorcyte's patents or other intellectual property. To the extent a competitor can develop similar products using a different chemistry, these patents will not prevent others from directly competing with Amorcyte.

Because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any Amorcyte product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization of such product candidates, thereby reducing any advantages of the patent. For instance, one of Amorcyte's patents relating to its technology will expire in 2028, subject to extension of the patent term for regulatory delay for any approved product for which Amorcyte is eligible. To the extent Amorcyte's product candidates based on that technology are not commercialized significantly ahead of this date, or to the extent Amorcyte has no other patent protection on such product candidates, those product candidates would not be protected by patents beyond 2028 and Amorcyte would then rely solely on other forms of exclusivity, such as regulatory exclusivity provided by the Federal Food, Drug and Cosmetic Act, which may provide less protection of Amorcyte's competitive position.

Similar considerations apply in any other country where Amorcyte is prosecuting patents, has been issued patents, or has licensed patents or patent applications relating to its technology. The laws of foreign countries may not protect intellectual property rights to the same extent as do laws of the United States.

***If Amorcyte is unable to protect the confidentiality of its proprietary information and know-how, Amorcyte's competitive position would be impaired.***

A significant amount of Amorcyte's technology, especially regarding manufacturing processes, is unpatented and is maintained as trade secrets. The background technologies used in the development of Amorcyte's product candidates are known in the scientific community, and it is possible to duplicate the methods that Amorcyte uses to create its product candidates. In an effort to protect these trade secrets, Amorcyte requires its employees, consultants and contractors to execute confidentiality agreements. These agreements require that all confidential information developed by the individual or made known to the individual by the disclosing company during the course of the individual's relationship with such company be kept confidential and not disclosed to third parties. These agreements, however, may not provide Amorcyte with adequate protection against improper use or disclosure of confidential information, and these agreements may be breached. Adequate remedies may not exist in the event of unauthorized use or disclosure of confidential information. A breach of confidentiality could affect Amorcyte's competitive position. In addition, in some situations, these agreements may conflict with, or be subject to, the rights of third parties with whom employees, consultants, collaborators or advisors have previous employment or consulting relationships. Also, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to Amorcyte's trade secrets. The disclosure of Amorcyte's trade secrets would impair Amorcyte's competitive position.

***If Amorcyte infringes or is alleged to infringe intellectual property rights of third parties, Amorcyte's business may be adversely affected.***

The research, development and commercialization activities of Amorcyte, including any product candidates resulting from these activities, may infringe or be claimed to infringe patents or other proprietary rights owned by third parties and to which Amorcyte does not hold licenses or other rights. There may be applications that have been filed but not published that, when issued, could be asserted against Amorcyte. These third parties could bring claims against Amorcyte that would cause Amorcyte to incur substantial expenses and, if successful, could cause Amorcyte to pay substantial damages. Further, if a patent infringement suit were brought against Amorcyte, Amorcyte could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

Amorcyte has not conducted an exhaustive search or analysis of third-party patent rights to determine whether its research, development or commercialization activities, including any product candidates resulting from these activities, may infringe or be alleged to infringe any third-party patent rights.

As a result of intellectual property infringement claims, or in order to avoid potential claims, Amorcyte may choose, or be required, to seek a license from the third party. These licenses may not be available on acceptable terms, or at all. Even if Amorcyte is able to obtain a license, the license would likely obligate the licensee to pay license fees or royalties or both, and the rights granted to the licensee might be nonexclusive, which could result in competitors gaining access to the same intellectual property. Ultimately, Amorcyte could be prevented from commercializing a product, or be forced to cease some aspect of its business operations, if, as a result of actual or threatened patent infringement claims, Amorcyte is unable to enter into licenses on acceptable terms. All of the issues described above could also affect potential collaborators to the extent Amorcyte has any collaborations then in place, which would also affect the success of the collaboration and therefore the success of Amorcyte.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims, Amorcyte may become a party to other patent litigation and other proceedings, including interference or reexamination proceedings declared by the U. S. Patent and Trademark Office and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to its product candidates and technology. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on the ability of Amorcyte to compete in the marketplace.

***Amorcyte may become involved in lawsuits to protect or enforce patents (including the patents of potential collaborators or licensors), which could be expensive and time consuming.***

Competitors may infringe patents held by, or the patents of the respective potential collaborators or licensors of, Amorcyte. As a result, Amorcyte may be required to file infringement claims to counter infringement or unauthorized use. The cost of any patent litigation or other proceeding, even if resolved in Amorcyte's favor, could be substantial. Some of Amorcyte's competitors may be able to sustain the costs of such litigation or proceedings more effectively than Amorcyte can because of their substantially greater financial resources. Patent litigation and other proceedings may also absorb significant management time. In addition, in an infringement proceeding, a court may decide that a patent is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that patents used by Amorcyte do not cover Amorcyte's technology. An adverse determination of any litigation or defense proceedings could put one or more of such patents at risk of being invalidated or interpreted narrowly and could put patent applications at risk of not issuing. Amorcyte is aware of several companies that are employing stem cell sorting technology in their research and product development efforts. If these companies commercialize products that use cell sorting technology similar to that of Amorcyte, there can be no assurance that Amorcyte would have a basis for initiating patent infringement proceedings or that if initiated they would prevail in such proceedings.

Interference proceedings conducted within the U.S. Patent and Trademark Office may be necessary to determine the priority of inventions with respect to our patent applications or those of Amorcyte's potential collaborators or licensors. Litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distraction to Amorcyte's management. Amorcyte may not be able, alone or with its potential collaborators and licensors, to prevent misappropriation of its proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of Amorcyte's confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments.

***Amorcyte relies on its ability to stop others from competing by enforcing its patents; however, some jurisdictions may require patent holders to grant licenses to third parties. Such compulsory licenses could be extended to include Amorcyte's product candidates including AMR-001, which may limit potential revenue opportunities of Amorcyte.***

Many countries, including some countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, most countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may be limited to monetary relief and may be unable to enjoin infringement, which could materially diminish the value of the patent. Compulsory licensing of life-saving products is also becoming increasingly popular in developing countries, either through direct legislation or international initiatives. Such compulsory licenses could be extended to include Amorcyte's respective product candidates, which may limit Amorcyte's potential revenue opportunities, including with respect to any future revenues which may result from AMR-001.

**Risks Related to Regulatory Approval and Other Government Regulations**

***Amorcyte's business and product candidates are subject to extensive regulatory scrutiny. If Amorcyte is not able to obtain the necessary regulatory approvals for AMR-001 or future product candidates, Amorcyte may not be able to continue its business operations.***

Amorcyte's product candidates, and the activities associated with their development and commercialization, including their testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in states and in other countries. The failure of Amorcyte to obtain regulatory approval for a product candidate will prevent Amorcyte from commercializing the product candidate. Amorcyte has not received regulatory approval to market AMR-001 or any other product candidate in any jurisdiction. Securing FDA approval typically requires the submission of extensive preclinical and clinical data and supporting information to the FDA for each therapeutic indication to establish the product candidate's safety and efficacy. Securing FDA approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the FDA. AMR-001 and Amorcyte's future products may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude the obtaining of regulatory approval or may prevent or limit commercial use.

The process of obtaining FDA and other regulatory approvals is expensive, often takes many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved and challenges by competitors. In Amorcyte's case, because all of its product candidates are based on its $CD34^+$ stem cell technology, any adverse events in Amorcyte's clinical trials of one of its product candidates could negatively affect the clinical trials and approval process for Amorcyte's other product candidates. Changes in regulatory approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application or may make it easier for Amorcyte's competitors to gain regulatory approval to enter the marketplace. The FDA has substantial discretion in the approval process and may refuse to accept any application or may decide that Amorcyte's data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying agency interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate. Any regulatory approval Amorcyte ultimately obtains may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Any of the following factors, among others, may cause regulatory approval for Amorcyte's product candidates to be delayed, limited or denied:

- Amorcyte's product candidates require significant clinical testing to demonstrate safety and effectiveness before applications for marketing approval can be filed with the FDA;
- data obtained from preclinical and nonclinical animal testing and clinical trials can be interpreted in different ways, and the FDA may not agree with Amorcyte's respective interpretations or may require it to conduct additional testing;
- it may take many years to complete the testing of product candidates, and failure can occur at any stage of the process;
- negative or inconclusive results or the occurrence of serious or unexpected adverse events during a clinical trial could cause Amorcyte to delay or terminate development efforts for a product candidate; and
- commercialization may be delayed if the FDA requires any expansion of the size and scope of the clinical trials.

Any difficulties that Amorcyte encounters in obtaining regulatory approval could have a substantial adverse impact on Amorcyte's ability to generate product sales, and could make any search for a collaborative partner more difficult.

***If Amorcyte or any of its investigators are not able to conduct the clinical trials of its product candidates in accordance with regulations and accepted standards, and on schedule, regulatory approval by the FDA and other regulatory authorities may be delayed or denied.***

To obtain marketing approvals for its product candidates in the United States, Amorcyte must, among other requirements, complete adequate and well-controlled clinical trials sufficient to demonstrate to the FDA that the product candidate is safe and effective, for each indication for which approval is sought. Several factors could prevent completion or cause significant delay of these trials, including an inability to enroll the required number of patients or failure to demonstrate adequately that Amorcyte's product candidates are safe and effective for use in humans. Negative or inconclusive results from, or serious adverse events during, a clinical trial could cause the clinical trial to be repeated or a development program to be terminated, even if other studies or trials relating to the program are successful. A serious adverse event is an event that results in significant medical consequences, such as hospitalization, disability or death, and must be reported to the FDA. Amorcyte cannot predict whether safety concerns regarding its product candidates will or will not develop. The FDA can place a clinical trial on hold if, among other reasons, it finds that patients enrolled in the trial are or would be exposed to an unreasonable and significant risk of illness or injury. If safety concerns develop, Amorcyte may, or the FDA or an institutional review board may require Amorcyte to, stop the affected trials before completion.

One treatment group subject in the AMR-001 Phase 1 study died soon after cell infusion from ventricular fibrillation that was attributed to recurrent myocardial infarction from stent thrombosis preceding cell infusion. This subject's death resulted in a clinical hold during the Phase 1 trial; the hold letter was dated August 31, 2007. The hold was removed upon FDA's review of the complete documentation on the patient and changes to the enrollment process that were submitted by Amorcyte.

The completion of Amorcyte's clinical trials may be delayed or terminated for many reasons, including if:

- the FDA or other regulatory authority does not grant permission to proceed and places the trial on clinical hold;
- subjects do not enroll in our clinical trials at the rate expected;
- subjects experience an unacceptable rate or severity of adverse side effects;
- third-party clinical investigators do not perform the clinical trials on the anticipated schedule or consistent with the clinical trial protocol, good clinical practices required by the FDA and other regulatory requirements, or other third parties do not perform data collection and analysis in a timely or accurate manner;
- inspections of clinical trial sites by the FDA or by institutional review boards of research institutions participating in the clinical trials, reveal regulatory violations that require the sponsor of the trial to undertake corrective action, suspend or terminate one or more sites, or prohibit use of some or all of the data in support of marketing applications; or
- the FDA or one or more institutional review boards suspends or terminates the trial at an investigational site, precludes enrollment of additional subjects or withdraws its approval of the trial.

Amorcyte's development costs will increase if there are material delays in its clinical trials, or if Amorcyte is required to modify, suspend, terminate or repeat a clinical trial. If Amorcyte is unable to conduct its clinical trials properly and on schedule, marketing approval may be delayed or denied by the FDA.

***Any product for which Amorcyte obtains marketing approval will be subject to extensive ongoing regulatory requirements, and Amorcyte may be subject to penalties if it fails to comply with regulatory requirements or if it experiences unanticipated problems with its products, when and if any of them are approved.***

Any product for which Amorcyte obtains marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by, the FDA and comparable regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration requirements, cGMP and cGTP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, requirements relating to product labeling, advertising and promotion, and recordkeeping. Even if regulatory approval of a product is granted, the approval may be subject to additional limitations on the indicated uses for which the product may be marketed or to other conditions of approval. In addition, approval may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Discovery after approval of previously unknown problems with any such products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in actions such as:

- restrictions on such products' manufacturing processes;
- restrictions on the marketing of a product;
- restrictions on product distribution;
- requirements to conduct post-marketing clinical trials;
- warning letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that Amorcyte submits;
- recall of products;
- fines, restitution or disgorgement of profits or revenue;
- suspension or withdrawal of regulatory approvals;
- refusal to permit the import or export of Amorcyte's products;
- product seizure;
- injunctions; or
- imposition of civil or criminal penalties.

***Failure to obtain regulatory approval in international jurisdictions would prevent Amorcyte from marketing products abroad.***

Amorcyte may in the future seek to market AMR-001 or other product candidates outside the United States. In order to market such product candidates in the European Union and many other jurisdictions, Amorcyte must submit clinical data concerning its product candidates and obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval from foreign regulators may be longer than the time required to obtain FDA approval. The regulatory approval process outside the United States may include all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, it is required that the product candidate be approved for reimbursement before it can be approved for sale in that country. In some cases this may include approval of the intended price to be charged for the product, if approved. Amorcyte may not obtain approvals from regulatory authorities outside the United States on a timely basis, or at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA, but a failure or delay in obtaining regulatory approval in one country may negatively affect the regulatory process in other countries. Amorcyte may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize any products in any market and therefore may not be able to generate sufficient revenues to support its business.

***Amorcyte's business involves the use of hazardous materials that could expose the company to environmental and other liability.***

The PCT facility located in Allendale, New Jersey at which Amorcyte's cell processing functions are conducted, is subject to various local, state and federal laws and regulations relating to safe working conditions, laboratory and manufacturing practices and the use and disposal of hazardous or potentially hazardous substances, including chemicals, micro-organisms and various radioactive compounds used in connection with Amorcyte's research and development activities. In the United States, these laws include the Occupational Safety and Health Act, the Toxic Test Substances Control Act and the Resource Conservation and Recovery Act. No assurances can be given that accidental contamination or injury to employees, service providers and third parties from hazardous materials will not occur. Amorcyte does not have insurance to cover claims arising from our use and disposal of these hazardous substances.

***Any regulatory exclusivity that Amorcyte may obtain upon approval of AMR-001 or any other product candidates may not adequately protect Amorcyte's future products; accordingly, others could compete against Amorcyte more directly.***

The success of Amorcyte will depend in large part on Amorcyte's ability to obtain and maintain the regulatory exclusivity provided by the Public Health Service Act upon approval by the FDA of a biologics license application, or BLA, for its product candidates. This regulatory exclusivity is new, involves complex legal and factual questions and will likely be the subject of much litigation, and court decisions may introduce uncertainty in the enforceability or scope of regulatory exclusivity provided to an approved biologic product. Therefore, enforceability or scope of any regulatory exclusivity for an approved biologic product in the United States cannot be predicted with certainty, and may not provide sufficient protection against competitors.

**Risks Related to Amorcyte's Financial Condition**

***Amorcyte has experienced a history of significant recurring losses since inception. Amorcyte has limited resources to fund clinical operation and expects to continue to incur such losses for the foreseeable future and may never achieve or maintain profitability.***

Amorcyte has incurred losses in each year since its inception and expects to continue to experience losses over the next several years. Amorcyte's net losses were approximately $870,800 for the six months ended June 30, 2011, $1,103,300 for the year ended December 31, 2010 and $1,452,700 for the year ended December 31, 2009. As of June 30, 2011, Amorcyte had accumulated a deficit of approximately $9,670,900 during the development stage (i.e., since its inception on June 29, 2004).

To date, Amorcyte has financed its operations primarily through privately placed convertible stock sales. Additionally, Amorcyte received a grant of $298,200 for the funded period 2006-2007 from the State of New Jersey's Commission on Science and Technology, and an award of $244,479 during 2010 under the federal government's Qualifying Therapeutic Discovery Program (QTDP) initiative. Amorcyte's losses have resulted principally from costs incurred in its research and development programs and from general and administrative expenses. Amorcyte has devoted substantially all of its time, money and efforts to the research and development of its product candidates. Amorcyte has no product revenue and to date has not received regulatory approval to commercialize any of its products under development. Amorcyte has not completed development of any of its product candidates. Because of the numerous risks associated with drug and biologics development, Amorcyte is unable to predict whether its development efforts will be successful. Amorcyte's history of recurring losses from operations, its limited capital resources to fund clinical operations, and a provision in its certificate of incorporation requiring Amorcyte to redeem its Series A Preferred Stock over a three year period if requested by a majority of the preferred stockholders, raise substantial doubt about Amorcyte's ability to continue as a going concern.

Amorcyte expects to continue to incur significant operating expenses and anticipates that its expenses and losses will increase in the foreseeable future as Amorcyte seeks to:

- initiate Phase 2 clinical trials of AMR-001;
- continue to support investigator-sponsored clinical studies exploring the mechanism of action, route of administration and safety of $CD34^+$ cells and evaluate additional clinical trials if warranted by the results and by other business considerations;
- gain regulatory approvals for any product candidates that successfully complete clinical trials;
- expand its manufacturing capabilities and capacity;
- maintain, expand and protect its intellectual property portfolio;
- commercialize selected products for which it may obtain regulatory approval;
- hire additional clinical, quality control, scientific and management personnel; and
- add operational, financial, accounting, facilities engineering and information systems personnel, consistent with expanding Amorcyte's operations.

To become and remain profitable, Amorcyte must succeed in developing and eventually commercializing products with significant market potential. This will require Amorcyte to be successful in a range of challenging activities, including successfully completing clinical trials of AMR-001 and future product candidates, obtaining regulatory approval for product candidates and manufacturing, marketing and selling any products for which such regulatory approval may be obtained. Amorcyte is only in the preliminary stages of many of these activities. Amorcyte may never succeed in these activities and may never generate revenues that are significant or large enough to achieve profitability. Even if Amorcyte does achieve profitability, it may not be able to sustain or increase profitability on a quarterly or annual basis. The failure of Amorcyte to become and remain profitable would depress the value of its business and could impair its ability to raise capital, expand its business or continue its operations.

## USE OF PROCEEDS

We will not receive any proceeds from the sale of our Common Stock covered hereby by any of the Selling Stockholders. Some of the shares of Common Stock to be sold in this offering have not yet been issued and will only be issued upon the exercise of warrants. We will receive estimated gross proceeds of approximately $36,259,947 if all such warrants are exercised for cash; however, certain of our outstanding warrants have a cashless exercise feature. We intend to use any proceeds received from the exercise of the warrants for working capital and general corporate purposes. We will incur all costs associated with this registration statement and prospectus, which we anticipate to be approximately $60,180.

## SELLING STOCKHOLDERS

We have filed with the Securities and Exchange Commission a registration statement on Form S-3, of which this prospectus is a part, to register for resale (i) 3,842,001 shares of outstanding Common Stock; and (ii) 15,100,532 shares of Common Stock issuable upon exercise of outstanding warrants, for an aggregate of 18,942,533 shares of Common Stock, all of which have not previously been registered. All of the shares and warrants are owned by the Selling Stockholders.

The Common Stock registered hereby consists of the following:

- The resale by certain Selling Stockholders of an aggregate of 960,709 shares of our Common Stock issuable upon the exercise of warrants to purchase our Common Stock, which warrants were issued in connection with private placements in May and October of 2008;
- The resale by a Selling Stockholder of an aggregate of 800,000 shares of our Common Stock issued (or issued pursuant to the exercise of warrants issued) pursuant to a November 2008 private placement;
- The resale by a Selling Stockholder of an aggregate of 640,000 of the shares of our Common Stock issued in October 2009 upon the conversion of shares of our Series D Stock, which Series D Stock was issued in the 2009 Private Placements;
- The resale by certain Selling Stockholders of an aggregate of 12,802,800 shares of our Common Stock issuable upon the exercise of warrants to purchase our Common Stock, which warrants were issued in the 2009 Private Placements;
- The resale by certain Selling Stockholders of 1,244,375 shares of our Common Stock issued in the April 2011 Private Placement;
- The resale by certain Selling Stockholders of an aggregate of 600,000 shares of our Common Stock issued, and an aggregate of 1,337,023 shares of our Common Stock issuable, in each case upon the exercise of warrants to purchase our Common Stock, which warrants were issued pursuant to various consulting and service agreements entered into by NeoStem since May 2007; and
- The resale by certain Selling Stockholders of an aggregate of 557,626 shares of our Common Stock received in other transactions.

The following provides greater detail on these issuances.

In May 2008, the Company raised an aggregate of $900,000 through the private placement of 750,006 units at a price of $1.20 per unit to 16 accredited investors (the “May 2008 private placement”). Each unit was comprised of one share of Common Stock and one redeemable five-year warrant to purchase one share of Common Stock at a purchase price of $1.75 per share (the 725,006 of such warrants still outstanding, the “May 2008 Warrants”). The May 2008 Warrants are redeemable by the Company in certain circumstances. In connection with the May 2008 private placement, the Company issued as partial finders’ fees to accredited investors, five-year warrants to purchase an aggregate of 35,703 shares of Common Stock. Such warrants contain generally the same terms as those sold to the investors, except they contain a cashless exercise feature and piggyback registration rights. All of the shares of Common Stock issuable upon exercise of the May 2008 Warrants, including the shares of Common Stock underlying the warrants issued as partial finders’ fees in the May 2008 private placement, are being registered for resale.

In October 2008, the Company raised $250,000 through the private placement of 200,000 units to an accredited investor at a price of $1.25 per unit (the "October 2008 private placement"). Each unit was comprised of one share of Common Stock and one five-year warrant to purchase one share of Common Stock at a purchase price of $1.75 per share (the "October 2008 Warrants"). The Company is registering for resale the 200,000 shares of Common Stock underlying the October 2008 Warrants.

In November 2008, the Company raised $500,000 through the private placement of 400,000 units (the "November 2008 private placement") to Fullbright Finance Limited, a corporation organized under the laws of the British Virgin Islands ("Fullbright"). Each unit was comprised of one share of Common Stock and one redeemable five-year warrant to purchase one share of Common Stock at a purchase price of $1.75 per share (the "November 2008 Warrants"). On May 28, 2010, Fullbright exercised the November 2008 Warrants. The Company is registering the resale of the 400,000 shares of Common Stock issued to Fullbright upon exercise of the November 2008 Warrants and the 400,000 shares of Common Stock issued to Fullbright in the November 2008 private placement.

On April 9, 2009, the Company raised $11,000,000 from three Asia-based investors in a private placement financing (the "April 2009 private placement"). The financing consisted of the issuance of 880,000 units priced at $12.50 per unit, with each unit consisting of one share of the Company's Series D Stock and 10 five-year warrants (the "April 2009 Warrants") exercisable for one share of Common Stock. The April 2009 Warrants have a per share exercise price equal to $2.50 and are subject to redemption by the Company under certain circumstances. Each share of Series D Stock converted into 10 shares of our Common Stock upon stockholder approval of such conversion on October 29, 2009. All of the shares of Common Stock underlying the April 2009 Warrants are being registered for resale.

In June 2009, and with a final closing on July 6, 2009, the Company raised approximately $5 million from institutional and private investors in a private placement financing (the "July 2009 private placement" and together with the April 2009 private placement, the "2009 Private Placements"). The financing consisted of the issuance of 400,280 units priced at $12.50 per unit, with each unit consisting of one share of Series D Stock and 10 five-year warrants (the "July 2009 Warrants") exercisable for one share of our Common Stock. The July 2009 Warrants have a per share exercise price equal to $2.50 and are subject to redemption by the Company under certain circumstances. As noted above, each share of Series D Stock converted into 10 shares of our Common Stock upon stockholder approval of the conversion on October 29, 2009. The shares of Common Stock underlying the July 2009 Warrants and 640,000 of the shares of Common Stock issued upon the conversion of the Series D Stock are being registered for resale.

On April 5, 2011, the Company raised $1,592,800 upon the consummation of the April 2011 Private Placement, pursuant to which nine persons and entities acquired an aggregate of 1,244,375 shares of Common Stock at a purchase price of $1.28 per share. The 1,244,375 shares of Common Stock issued in the April 2011 Private Placement are being registered for resale.

In addition, we are registering the resale by certain Selling Stockholders of (i) an aggregate of 600,000 shares of our Common Stock issued, and an aggregate of 1,337,023 shares of our Common Stock issuable, in each case upon the exercise of warrants to purchase our Common Stock, which warrants were issued pursuant to various consulting and service agreements entered into by the Company since May 2007, and (ii) 557,626 shares held by certain Selling Stockholders that were received in other transactions.

***Stock Ownership***

The table below sets forth the number of shares of Common Stock that are:

- owned beneficially by each of the Selling Stockholders prior to the offering;
- offered by each Selling Stockholder pursuant to this prospectus (broken down into (i) outstanding shares of Common Stock being offered hereby and (ii) shares of Common Stock underlying warrants being offered hereby);
- to be owned beneficially by each Selling Stockholder after completion of the offering, assuming that all of the warrants held by the Selling Stockholder are exercised and all of the shares offered in this prospectus are sold and that none of the other shares held by the Selling Stockholders are sold; and
- the percentage of our Common Stock to be owned by each Selling Stockholder after completion of the offering, assuming that all of the warrants held by the Selling Stockholder are exercised and all of the shares offered in this prospectus are sold and that none of the other shares held by the Selling Stockholders are sold.

For purposes of this table each Selling Stockholder is deemed to beneficially own:

- the issued and outstanding shares of Common Stock owned by the Selling Stockholder as of August 17, 2011;
- the shares of Common Stock underlying all warrants being offered hereby owned by the Selling Stockholder as of August 17, 2011;
- the shares of Common Stock underlying any other options or warrants owned by the Selling Stockholder that are exercisable as of August 17, 2011, or that were exercisable within 60 days after August 17, 2011.

Because the Selling Stockholders may offer all or some portion of the above-referenced securities under this prospectus or otherwise, no estimate can be given as to the amount or percentage that will be held by the Selling Stockholders upon termination of any sale. Certain beneficial ownership information included in the table may require updating based on recent activity. In addition, the Selling Stockholders identified below may have sold, transferred or otherwise disposed of all or a portion of such securities since the date on which information in this table is provided, in transactions exempt from the registration requirements of the Securities Act. Information about the Selling Stockholders may change from time to time. Any changed information will be set forth in prospectus supplements, if required.

Except as otherwise noted, none of the Selling Stockholders has had any material relationship with us during the past three years.

In connection with the registration of the shares of our Common Stock offered in this prospectus, we will supply prospectuses to the Selling Stockholders.

| Selling Stockholder | Common Stock beneficially owned before the offering | Outstanding shares of Common Stock being offered hereby | Shares of Common Stock underlying warrants being offered hereby | Common Stock beneficially owned after the offering | Percentage of Common Stock beneficially owned after the offering (1) |
|---|---|---|---|---|---|
| Gene Robert Abrams** | 188 | 0 | 188 | 0 | * |
| Lora M. Altman & Herbert G. Altman (as joint tenants) | 50,000 | 50,000 | 0 | 0 | * |
| Aurora Capital LLC*** | 11,250 | 0 | 11,250 | 0 | * |
| Paul Becker | 22,800 | 0 | 22,800 | 0 | * |
| Berdon Ventures LLC | 120,000 | 0 | 60,000 | 60,000 | * |

| | | | | | |
|---|---|---|---|---|---|
| Carr Bettis | 285,000 | 0 | 160,000 | 125,000 | * |
| B-Inside International Media Ltd. | 200,000 | 200,000 | 0 | 0 | * |
| Benjamin Bowen (2)**** | 9,302 | 0 | 9,302 | 0 | * |
| Brainstar Emporium Corp | 10,000 | 10,000 | 0 | 0 | * |
| Cary Fields Trust FBO Harrison Fields | 1,600,000 | 0 | 800,000 | 800,000 | * |
| Robert H. Cohen | 200,000 | 0 | 100,000 | 100,000 | * |
| Consulting for Strategic Growth 1, Ltd. (3) | 250,057 | 0 | 50,000 | 200,057 | * |
| CCG Investor Relations Partners LLC (4) | 100,000 | 0 | 100,000 | 0 | * |
| Juan Damiani | 40,000 | 0 | 20,000 | 20,000 | * |
| Guy Michael Dart | 122,000 | 0 | 80,000 | 42,000 | * |
| Dekko Foundation | 20,000 | 0 | 20,000 | 0 | * |
| Donald Duberstein | 200,009 | 0 | 100,000 | 100,009 | * |
| Elancrest Investments Limited | 800,000 | 0 | 800,000 | 0 | * |
| Enhance Biomedical Holdings Limited (5) | 8,000,000 | 0 | 4,000,000 | 4,000,000 | 4.1% |
| Evan Co. Inc. (6)*** | 50,000 | 0 | 50,000 | 0 | * |
| Executive Intelligence Systems dba Four Star Group II (7) | 385,000 | 0 | 385,000 | 0 | * |
| Cary Fields (7) | 2,471,875 | 0 | 1,000,000 | 1,471,875 | 1.5% |
| Fields Family Foundation (7) | 600,000 | 0 | 300,000 | 300,000 | * |
| Fullbright Finance Limited (8) | 4,290,770 | 1,440,000 | 640,000 | 2,210,770 | 2.3% |
| David Gardner | 50,000 | 0 | 50,000 | 0 | * |
| JFS Investments, LLC (9) | 331,500 | 0 | 220,000 | 111,500 | * |
| JH Darbie & Co. (10) *** | 7,117 | 0 | 7,117 | 0 | * |
| Jonathan Kamen | 40,000 | 0 | 40,000 | 0 | * |
| Robert Karsten | 40,400 | 0 | 20,000 | 20,400 | * |
| Thomas Koenig | 40,000 | 40,000 | 0 | 0 | * |
| Adam LeFebvre | 41,668 | 0 | 20,834 | 20,834 | * |
| Paul LeFebvre | 41,668 | 0 | 20,834 | 20,834 | * |
| Roger LeFebvre | 41,668 | 0 | 20,834 | 20,834 | * |
| Ryan LeFebvre | 49,592 | 0 | 20,834 | 28,758 | * |
| Julie A. Lobdell | 50,000 | 50,000 | 0 | 0 | * |
| Ronald L. Lukas | 84,800 | 0 | 40,000 | 44,800 | * |
| Jeff Eliot Margolis and Dawn Gross Margolis, JTWROS** | 937 | 0 | 937 | 0 | * |
| Raymond Markman (11) | 255,634 | 0 | 128,587 | 127,047 | * |

| | | | | | |
|---|---|---|---|---|---|
| MAZ Partners (12) | 120,000 | 0 | 100,000 | 20,000 | * |
| McCorkle Court Reporters Inc. | 20,834 | 0 | 20,834 | 0 | * |
| MKM Opportunity Master Fund Ltd | 200,000 | 0 | 200,000 | 0 | * |
| Viola Moser | 40,000 | 40,000 | 0 | 0 | * |
| New England Cryogenic Center, Inc. (13) | 20,834 | 0 | 20,834 | 0 | * |
| Ronald T. Perrella | 41,668 | 0 | 20,834 | 20,834 | * |
| RBC Capital Markets FBO: Michael Peterson IRA | 80,000 | 0 | 40,000 | 40,000 | * |
| Craig Pierson** | 10,000 | 0 | 10,000 | 0 | * |
| Michael Pisani | 40,000 | 0 | 20,000 | 20,000 | * |
| Mark Siao Hing Pu | 1,940,734 | 781,250 | 0 | 1,159,484 | 1.2% |
| Regenerative Sciences, LLC (14) | 24,000 | 0 | 24,000 | 0 | * |
| RimAsia Capital Partners, L.P. (15) | 26,409,874 | 0 | 4,000,000 | 22,409,874 | 22.8% |
| Rodman & Renshaw, LLC (16)*** | 76,744 | 0 | 76,744 | 0 | * |
| Alter Rubin | 60,250 | 0 | 30,000 | 30,250 | * |
| Noam Rubinstein (17)**** | 6,977 | 0 | 6,977 | 0 | * |
| Frank Scheunert | 50,000 | 50,000 | 0 | 0 | * |
| Schlumberger LTD Group Trust | 310,000 | 0 | 155,000 | 155,000 | * |
| Robin L. Smith (18) | 3,846,134 | 0 | 16,667 | 3,829,467 | 3.8% |
| Sokol, Behot & Fiorenzo (19) | 276,416 | 0 | 137,000 | 139,416 | * |
| Solutions in Marketing, Inc. (20) | 8,000 | 0 | 3,000 | 5,000 | * |
| Southpoint Master Fund LP | 325,000 | 0 | 200,000 | 125,000 | * |
| Stem for Life Foundation (21) | 457,626 | 457,626 | 0 | 0 | * |
| The Eric M. Javits 1984 Irrevocable Trust Dtd 12/13/84 | 1,031 | 0 | 1,031 | 0 | * |
| The Galway Trust | 625,000 | 600,000 | 0 | 25,000 | * |
| 3818641 Canada Inc | 78,125 | 78,125 | 0 | 0 | * |
| T Morgen Capital LLC** | 1,594 | 0 | 1,594 | 0 | * |
| Catherine M. Vaczy (22) | 1,305,483 | 0 | 7,500 | 1,297,983 | 1.3% |
| Thomas Vetter | 25,000 | 25,000 | 0 | 0 | * |
| Donald G. Vogel | 171,000 | 0 | 120,000 | 51,000 | * |
| Wall Street Communications Group, Inc. (23) | 289,200 | 0 | 250,000 | 39,200 | * |
| Whalehaven Capital Fund Limited | 300,000 | 0 | 300,000 | 0 | * |
| Wocone LLC | 40,000 | 0 | 40,000 | 0 | * |
| Mark Wolter | 20,000 | 20,000 | 0 | 0 | * |

* Indicates less than 1%.

**Affiliate of Aurora Capital LLC, a broker-dealer. Lifetech Capital, a division of Aurora Capital LLC, served as a financial advisor and consultant to the Company.

***Broker-dealer or affiliate.

****Affiliate of Rodman & Renshaw, LLC, a broker-dealer.

(1) The percentage of stock outstanding for each Selling Stockholder after the offering is calculated by dividing (i)(A) the number of shares of Common Stock deemed to be beneficially held by such stockholder as of August 17, 2011, minus (B) the number of shares being offered in this offering by such stockholder (including shares underlying warrants) by (i) the sum of (A) the number of shares of Common Stock outstanding as of August 17, 2011, plus (B) the number of shares of Common Stock issuable upon the exercise of options and warrants held by such stockholder which were exercisable as of August 17, 2011, or which will be exercisable within 60 days after August 17, 2011.

(2) Benjamin Bowen is an employee of Rodman & Renshaw, LLC, which has served as a financial advisor to the Company and placement agent in an offering of the Company's securities.

(3) Consulting for Strategic Growth 1, Ltd. serves as a consultant to the Company.

(4) CCG Investor Relations, Inc. has provided investor relations services to the Company.

(5) Enhance BioMedical Holdings Ltd. is a party to a network agreement with the Company.

(6) Evan Co. Inc. serves as a consultant to the Company.

(7) Executive Intelligence Systems dba Four Star Group II serves as a governmental marketing advisor to the Company. Mr. Cary Fields is President of Four Star Group II.

(8) Fullbright Finance Limited is an affiliate of the Company. Madam Jian Zhang, the Company's Vice President of Pharmaceutical Operations and the General Manager of Erye, and Mr. Shi Mingsheng, one of our directors and the Chairman of the Board of Erye, possess shared power to vote and direct the disposition of the shares of our Common Stock held by Fullbright. Madam Jian Zhang is also the beneficial owner of 175,000 shares of our Common Stock, and 200,000 shares of Common Stock issuable upon exercise of options. Mr. Shi Mingsheng is also the beneficial owner of 175,000 shares of our Common Stock, and 300,000 shares of Common Stock issuable upon exercise of options.

(9) JFS Investments, LLC served as a consultant to the Company.

(10) JH Darbie & Co., Inc. was a party to a non-exclusive investment banking agreement with the Company and acted as a finder in connection with the May 2008 private placement.

(11) Raymond Markman has provided investor relations services to the Company and acted as a finder in connection with the May 2008 private placement.

(12) The principal of MAZ Partners may also be deemed the beneficial owner of warrants to purchase 11,364 shares of Common Stock held in the name of TCMP3 Partners, pursuant to control via Titan Capital Management.

(13) New England Cryogenic Center, Inc. was a party to a Master Services Agreement with the Company pursuant to which they provided processing and cryogenic storage services for adult stem cells collected by the Company and assisted the Company with certain research and development activities.

(14) Regenerative Sciences, LLC is a party to a license agreement with, and serves as a consultant to, the Company.

(15) RimAsia Capital Partners, L.P. is a private equity firm focused on the pan-Asian mid-market sector and an affiliate of the Company. Eric H.C. Wei, one of our directors, serves as the Managing Partner of RimAsia. Mr. Wei is also the beneficial owner of 50,000 shares of Common Stock issuable upon exercise of options.

(16) Rodman & Renshaw, LLC has served as a financial advisor to the Company and placement agent in an offering of the Company's securities.

(17) Noam Rubinstein is an employee of Rodman & Renshaw, LLC, which has served as a financial advisor to the Company and placement agent in an offering of the Company's securities.

(18) Robin L. Smith serves as the Chief Executive Officer and Chairman of the Board of the Company.

(19) Sokol, Behot & Fiorenzo provides legal services to the Company.

(20) Solutions in Marketing, Inc. served as a consultant to the Company.

(21) Stem For Life Foundation is a Pennsylvania nonprofit corporation classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and as a public charity under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code (the "Foundation"), whose mission is to promote public awareness, fund research and development and subsidize stem cell collection and storage programs. The Company's CEO and Chairman is President and a Trustee of the Foundation, its General Counsel is Secretary and a Trustee of the Foundation and its Chief Financial Officer is Treasurer of the Foundation.

(22) Catherine M. Vaczy serves as the Vice President and General Counsel of the Company.

(23) Wall Street Communications Group, Inc. has served as a consultant to the Company.

## PLAN OF DISTRIBUTION

We are registering for resale by the Selling Stockholders a total of 18,942,533 shares of Common Stock, of which 15,100,532 shares are issuable upon the exercise of warrants.

**Timing of Sales**

The Selling Stockholders and any of their respective donees, transferees, pledgees, assignees and other successors-in-interest may offer and sell the shares covered by this prospectus at various times. The Selling Stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale.

**Offering Price**

The Selling Stockholders may sell all or a portion of the shares of our Common Stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of Common Stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of Common Stock may be sold on the NYSE Amex, any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, or in transactions otherwise than on these exchanges or systems and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions.

**Manner of Sale**

The shares may be sold by means of one or more of the following methods:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may sell their shares directly to purchasers or may use brokers, dealers, underwriters or agents to sell their shares. Brokers or dealers engaged by any Selling Stockholder may arrange for other brokers or dealers to participate. Brokers or dealers may receive commissions, discounts or concessions from the Selling Stockholders, or, if any such broker-dealer acts as agent for the purchaser of shares, from the purchaser in amounts to be negotiated immediately prior to the sale. The compensation received by brokers or dealers may, but is not expected to, exceed that which is customary for the types of transactions involved. Broker-dealers may agree with the Selling Stockholders to sell a specified number of shares at a stipulated price per share, and, to the extent the broker-dealer is unable to do so acting as agent for the Selling Stockholders, to purchase as principal any unsold shares at the price required to fulfill the broker-dealer commitment to the Selling Stockholders. Broker-dealers who acquire shares as principal may thereafter resell the shares from time to time in transactions, which may involve block transactions and sales to and through other broker-dealers, including transactions of the nature described above, in the over-the-counter market or otherwise at prices and on terms then prevailing at the time of sale, at prices then related to the then-current market price or in negotiated transactions.

If the Selling Stockholders enter into arrangements with brokers or dealers, as described above, we are obligated to file a post-effective amendment to the registration statement of which this prospectus forms a part, disclosing such arrangements, including the names of any broker dealers acting as underwriters.

The Selling Stockholders and any broker-dealers or agents that participate with the Selling Stockholders in the sale of the shares may be deemed to be "underwriters" within the meaning of the Securities Act. In that event, any commissions received by broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The Selling Stockholders also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors-in-interest will be the selling beneficial owners for purposes of this prospectus.

**Sales Pursuant to Rule 144**

Any shares of Common Stock covered by this prospectus that qualify for sale pursuant to Rule 144 under the Securities Act, may be sold under Rule 144 rather than pursuant to this prospectus.

**Regulation M**

We have advised the Selling Stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the Selling Stockholders and their affiliates. Regulation M under the Exchange Act prohibits, with certain exceptions, participants in a distribution from bidding for, or purchasing for an account in which the participant has a beneficial interest, any of the securities that are the subject of the distribution. Accordingly, the Selling Stockholders are not permitted to cover short sales by purchasing shares while the distribution is taking place. Regulation M also governs bids and purchases made in order to stabilize the price of a security in connection with a distribution of the security. In addition, we will make copies of this prospectus available to the Selling Stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act.

**State Securities Laws**

Under the securities laws of some states, the shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares may not be sold unless the shares have been registered or qualified for sale in the state or an exemption from registration or qualification is available and is complied with.

**Expenses of Registration**

We will bear all of the costs, expenses and fees in connection with the registration of the shares of Common Stock, other than any commissions, discounts or other fees payable to broker-dealers in connection with any sale of shares, which will be borne by the Selling Stockholder selling such shares of Common Stock along with the fees and expenses of his, her or its counsel.

## LEGAL MATTERS

The validity of the shares of Common Stock offered by this prospectus will be passed upon for us by Lowenstein Sandler PC, Roseland, New Jersey.

## EXPERTS

The consolidated financial statements as of and for the year ended December 31, 2010, incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2010, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated balance sheet as of December 31, 2009 and the consolidated statements of operations, shareholders' equity/(deficit) and cash flows for the years ended December 31, 2009 and 2008, incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2010, have been audited by Holtz Rubenstein Reminick LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

EisnerAmper LLP, independent registered public accounting firm, has audited the consolidated financial statements of Amorcyte, Inc. as of and for the year ended December 31, 2010, included in our Current Reports on Form 8-K filed on July 14, 2011 and September 16, 2011, as set forth in their report, which is incorporated by reference in this prospectus. The financial statements of Amorcyte, Inc. are incorporated by reference in reliance on EisnerAmper LLP's report, given on their authority as experts in accounting and auditing.

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We have elected to "incorporate by reference" certain information into this prospectus. By incorporating by reference, we can disclose important information to you by referring you to another document we have filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for information incorporated by reference that is superseded by information contained in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on April 6, 2011;
- Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on May 2, 2011;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, filed with the SEC on May 17, 2011 and August 12, 2011, respectively;
- our Current Reports on Form 8-K and amendments thereto dated January 4, 2011 (filed January 10, 2011), January 18, 2011 (filed January 24, 2011), March 4, 2011 (filed March 8, 2011), June 23, 2011 (filed June 29, 2011, as amended June 30, 2011), June 29, 2011 (filed June 30, 2011), July 11, 2011 (filed July 14, 2011), July 19, 2011 (filed July 20, 2011), July 22, 2011 (filed July 22, 2011), August 12, 2011 (filed August 18, 2011), August 23, 2011 (filed August 24, 2011) and September 16, 2011 (filed September 16, 2011) (excluding any information deemed furnished pursuant to Item 2.02 or Item 7.01 of any such Current Report on Form 8-K); and
- the description of our Common Stock contained in our Registration Statement on Form 8-A, declared effective on August 8, 2007 (including any amendment or report filed with the SEC for the purpose of updating such description).

All documents subsequently filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this prospectus and the termination of the offering shall be deemed to be incorporated by reference into this prospectus.

We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all documents that are incorporated by reference into this prospectus but not delivered with this prospectus, excluding exhibits to such documents unless such exhibits have been specifically incorporated by reference into the documents that this prospectus incorporates. We will provide this information at not cost to the requester, upon written or oral request made to:

NeoStem, Inc.
420 Lexington Avenue, Suite 450
New York, NY 10170
(212) 584-4180
Attention: Catherine M. Vaczy, Esq., Vice President and General Counsel

The information relating to us contained in this prospectus does not purport to be comprehensive and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference in this prospectus.

You should rely only on the information contained in this prospectus or any supplement and in the documents incorporated by reference above. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any supplement or in the documents incorporated by reference is accurate on any date other than the date on the front of those documents. The information we incorporate by reference is an important part of this prospectus, and any information that we file later with the SEC will automatically update and supersede this information.

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Exchange Act and we therefore file periodic reports, proxy statements and other information with the SEC relating to our business, financial statements and other matters. The reports, proxy statements and other information we file may be inspected and copied at prescribed rates at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers like us that file electronically with the SEC. The address of the SEC's Internet site is *www.sec.gov*. You may also view our filings with the SEC on our Internet site at *www.neostem.com*.

This prospectus constitutes part of a registration statement on Form S-3 filed under the Securities Act with respect to the securities. As permitted by the SEC's rules, this prospectus omits some of the information, exhibits and undertakings included in the registration statement. You may read and copy the information omitted from this prospectus but contained in the registration statement, as well as the periodic reports and other information we file with the SEC, at the public reference facilities maintained by the SEC in Washington, D.C.

Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance we refer you to the copy of the contract or document filed or incorporated by reference as an exhibit to the registration statement or as an exhibit to our Exchange Act filings, each such statement being qualified in all respects by such reference.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

**Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the various expenses to be incurred in connection with the registration of the securities being registered hereby, all of which will be borne by us. All amounts shown are estimates except the SEC registration fee.

| | |
|---|---|
| SEC registration fee | $ 5,180.23 |
| Transfer agent's fees and expenses | $ 1,500.00 |
| Legal fees and expenses | $ 35,000.00 |
| Accounting fees and expenses | $ 13,500.00 |
| Printing and engraving expenses | $ 3,000.00 |
| Mailing and Miscellaneous | $ 2,000.00 |
| | $ 60,180.23 |

**Item 15. Indemnification of Directors and Officers.**

We are incorporated under the laws of the State of Delaware. Under the General Corporation Law of the State of Delaware (the "DGCL"), a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he or she is or was our director, officer, employee or agent, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

In addition, the DGCL also provides that we also may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in our right to procure a judgment in our favor by reason of the fact that he or she is or was our director, officer, employee or agent, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to our best interests. However, in such an action by or on our behalf, no indemnification may be made in respect of any claim, issue or matter as to which the person is adjudged liable to us unless and only to the extent that the court determines that, despite the adjudication of liability but in view of all the circumstances, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Our certificate of incorporation is consistent with the DGCL. Each of our directors, officers, employees and agents will be indemnified to the extent permitted by the DGCL. We also maintain insurance on behalf of our directors and officers against liabilities asserted against such persons and incurred by such persons in such capacities, whether or not we would have the power to indemnify such persons under the DGCL.

We have entered into indemnification agreements with our Chief Executive Officer, Chief Financial Officer, General Counsel, certain other employees and each of our directors pursuant to which we have agreed to indemnify such party to the full extent permitted by law, subject to certain exceptions, if such party becomes subject to an action because such party is a our director, officer, employee, agent or fiduciary.

**Item 16. Exhibits.**

| Exhibit | Description | Reference |
|---|---|---|
| 2.1 | Agreement and Plan of Merger, dated as of July 13, 2011, by and among NeoStem, Inc., Amorcyte, Inc., Amo Acquisition Company I, Inc. and Amo Acquisition Company II, LLC(1) | 2.1 |
| 2.2 | Agreement and Plan of Merger, dated as of September 23, 2010, by and among NeoStem, Inc., NBS Acquisition Company LLC, and Progenitor Cell Therapy, LLC(2) | 2.1 |
| 2.3 | Agreement and Plan of Merger, dated as of November 2, 2008, by and among NeoStem, Inc., China Biopharmaceuticals Holdings, Inc., China Biopharmaceuticals Corp., and CBH Acquisition LLC, as amended by Amendment No. 1 dated as of July 1, 2009 and Amendment No. 2 dated as of August 27, 2009(3) | Annex A |
| 4.1 | Amended and Restated Certificate of Incorporation, as amended (as certified March 25, 2011) (4) | 3.1 |
| 4.2 | Amended and Restated By-Laws dated August 31, 2006(4) | 3.2 |
| 4.3 | Specimen Certificate for Common Stock(5) | 4.1 |
| 4.4 | Form of Subscription Agreement from May 2008 among NeoStem, Inc. and certain investors listed therein(6) | 10.1 |
| 4.5 | Form of Redeemable Warrant to Purchase Shares of Common Stock of NeoStem, Inc. from May 2008(6) | 10.2 |
| 4.6 | Form of Redeemable Finder's Warrant to Purchase Shares of Common Stock of NeoStem, Inc. from May 2008* | 4.6 |
| 4.7 | Form of Subscription Agreement from October 2008 between NeoStem, Inc. and an investor listed therein(7) | 10.1 |
| 4.8 | Form of Warrant to Purchase Shares of Common Stock of NeoStem, Inc. from October 2008(7) | 4.2 |
| 4.9 | Form of Subscription Agreement from November 2008 between NeoStem, Inc. and an investor listed therein(7) | 10.2 |
| 4.10 | Form of Subscription Agreement from the April 2009 private placement(8) | 4.3 |
| 4.11 | Form of Warrant issued in connection with April and July 2009 private placements(8) | 4.2 |
| 4.12 | Amended and Restated Warrant, dated March 15, 2010, issued to RimAsia Capital Partners, L.P.(9) | 4.1 |
| 4.13 | Form of Subscription Agreement with respect to private placement consummated on April 5, 2011* | 4.13 |
| 4.14 | Consulting Agreement dated January 1, 2008 between NeoStem, Inc. and JFS Investments, Inc.* | 4.14 |
| 4.15 | Form of Redeemable Warrant to Purchase Shares of Common Stock of NeoStem, Inc. issued to JFS Investments, Inc.* | 4.15 |
| 4.16 | Redeemable Warrant to Purchase Shares of Common Stock of NeoStem, Inc. issued to Solutions in Marketing, Inc.* | 4.16 |
| 4.17 | Warrant to Purchase Shares of Common Stock of NeoStem, Inc. issued to Wall Street Communications Group, Inc.* | 4.17 |
| 4.18 | Form of Placement Agent Warrant from June 2010 (10) | 4.2 |
| 4.19 | Form of Redeemable Service Provider Warrant † | 4.19 |
| 4.20 | Form of 2011 Redeemable Service Provider Warrant † | 4.20 |
| 4.21 | Form of Redeemable Service Provider Warrant with cashless exercise rights † | 4.21 |
| 4.22 | Form of 2010/2011 Redeemable Service Provider Warrant with cashless exercise rights † | 4.22 |
| 5.1 | Opinion of Lowenstein Sandler PC† | 5.1 |
| 23.1 | Consent of Deloitte & Touche LLP† | 23.1 |
| 23.2 | Consent of Holtz Rubenstein Reminick LLP† | 23.2 |
| 23.3 | Consent of EisnerAmper LLP† | 23.3 |
| 23.4 | Consent of Lowenstein Sandler PC (contained in Exhibit 5.1)† | 23.4 |
| 24.1 | Power of Attorney* | 24.1 |

* Previously filed.

† Filed herewith.

(1) Filed with the SEC as an exhibit, numbered as indicated above, to our current report on Form 8-K, dated July 11, 2011, which exhibit is incorporated here by reference.

(2) Filed with the SEC as an exhibit, numbered as indicated above, to our current report on Form 8-K, dated September 23, 2010, which exhibit is incorporated here by reference.

(3) Filed with the SEC as an exhibit, numbered as indicated above, to Pre-Effective Amendment No. 4 to our Registration Statement on Form S-4, File No. 333-160578, which exhibit is incorporated here by reference.

(4) Filed with the SEC as an exhibit, numbered as indicated above, to our Annual Report on Form 10-K for the year ended December 31, 2010, which exhibit is incorporated here by reference.

(5) Filed with the SEC as an exhibit, numbered as indicated above, to our Registration Statement on Form S-3, File No. 333-145988, which exhibit is incorporated here by reference.

(6) Filed with the SEC as an exhibit, numbered as indicated above, to our current report on Form 8-K, dated May 20, 2008, which exhibit is incorporated here by reference.

(7) Filed with the SEC as an exhibit, numbered as indicated above, to our annual report on Form 10-K for the year ended December 31, 2008, which exhibit is incorporated here by reference.

(8) Filed with the SEC as an exhibit, numbered as indicated above, to our current report on Form 8-K, dated April 13, 2009, which exhibit is incorporated here by reference.

(9) Filed with the SEC on March 18, 2010 as an exhibit, numbered as indicated above, to our current report on Form 8-K dated March 15, 2010, which exhibit is incorporated here by reference.

(10) Filed with the SEC on June 28, 2010 as an exhibit, numbered as indicated above, to our current report on Form 8-K dated June 25, 2010, which exhibit is incorporated here by reference.

**Item 17. Undertakings.**

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the registrant is relying on Rule 430B,

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant’s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on September 16, 2011.

**NEOSTEM, INC.**

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

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Robin L. Smith, M.D.<br>Robin L. Smith, M.D. | Director, Chief Executive Officer and Chairman of the Board (Principal Executive Officer) | September 16, 2011 |
| *<br>Larry A. May | Chief Financial Officer (Principal Financial Officer) | September 16, 2011 |
| /s/ Joseph Talamo | Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer) | September 16, 2011 |
| *<br>Richard Berman | Director | September 16, 2011 |
| *<br>Steven S. Myers | Director | September 16, 2011 |
| *<br>Drew Bernstein | Director | September 16, 2011 |
| *<br>Eric Wei | Director | September 16, 2011 |
| *<br>Edward C. Geehr, M.D. | Director | September 16, 2011 |
| *<br>Shi Mingsheng | Director | September 16, 2011 |

**Exhibit 4.19**

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 COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Warrant No. ___

**WARRANT A TO PURCHASE SHARES OF COMMON STOCK**

**OF**

**NEOSTEM, INC.**

THIS CERTIFIES that, for value received, _____is entitled to purchase from NEOSTEM, INC., a Delaware corporation (the *"Corporation")*, subject to the terms and conditions hereof, _____ (_____) shares (the *"Warrant Shares")* of common stock, $.001 par value (the *"Common Stock").* This warrant, together with all warrants hereafter issued in exchange or substitution for this warrant, is referred to as the *"Warrant"* and the holder of this Warrant is referred to as the *"Holder."* The number of Warrant Shares is subject to adjustment as hereinafter provided. Subject to the prior approval of the issuance of the Warrant Shares by the NYSE Amex and notwithstanding anything to the contrary contained herein, this Warrant shall vest and become exercisable as to _____ shares on _____ and _____ shares on _____ and shall expire at 5:00 p.m. (Eastern Time) on _____ (the *"Termination Date").*

1. Exercise of Warrants. The Holder may, at any time prior to the Termination Date, exercise this Warrant in whole or in part at an exercise price per share equal to $__ per share, subject to adjustment as provided herein (the *"Exercise Price")*, by the surrender of this Warrant (properly endorsed) at the principal office of the Corporation, 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 check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of this Warrant, there shall be executed and issued to the Holder a new Warrant in respect of the shares of Common Stock as to which this Warrant shall not have been exercised. In the event of the exercise of the rights represented by this 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 this Warrant shall have been so exercised.

2. 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 this Warrant, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

3. No Stockholder Rights: No Rights to Net Cash Settled. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may this Warrant be net cash settled.

4. Transferability of Warrant. 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 Company by the Holder in person or by duly authorized attorney, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed for transfer. Any registration rights to which this Warrant may then be subject shall be transferred together with the Warrant to the subsequent Investor.

5. Certain Adjustments. With respect to any rights that Holder has to exercise this 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 this 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 this Warrant would have been entitled in such merger or consolidation if this Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the holder hereof as the holder of this 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 this Warrant exist into the same or a different number of securities of any other class or classes, this 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 this 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 reverse) 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 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.

6. Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act, upon exercise of any part of the Warrant, 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 SECURELY 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.

7. Redemption of Warrant. This Warrant is subject to redemption by the Company as provided in this Section 7.

(a) This Warrant may be redeemed, at the option of the Company, 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 $3.50 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 7(a) are met, and the Company desires to exercise its right to redeem this Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of this Warrant by first class mail, postage prepaid, at least ten (10) business days prior to the date fixed by the Company for redemption of the Warrants (the "Redemption Date").

(c) The Redemption Notice shall specify (i) the Redemption Price, (ii) the Redemption Date, (iii) the place where the Warrant certificates shall be delivered and the redemption price paid, and (iv) that the right to exercise this 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 Company 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 this Warrant shall have no further rights except to receive, upon surrender of this Warrant, the Redemption Price.

(e) From and after the Redemption Date, the Company shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Company by or on behalf of the holder thereof the warrant certificates evidencing this 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 this Warrant. From and after the Redemption Date, this Warrant shall expire and become void and all rights hereunder and under the warrant certificates, except the right to receive payment of the Redemption Price, shall cease.

8. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this 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 Warrant shall be construed to give to any person or corporation other than the Corporation and the holder of this Warrant any legal or equitable right, remedy, or claim under this Warrant. This Warrant 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 Warrant and shall not affect the interpretation hereof. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction, or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Corporation, if lost, stolen, or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation shall execute and deliver to the Holder a new Warrant of like date, tenor, and denomination.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by its duly authorized officers under its seal, this ___ day of _____ 20__.

NEOSTEM, INC.

/s/ Robin L. Smith

Robin L. Smith
Chairman & Chief Executive Officer

**WARRANT EXERCISE FORM**

**To Be Executed by the Holder in Order to Exercise Warrant**

To: NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attn: Chairman and CEO

Dated: _____, 20 __

The undersigned, pursuant to the provisions set forth in the attached Warrant No._____, hereby irrevocably elects to purchase _____ shares of the Common Stock of NeoStem, Inc. covered by such Warrant.

☐ The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. 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:

_____

**ASSIGNMENT FORM**

(To assign the foregoing warrant, execute
this form. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____

_____

Dated: _____ , 200_

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust Corporation. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

WARRANT 1

**Exhibit 4.20**

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 COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Warrant No. _____

**WARRANT TO PURCHASE SHARES OF COMMON STOCK**

**OF**

**NEOSTEM, INC.**

THIS CERTIFIES that, for value received, _____ is entitled to purchase from NEOSTEM, INC., a Delaware corporation (the *"Corporation")*, subject to the terms and conditions hereof, _____ (_____) shares (the *"Warrant Shares")* of common stock, $.001 par value (the *"Common Stock")*. This warrant, together with all warrants hereafter issued in exchange or substitution for this warrant, is referred to as the *"Warrant"* and the holder of this Warrant is referred to as the *"Holder."* The number of Warrant Shares is subject to adjustment as hereinafter provided. This Warrant shall vest and become exercisable as to _____ Warrant Shares on each of _____, 2011, _____, 2011, _____, 2011 and _____, 2011 (each, a *"Vesting Date")* provided that the Holder has continued to provide services under that certain Consulting Agreement effective _____, 2011 with the Corporation (the *"Consulting Agreement")*, and, notwithstanding anything to the contrary contained herein, shall expire at 5:00 p.m. (Eastern Time) on _____, ___ (the *"Termination Date")*. In the event the Consulting Agreement is terminated prior to any Vesting Date, this Warrant shall remain exercisable in accordance with its terms as to the Warrant Shares as to which it vested prior to termination and this Warrant shall terminate and be of no further force or effect with respect to the remainder.

1. Exercise of Warrants. The Holder may, at any time on or after a Vesting Date and prior to the Termination Date, exercise the vested portion of this Warrant in whole or in part at an exercise price per share equal to $ ___ per share, subject to adjustment as provided herein (the **"***Exercise Price")*, by the surrender of this Warrant (properly endorsed), together with delivery of the Warrant Exercise Form annexed hereto duly completed and executed, at the principal office of the Corporation, 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 this Warrant, there shall be executed and issued to the Holder a new Warrant in respect of the shares of Common Stock as to which this Warrant shall not have been exercised. In the event of the exercise of the rights represented by this 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 this Warrant shall have been so exercised.

2. 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 this Warrant, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

3. No Stockholder Rights; No Rights to Net Cash Settled. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may this Warrant be net cash settled.

4. Transferability of Warrant. 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, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed for transfer. The Corporation 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 may deem appropriate to evidence compliance with applicable law or otherwise.

5. Certain Adjustments. With respect to any rights that Holder has to exercise this 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 this 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 this Warrant would have been entitled in such merger or consolidation if this Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the holder hereof as the holder of this 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 this Warrant exist into the same or a different number of securities of any other class or classes, this 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 this 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.

6. Compliance with Securities Laws; Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act, upon exercise of any part of the Warrant, (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.

7. Redemption of Warrant. This Warrant is subject to redemption by the Corporation as provided in this Section 7.

(a) This 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 $3.50 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 7(a) are met, and the Corporation desires to exercise its right to redeem this Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of this Warrant by first class mail, postage prepaid, at least ten (10) 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 place where the Warrant certificates shall be delivered and the redemption price paid, and (iv) that the right to exercise this 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 *prim 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 this Warrant shall have no further rights except to receive, upon surrender of this Warrant, 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 this 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 this Warrant. From and after the Redemption Date, this Warrant shall expire and become void and all rights hereunder and under the warrant certificates, except the right to receive payment of the Redemption Price, shall cease.

8. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this 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 Warrant shall be construed to give to any person or corporation other than the Corporation and the holder of this Warrant any legal or equitable right, remedy, or claim under this Warrant. This Warrant 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 Warrant and shall not affect the interpretation hereof. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction, or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Corporation, if lost, stolen, or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation shall execute and deliver to the Holder a new Warrant of like date, tenor, and denomination.

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

NEOSTEM, INC.

/s/ Robin L. Smith

Robin L. Smith
Chairman & Chief Executive Officer

**WARRANT EXERCISE FORM**

**To Be Executed by the Holder in Order to Exercise Warrant**

Dated: _____ __,20__

To: NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attn: Chairman and CEO

The undersigned, pursuant to the provisions set forth in the attached Warrant No. _____, hereby irrevocably elects to purchase _____ shares of the Common Stock of NeoStem, Inc. covered by such Warrant.

☐ The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. 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:

_____

**ASSIGNMENT FORM**

(To assign the foregoing warrant, execute
this form. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to whose address is

_____ whose address is

_____

_____

Dated: _____ __, 20__

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust corporation. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

WARRANT 1

**Exhibit 4.21**

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 COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Warrant No. _____

**WARRANT TO PURCHASE SHARES OF COMMON STOCK**

**OF**

**NEOSTEM, INC.**

THIS CERTIFIES that, for value received, _____ is entitled to purchase from NEOSTEM, INC., a Delaware corporation (the *"Corporation")*, subject to the terms and conditions hereof, _____ (_____) shares (the *"Warrant Shares")* of common stock, $.001 par value (the *"Common Stock")*. This warrant, together with all warrants hereafter issued in exchange or substitution for this warrant, is referred to as the *"Warrant"* and the holder of this Warrant is referred to as the *"Holder."* The number of Warrant Shares is subject to adjustment as hereinafter provided. Subject to the prior approval of the issuance of the Warrant Shares by the NYSE Amex and notwithstanding anything to the contrary contained herein, this Warrant shall become exercisable on _____ and shall expire at 5:00 p.m. (Eastern Time) on _____ (the *"Termination Date")*.

1. Exercise of Warrants. The Holder may, at any time prior to the Termination Date, exercise this Warrant in whole or in part at an exercise price per share equal to $_____per share, subject to adjustment as provided herein (the *"Exercise Price")*, by the surrender of this Warrant (properly endorsed) at the principal office of the Corporation, 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 check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of this Warrant, there shall be executed and issued to the Holder a new Warrant in respect of the shares of Common Stock as to which this Warrant shall not have been exercised. In the event of the exercise of the rights represented by this 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 this Warrant shall have been so exercised.

2. 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 this Warrant, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant.

3. No Stockholder Rights: No Rights to Net Cash Settled. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may this Warrant be net cash settled.

4. Transferability of Warrant. 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 Company by the Holder in person or by duly authorized attorney, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed for transfer. Any registration rights to which this Warrant may then be subject shall be transferred together with the Warrant to the subsequent Investor.

5. Certain Adjustments. With respect to any rights that Holder has to exercise this 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 this 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 this Warrant would have been entitled in such merger or consolidation if this Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the holder hereof as the holder of this 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 this Warrant exist into the same or a different number of securities of any other class or classes, this 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 this 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 reverse) 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 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.

6. Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act, upon exercise of any part of the Warrant, 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.

7. Redemption of Warrant. This Warrant is subject to redemption by the Company as provided in this Section 7.

(a) This Warrant may be redeemed, at the option of the Company, 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 $3.50 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 7(a) arc met, and the Company desires to exercise its right to redeem this Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of this Warrant by first class mail, postage prepaid, at least ten (10) business days prior to the date fixed by the Company for redemption of the Warrants (the "Redemption Date").

(c) The Redemption Notice shall specify (i) the Redemption Price, (ii) the Redemption Date, (iii) the place where the Warrant certificates shall be delivered and the redemption price paid, and (iv) that the right to exercise this 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 Company 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 this Warrant shall have no further rights except to receive, upon surrender of this Warrant, the Redemption Price.

(e) From and after the Redemption Date, the Company shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Company by or on behalf of the holder thereof the warrant certificates evidencing this 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 this Warrant. From and after the Redemption Date, this Warrant shall expire and become void and all rights hereunder and under the warrant certificates, except the right to receive payment of the Redemption Price, shall cease.

8. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this 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 Warrant shall be construed to give to any person or corporation other than the Corporation and the holder of this Warrant any legal or equitable right, remedy, or claim under this Warrant, This Warrant 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 Warrant and shall not affect the interpretation hereof. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction, or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Corporation, if lost, stolen, or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation shall execute and deliver to the Holder a new Warrant of like date, tenor, and denomination.

9. Cashless Exercise. If a registration statement has not been filed with the Securities and Exchange Commission registering the resale of the Warrant Shares by _____, the Warrant will be exercisable on a cashless basis; provided, that, notwithstanding any provision herein to the contrary, if as of the date of exercise of all or a part of this Warrant, the closing sales price of the Common Stock is greater than the Warrant Price, as adjusted, then in lieu of exercising this Warrant for cash, the holder may elect to receive, without the cash payment by the holder of the Exercise Price, shares of Common Stock equal to the value of this Warrant or any portion hereof by the surrender of this Warrant (or such portion of this Warrant being so exercised) together with the Net Issue Election Notice annexed hereto duly executed and completed, at the office of the Company. Thereupon, the Company shall issue to the holder such number of shares of Common Stock, equal to the quotient obtained by dividing [(A-B)(X)] by (A), where:

(A) = the closing sales price on the trading day immediately preceding the date that the holder delivers the Net Issue Election Notice to the Company as provided herein;

(B) = the Exercise Price of this Underwriter Warrant, as adjusted, in effect on the date that the holder delivers the Net Issue Election Notice to the Company as provided herein; and

(X) = the total number of shares of Common Stock covered by this Underwriter Warrant which the holder has surrendered for cashless exercise.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by its duly authorized officers under its seal, this _____ day of _____ 20__.

NEOSTEM, INC.

/s/ Robin L. Smith

Robin L. Smith
Chairman & Chief Executive Officer

**WARRANT EXERCISE FORM**

**To Be Executed by the Holder in Order to Exercise Warrant**

Dated: _____ __,20__

To: NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attn: Chairman and CEO

The undersigned, pursuant to the provisions set forth in the attached Warrant No. _____ , hereby irrevocably elects to purchase _____ shares of the Common Stock of NeoStem, Inc. covered by such Warrant.

☐ The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. 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:

_____

**ASSIGNMENT FORM**

(To assign the foregoing warrant, execute
this form. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____

_____

Dated: _____,200_

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust Corporation. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

WARRANT 1

**Exhibit 4.22**

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 COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Warrant No. _____

**WARRANT TO PURCHASE SHARES OF COMMON STOCK**

**OF**

**NEOSTEM, INC.**

THIS CERTIFIES that, for value received, _____ , is entitled to purchase from NEOSTEM, INC, a Delaware corporation (the *"Corporation")*, subject to the terms and conditions hereof, _____ (_____) shares (the *"Warrant Shares")* of common stock, $.001 par value (the *"Common Stock").* This warrant, together with all warrants hereafter issued in exchange or substitution for this warrant, is referred to as the *"Warrant"* and the holder of this Warrant is referred to as the *"Holder."* The number of Warrant Shares is subject to adjustment as hereinafter provided. This Warrant shall vest and become exercisable as to all Warrant Shares on _____ (the *"Vesting Date")* provided that the Holder has continued to provide services under that certain Consulting Agreement dated _____ with the Corporation (the *"Consulting Agreement"),* and notwithstanding anything to the contrary contained herein, shall expire at 5:00 p.m. (Eastern Time) on _____ (the *"Termination Date").* In the event the Consulting Agreement is terminated prior to the Vesting Date, the vesting of this Warrant shall cease.

1. Exercise of Warrants. The Holder may, at any time on or after the Vesting Date and prior to the Termination Date, exercise this Warrant in whole or in part at an exercise price per share equal to $_____ per share, subject to adjustment as provided herein (the *"Exercise Price"),* by the surrender of this Warrant (properly endorsed), together with delivery of the Warrant Exercise Form annexed hereto duly completed and executed, at the principal office of the Corporation, 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 this Warrant, there shall be executed and issued to the Holder a new Warrant in respect of the shares of Common Stock as to which this Warrant shall not have been exercised. In the event of the exercise of the rights represented by this 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 this Warrant shall have been so exercised.

2. Cashless Exercise. For so long as a registration statement registering the resale of the Warrant Shares has not been filed with the Securities and Exchange Commission beginning _____, then this Warrant may also be exercised, in whole or in part, by means of a "cashless exercise" in which the Holder, upon surrender of this Warrant (or such portion of this Warrant being so exercised) properly endorsed, together with delivery of the Net Issue Election Notice annexed hereto duly completed and executed, at the principal office of the Corporation, shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which the Holder elects to exercise this Warrant by means of a "cashless exercise" and delivers the Net Issue Election Notice to the Corporation;

(B) = the Exercise Price of this Warrant, as adjusted hereunder, in effect on the date that the Holder delivers the Net Issue Election Notice to the Corporation as provided herein; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined in good faith by the Corporation's Board of Directors.

3. Reservation of Warrant Shares; Registration Rights. 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 this Warrant, the number of Warrant Shares as from time to time shall be issuable by the Corporation upon the exercise of this Warrant. Any registration rights under the Consulting Agreement shall apply to the Warrant Shares.

4. No Stockholder Rights; No Rights to Net Cash Settled. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation. In no event may this Warrant be net cash settled.

5. Transferability of Warrant. 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, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed for transfer. The Corporation 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 may deem appropriate to evidence compliance with applicable law or otherwise. Any registration rights to which this Warrant may then be subject shall be transferred together with the Warrant to the subsequent investor.

6. Certain Adjustments. With respect to any rights that Holder has to exercise this 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 this 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 this Warrant would have been entitled in such merger or consolidation if this Warrant had been exercised immediately before such transaction. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the holder hereof as the holder of this 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 this Warrant exist into the same or a different number of securities of any other class or classes, this 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 this 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 have been registered under the Securities Act, upon exercise of any part of the Warrant, (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 US. 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. This Warrant is subject to redemption by the Corporation as provided in this Section 8.

(a) This 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 $3.50 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 this Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of this Warrant by first class mail, postage prepaid, at least ten (10) 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 place where the Warrant certificates shall be delivered and the redemption price paid, and (iv) that the right to exercise this 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 this Warrant shall have no further rights except to receive, upon surrender of this Warrant, 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 this 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 this Warrant. From and after the Redemption Date, this Warrant shall expire and become void and all rights hereunder and under the warrant certificates, except the right to receive payment of the Redemption Price, shall cease.

9. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this 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 Warrant shall be construed to give to any person or corporation other than the Corporation and the holder of this Warrant any legal or equitable right, remedy, or claim under this Warrant. This Warrant 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 Warrant and shall not affect the interpretation hereof. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction, or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Corporation, if lost, stolen, or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation shall execute and deliver to the Holder a new Warrant of like date, tenor, and denomination.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by its duly authorized officer, this ____ day of _____ 20 __.

NEOSTEM, INC.

/s/ Robin L. Smith

Robin L. Smith
Chairman & Chief Executive Officer

**WARRANT EXERCISE FORM**

**To Be Executed by the Holder in Order to Exercise Warrant**

To: NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attn: Chairman and CEO

Dated: _____,20 ___

The undersigned, pursuant to the provisions set forth in the attached Warrant No. _____ , hereby irrevocably elects to purchase _____ shares of the Common Stock of NeoStem, Inc. covered by such Warrant.

☐ The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. 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:

_____

**ASSIGNMENT FORM**

(To assign the foregoing warrant, execute
this form. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant No. _____and all rights evidenced thereby are hereby assigned to

_____, whose address is

_____

_____

Dated: _____ ___ ,20___

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust corporation. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

WARRANT 1

**NET ISSUE ELECTION NOTICE**

**To Be Executed by the Registered Holder in Order to Make a Cashless Exercise of Warrants**

TO: NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, NY 10170
Attention: Chairman and CEO

The undersigned hereby elects under Section 2 of the attached Warrant No. _____, to surrender the right to purchase _____ shares of Common Stock pursuant to the Warrant and hereby requests the issuance of the number of shares of Common Stock determined in accordance with Section 2.

The undersigned hereby requests that Certificates for the shares issuable upon such net issue election shall be issued in the name of:

_____
_____
_____
[please print or type name and address]

_____
[please insert social security or other identifying number]

and to be delivered to:

_____
_____
_____
[please print or type name and address]

and if there shall be remaining Warrants after such net issue election, that a new Warrant Certificate for the balance of such Warrants be registered in the name of, and delivered to, the Registered Holder at the address stated below.

Dated: _____

_____
_____
_____
Address

_____
Signature of Holder

_____
Taxpayer Identification Number

_____
Signature Guaranteed

WARRANT 1

**Exhibit 5.1**

September 16, 2011

NeoStem, Inc.
420 Lexington Avenue, Suite 450
New York, New York 10170

**Re: Registration Statement on Form S-3**

Ladies and Gentlemen:

We have served as special counsel in connection with the preparation of your Registration Statement on Form S-3 (the "Registration Statement") filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), relating the registration for resale under the Act by certain selling stockholders (the "Selling Stockholders") of an aggregate of 18,942,533 shares of common stock, par value $0.001 per share ("Common Stock"), of NeoStem, Inc., a Delaware corporation (the "Company"), that have been issued (such shares of Common Stock that have been issued, the "Shares") or that are issuable upon exercise of warrants issued by the Company (such shares of Common Stock issuable upon exercise of warrants, the "Warrant Shares").

We have examined such corporate records, certificates and other documents and such questions of law as we have considered necessary and appropriate for the purposes of this opinion.

Upon the basis of such examination, we advise you that, in our opinion, (i) the Shares to be sold by the Selling Stockholders pursuant to the Registration Statement have been duly authorized and are validly issued, fully paid and non-assessable, and (ii) the Warrant Shares to be sold by the Selling Stockholders pursuant to the Registration Statement have been duly authorized, and, assuming due payment of any exercise price therefor specified in the respective warrant, will be validly issued, fully paid and non-assessable.

Our opinion herein is expressed solely with respect to the federal laws of the United States and the General Corporation Law of the State of Delaware. Our opinion is based on these laws as in effect on the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to this firm in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/s/ LOWENSTEIN SANDLER PC

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Pre-Effective Amendment No. 1 to Registration Statement No. 333-173853 on Form S-3 of our report dated April 5, 2011, relating to the consolidated financial statements of NeoStem, Inc. and subsidiaries appearing in the Annual Report on Form 10-K of NeoStem, Inc. for the year ended December 31, 2010, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
September 16, 2011

**Exhibit 23.2**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-3 (the "Registration Statement") of our report dated March 31, 2010 (except with respect to the retrospective adjustment of the financial statements for the year ended December 31, 2009 for the final allocation of the purchase price associated with the Erye acquisition discussed in Note 4, as to which the date is April 5, 2011), with respect to the consolidated financial statements of NeoStem, Inc. and Subsidiaries appearing in the Annual Report on Form 10-K of NeoStem, Inc. for the year ended December 31, 2010. We also consent to the reference to our firm under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ HOLTZ RUBENSTEIN REMINICK LLP

Melville, New York
September 16, 2011

**Exhibit 23.3**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated June 23, 2011 on our audit of the financial statements of Amorcyte, Inc. (a development stage company) as of and for the year ended December 31, 2010, which appears in NeoStem, Inc.'s Current Reports on Form 8-K dated July 11, 2011 and September 16, 2011, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement. Our report includes an explanatory paragraph about the existence of substantial doubt concerning Amorcyte's ability to continue as a going concern.

/s/EISNERAMPER LLP

Hackensack, New Jersey
September 16, 2011