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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 11, 2011

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

Delaware	001-33650	22-2343568
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

(212) 584-4180
Registrant's Telephone Number

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

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

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

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

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

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Item 1.01. Entry into a Material Definitive Agreement.

Amorcyte, Inc. Merger Agreement

On July 13, 2011, NeoStem, Inc., a Delaware corporation ("NeoStem" or the "Company") and Amorcyte, Inc., a Delaware corporation ("Amorcyte"), entered into an Agreement and Plan of Merger (as such agreement may be amended from time to time, the "Amorcyte Merger Agreement"), among NeoStem, Amorcyte, Amo Acquisition Company I, Inc., a Delaware corporation ("Subco"), and Amo Acquisition Company II, LLC, a Delaware limited liability company ("Subco II").

Pursuant to the terms of the Amorcyte Merger Agreement, Subco (a newly-formed wholly-owned subsidiary of NeoStem) will be merged with and into Amorcyte (the "Amorcyte Merger" or the "Amorcyte Acquisition"), with Amorcyte surviving the Amorcyte Merger as a wholly-owned subsidiary of NeoStem. Within ninety (90) days after the effective time (the "Effective Time") of the Amorcyte Merger, Amorcyte will be merged with and into Subco II, another newly-formed wholly-owned subsidiary of NeoStem. Subco II, in its capacity as the wholly-owned subsidiary of NeoStem surviving the transactions contemplated by the Amorcyte Merger Agreement, is sometimes referred to herein as the "Surviving Company".

Amorcyte was initially formed as a wholly-owned subsidiary of Progenitor Cell Therapy, LLC ("PCT"). Amorcyte was spun off to PCT's members during 2005. PCT, now a wholly-owned subsidiary of NeoStem, was acquired by NeoStem on January 19, 2011.

Aggregate Consideration

Pursuant to the terms of the Amorcyte Merger Agreement, all of the shares of Amorcyte common stock and Amorcyte Series A Preferred Stock, all options and warrants to acquire equity of Amorcyte, and any 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, will, by virtue of the Amorcyte Merger, be cancelled and converted into the right to receive, in the aggregate:

(i) 6,821,283 shares of the common stock, par value $0.001 per share, of NeoStem ("NeoStem Common Stock") (subject to adjustment as described below) (the "Base Stock Consideration");

(ii) the right to receive 4,092,768 shares of NeoStem Common Stock (the "Contingent Shares", and together with the Base Stock Consideration, the "Stock Consideration"), which Contingent Shares will only be issued only if certain specified business milestones (described below) are accomplished;

(iii) common stock purchase warrants to purchase 1,881,008 shares of NeoStem Common Stock exercisable over a seven (7) year period at an exercise price of $1.466 per share (the "Warrants") (the terms of such Warrants to provide that the transfer of any shares of NeoStem Common Stock issued upon exercise of the Warrants will be restricted until one year after the closing date); and

(iv) the earn out payments described below (the "Earn Out Payments").

Pursuant to the Amorcyte Merger Agreement, prior to closing all Amorcyte options and warrants will be modified in writings executed by each optionholder and warrantholder, so that effective upon the Effective Time, all Amorcyte options and warrants will, by virtue of the Amorcyte Merger, be converted into the right to receive the share of any Earn Out Payments that the holders of such options and warrants would have received if they had exercised their Amorcyte options and/or warrants, as applicable, prior to the Effective Time (after taking into account the payment of any exercise price due had they actually exercised). The holders of Amorcyte options and warrants will be entitled to the merger consideration similar to the holders of Amorcyte common stock, minus the exercise price of the options and warrants.

Adjustment to Base Stock Consideration

The Base Stock Consideration is subject to adjustment, provided that in no event will NeoStem be required to issue as Base Stock Consideration more than 6,821,283 shares of NeoStem Common Stock. The Amorcyte Merger Agreement provides that to the extent the amount of Amorcyte's liabilities (as defined and calculated in the manner described in the Amorcyte Merger Agreement) on the closing date are more than $478,000 (the "Target Liabilities"), the Base Stock Consideration will be decreased by two times (2x) the amount by which Amorcyte's liabilities are greater than the Target Liabilities. Any such decrease will reduce the Base Stock Consideration by two dollars for every dollar by which Amorcyte's liabilities are greater than the Target Liabilities, with each share of the Base Stock Consideration valued at $1.466 (the average of the closing prices of sales of NeoStem Common Stock on the NYSE-Amex for the 10 trading days ending on the trading day prior to the date of execution of the Amorcyte Merger Agreement) (the "Parent Per Share Value").

Escrow Agreement

The Amorcyte Merger Agreement provides that the Base Stock Consideration will be placed in escrow (the "Escrow Account") pursuant to an escrow agreement to be executed at closing, for the purpose of paying any damages payable to NeoStem in accordance with the indemnification provisions contained in the Amorcyte Merger Agreement. The escrow agent shall initially be NeoStem's transfer agent (the "Escrow Agent"). The Escrow Account will continue from the closing until that date (the "Termination Date") which is two (2) years and one day after the closing (the "Escrow Period"). Six months after the closing date, an aggregate of up to 20% of the shares of NeoStem Common Stock may be released from the Escrow Account and distributed to the Amorcyte Representative (as defined below) for distribution to Amorcyte's former stockholders, optionholders and warrantholders (collectively, the "Amorcyte Securityholders") in accordance with their proportional interests; provided, however, that NeoStem will not be required to release from escrow any shares of NeoStem Common Stock then being held with respect to pending claims by NeoStem. As soon as practicable after the one (1) year anniversary of the closing date (the "One-Year Release Date"), NeoStem will direct the Escrow Agent to release and distribute to the Amorcyte Representative for distribution to the former Amorcyte Securityholders in accordance with the terms of the Escrow Agreement all shares of NeoStem Common Stock then remaining in the Escrow Account except as follows: If no indemnification claims have been asserted by NeoStem prior to the One-Year Release Date, then NeoStem Common Stock with a Parent Per Share Value of $1,250,000 shall remain in the Escrow Account until the Termination Date. If any indemnification claims have been asserted by NeoStem prior to the One-Year Release Date, then NeoStem Common Stock with a Parent Per Share Value equal to the sum of (i) $2,500,000 plus (ii) the amount of any then pending indemnification claims shall remain in the Escrow Account until the Termination Date. As soon as practical after the Termination Date, all shares of NeoStem Common Stock then remaining in the Escrow Account will be released to the Amorcyte Representative for distribution to the former Amorcyte Securityholders; provided that NeoStem Common Stock representing 120% of the maximum amount of any claim made by NeoStem pursuant to the indemnification provisions of the Amorcyte Merger Agreement during the Escrow Period will be withheld and remain in the Escrow Account pending resolution of such claim. In addition, a number of shares of NeoStem Common Stock in the Escrow Account which is necessary to satisfy any unsatisfied claims specified in any indemnification claim previously delivered by NeoStem prior to the Termination Date with respect to facts and circumstances existing prior to the expiration of the Escrow Period, shall remain in the Escrow Account until such claims have been resolved.

Contingent Share Milestones

The Contingent Shares will be issued only if certain 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.

Upon achievement of these specified contingencies, the Contingent Shares will be issued to the former stockholders of Amorcyte.

Procedures for Earn Out Payments

Within 90 days following the end of each calendar quarter, NeoStem will pay Earn Out Payments (to the Amorcyte Representative in trust for the benefit of the former Amorcyte Securityholders) equal to 10% of the net sales of AMR-001, which payment obligation will begin following the date of first commercial sale of AMR-001 and continue until the latest date that a valid patent claim exists on a country by country basis covering AMR-001, provided that if NeoStem licenses or otherwise grants an unaffiliated third party the right to commercialize or otherwise exploit AMR-001 or any portion of AMR-001 (including, without limitation, a sublicense for all or part of any territory for AMR-001) then the applicable Earn Out Payment will be equal to 30% of any sublicensing fees, royalties and milestone fees or profit sharing payment (but not payments for development costs) actually received by NeoStem. NeoStem will be entitled to recover direct out-of-pocket clinical development costs not previously paid or reimbursed and any costs, expenses, damages, liabilities, and settlement amounts arising out of or related to claims with respect to patent infringement or otherwise challenging Amorcyte's ownership of or right to use intellectual property, by reducing any Earn Out Payments due by 50% until such costs have been recouped in full.

The Amorcyte Representative (Paul Schmitt or his duly appointed successor) (the "Amorcyte Representative") shall be solely responsible for the distribution of the Earn Out Payments to the former Amorcyte Securityholders. At closing, for informational purposes, the Amorcyte Representative will deliver to NeoStem a certification setting forth the percentage of the aggregate Earn Out Payments to which each former Amorcyte Securityholder is entitled (subject to amendment to reflect the effects of any financing conducted by Amorcyte), which certification shall be conclusive and binding on the Amorcyte Securityholders (the "Earn Out Payment Certification"). Within 90 days following the end of each calendar quarter, NeoStem will send the Earn Out Payments, if any, to the Amorcyte Representative (who will be responsible for the appropriate division and distribution of the Earn Out Payments received by him, as well as any tax withholding or reporting related thereto).

Subject to Closing Conditions

The consummation of the transactions is subject to various conditions, including the approval by Amorcyte's stockholders of the Amorcyte Merger and the Amorcyte Merger Agreement; 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 Acquisition; 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's common stock and holders of Amorcyte's Series A Preferred Stock entitled to 1% or more of the aggregate Stock Consideration shall not have voted against the Amorcyte 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 Amorcyte's issued and outstanding common stock shall not have voted against the Amorcyte 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 Amorcyte's issued and outstanding Series A Preferred Stock shall have had any of their Series A shares redeemed nor shall any Series A holders have requested that Amorcyte redeem any Series A shares. Either NeoStem or Amorcyte may terminate the Amorcyte Merger Agreement 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 Amorcyte Merger Agreement.

Voting Agreements

Pursuant to a Right of First Refusal and Co-Sale Agreement among Amorcyte and certain of its stockholders, as amended, holders of a sufficient number of shares of Amorcyte's common stock and preferred stock have agreed to vote all of the shares of Amorcyte capital stock held by them in favor of any "Change of Control Transaction" (which as defined includes the proposed Amorcyte Merger) that is approved by Amorcyte's board of directors and by a majority of the holders of Amorcyte's Series A Preferred Stock.

In addition, pursuant to a voting and lock up agreement (the "Amorcyte Voting Agreement") dated the same date as the Amorcyte Merger Agreement, holders of a sufficient number of shares of Amorcyte's common stock and preferred stock to approve the Amorcyte Merger and the Amorcyte Merger Agreement have irrevocably agreed to vote in favor of the Amorcyte Merger and the Amorcyte Merger Agreement at any meeting of the stockholders of Amorcyte called to for such purpose (or in connection with any written consent of Amorcyte stockholders for such purpose) (the "Amorcyte Meeting") and agreed to certain transfer restrictions with respect to their Amorcyte securities prior to the closing.

Amorcyte Representative

By approval of the Amorcyte Merger at the Amorcyte Meeting, each stockholder of Amorcyte will be deemed to have irrevocably constituted and appointed Paul Schmitt (currently the Chief Executive Officer and a director of Amorcyte, and the Managing Director of Novitas Capital, a substantial stockholder of Amorcyte), as the "Amorcyte Representative" under the Amorcyte Merger Agreement. The Amorcyte Representative will act on behalf of all of the stockholders of Amorcyte in executing various closing documents and in reviewing and, if he deems it appropriate, disputing, any indemnification claims made against the Escrow Account after the closing.

Covenant to Develop AMR-001

Pursuant to the Amorcyte Merger Agreement, NeoStem covenants to use commercially reasonable efforts to develop AMR-001 (currently, Amorcyte's lead product candidate) or to use commercially reasonable efforts to locate a partner to develop AMR-001, and if and only if commercially reasonable, to file a Biologics License Application or its equivalent with the FDA for marketing and sale of AMR-001 in the United States, obtain approval for such marketing and sale in the United States and in such other territories to be agreed to by the parties, and commercialize or cause the commercialization of AMR-001 in the United States and in such additional territories, all in a timely fashion to the extent commercially reasonable.

Officers and Directors of Amorcyte

The biographies of the current officers and directors of Amorcyte are set forth below:

Current Amorcyte Officers:

Thomas J. Moss, M.D.
Chief Medical Officer of Amorcyte

Dr. Moss, age 59, currently serves as Chief Medical Officer of Amorcyte, a position he has held since 2005. Dr. Moss has over twenty five years of experience in the healthcare industry. He is a graduate from UCLA medical school and specializes as a pediatric oncologist and bone marrow transplant specialist. He was assistant or clinical director of the transplant programs at Cedars-Sinai Medical Center and Children's Hospital of Los Angeles. He was co-director of the Cedars-Sinai stem cell processing laboratory. He was co-founder of BIS Laboratories which was dedicated to the detection and characterization of micrometastases ("MRD"). During this period, he was chief scientific officer and was responsible for the direction of R&D efforts as well as the construction and implementation of clinical studies. During his service with BIS Laboratories, over 100 publications (peer-reviewed, invited articles, abstracts, etc.) in the field of MRD were published or presented. He assisted in the patent processes of clonogenic assay and in obtaining Phase I and Phase II SBIR NIH grants. He was also responsible for the QA/QC and GLP program and assisted in the passing of numerous CLIA and biopharmaceutical laboratory inspections including and FDA inspection for one clinical trial (no observations were noted for this inspection). In 1998, BIS was acquired by IMPATH, Inc. While at IMPATH, Inc. Dr. Moss was responsible for continued work in MRD testing, as well as assisting in the management of the Predictive Oncology division. This division was responsible for assisting biopharmaceutical in drug discovery, development, approval and product expansion. The services provided included a clinical trial network, clinical trial analytic testing services, and GeneBank (a tissue repository).

Andrew L. Pecora, M.D.
Chief Scientific Officer of Amorcyte

Dr. Andrew L. Pecora, age 53, founded Amorcyte in 2004 and served initially as Chief Executive Officer, Chairman of the Board and now Chief Scientific Officer of Amorcyte since 2010. Pursuant to an employment agreement that became effective on January 19, 2011, Dr. Pecora also serves in a part-time capacity as Chief Medical Officer of NeoStem's wholly-owned subsidiary PCT. Prior to such acquisition, Dr. Pecora had served from 1999 to 2011 as Chairman, Chief Executive Officer and Chief Medical Officer of PCT, and as a member of PCT's Board of Managers. In addition, pursuant to the merger agreement governing NeoStem's acquisition of PCT, Dr. Pecora will be appointed to NeoStem's board of directors (which appointment is anticipated during 2011).

Dr. Pecora serves as Chief Innovations Officer and Vice President of Cancer Services at Hackensack University Medical Center. Previously he served as Chairman and Director of the John Theurer Cancer Center at Hackensack University Medical Center ("HUMC") since 2001, and Managing Partner of the Northern New Jersey Cancer Associates, which is a private physicians practice group affiliated with HUMC, since 1996. He has also been a Professor of Medicine at the University of Medicine and Dentistry of New Jersey since 2004. Additionally, Dr. Pecora is a scientific advisor for numerous state, national, and international organizations. He is a Diplomat of the American Board of Internal Medicine, subspecialty of hematology and subspecialty of oncology, a member of the National Blue Cross and Blue Shield Quality Centers for Transplant Experts Panel, a fellow of the Academy of Medicine of New Jersey, a fellow of the American College of Physicians, and a member of the American Society of Bone Marrow Transplantation, American Society of Clinical Oncology and American Society of Hematology. Dr. Pecora co-founded and served as Chairman of Amorcyte, Inc., a biotechnology company developing cell therapies for cardiovascular disease. He serves on the board of Cancer Genetics, Inc. and is chairman of the board of Tetralogics, Inc., a company developing small molecules to treat cancer. He has served on the Board of Directors of the American Society of Bone Marrow Transplant and Cytotherapy and was a member of Accreditation Committee of the Foundation for Accreditation of Hematopoietic Cell Therapy. He has been a member of several National Heart, Lung and Blood Institute/National Cancer Institute state of the science meetings in transplantation and stem cell therapies. Dr. Pecora is actively involved as principal investigator and coinvestigator in many national research studies. He has been invited to present his work at various scientific meetings and continues to contribute to the published literature. Dr. Pecora received his medical degree from the University of Medicine and Dentistry of New Jersey, graduating with honors. He went on to complete his medical education in internal medicine at New York Hospital and in hematology and oncology at Memorial Sloan-Kettering Cancer Center, both in New York City. He is board certified in internal medicine, hematology, and oncology. He is also a Certified Physician Executive.

Paul Schmitt
Chief Executive Officer of Amorcyte

Mr. Schmitt, age 60, has served as an Amorcyte director since 2006, as a Common Director and as the Acting CEO of Amorcyte since May 2009. He has also served as Managing Director of Novitas Capital in Wayne, Pennsylvania since 1999, a substantial investor in Amorcyte. Mr. Schmitt was appointed a director and the Acting CEO of Amorcyte pursuant to the Investor Rights Agreement, as amended, which was entered into by and among Amorcyte and the purchasers of Series A Preferred Stock. As Managing Director of Novitas Capital, Mr. Schmitt oversees Novitas Capital's interests in early stage life sciences companies. Prior to Novitas, Mr. Schmitt was most recently Chairman, President and Chief Executive Officer of Chrysalis International Corporation (NASDAQ: CRLS). Chrysalis was formed in 1996 through the merger of DNX Corporation (NASDAQ: DNXX) and BioClin International. Chrysalis was a leading supplier of pre-clinical and clinical drug development services, including the utilization of transgenic animal science technologies to identify and validate new human genetic targets of disease emerging from worldwide genomic initiatives. While as CEO of DNX, Mr. Schmitt formed Nextran, a joint venture with Baxter Health Care focused on genetically engineered organ and blood substitute products. Baxter acquired Nextran in 1995. Prior to joining DNX, Mr. Schmitt was President of Biolectron, Inc., which developed therapeutic devices for treating a variety of debilitating orthopedic disorders. He also has eight years experience with the BOC Health Care Group where he served as Vice President, General Manager of Ohmeda and as Corporate Manager of Strategic Planning and Corporate Group Finance Manager. Mr. Schmitt currently serves on the Board of Trustees of the Wistar Institute. He serves on the Boards of Directors of four Novitas Capital portfolio companies: Amorcyte, Logical Therapeutics, Tetralogic Pharmaceuticals and GelMed. Mr. Schmitt received his BS in Finance at Lehigh University ('74), and his MBA from Rutgers University ('79).

George S. Goldberger
Chief Financial Officer of Amorcyte

Mr. Goldberger, age 64, has served as Amorcyte's Chief Financial Officer from 2005 to 2009 and from 2010 to present. Pursuant to an employment agreement that became effective on January 19, 2011, Mr. Goldberger also serves as Vice President — Business Development of NeoStem's wholly-owned subsidiary PCT. Prior to such acquisition, Mr. Goldberger had served from 1999 to 2011 as PCT's Chief Business and Financial Officer, Treasurer and Secretary.

Before joining PCT, Mr. Goldberger served as President and Chief Executive Officer of Goldberger & Associates Inc., an international management consulting firm with offices in New York, Budapest, Bucharest and Kiev, assisting multinational companies in developing their business in Eastern Europe with a focus on providing a variety of health care services. Through Goldberger & Associates, Mr. Goldberger assisted National Medical Care (now part of Fresenius Medical Care) in establishing and developing dialysis center operations in Europe. Prior to that, Mr. Goldberger was in charge of mergers and acquisitions at Figgie International Inc. (now Scott Technologies Inc.), a diversified conglomerate. Before working at Figgie, Mr. Goldberger was Assistant to J. Peter Grace, then Chairman and Chief Executive Officer of W. R. Grace & Co., with corporate development and financial management responsibilities in the United States and the Far East. While at Grace, Mr. Goldberger served as project director on the Reagan Administration's President's Private Sector Survey on Cost Control, also known as the Grace Commission, and subsequently as president of Citizens Against Government Waste, a nonprofit foundation established to eliminate waste, mismanagement, and inefficiency in the federal government. He continues as the foundation's chairman of the board. Mr. Goldberger began his career as a management consultant with Booz, Allen & Hamilton.

Mr. Goldberger holds an MBA in Finance from the Wharton School of the University of Pennsylvania and a BS in Systems Engineering from the Polytechnic Institute of New York University.

Current Amorcyte Directors:

Hans Mueller, Ph.D. (Chairman)

Dr. Mueller, age 70, currently serves as Chairman of the Board of Directors of Amorcyte and is a Common Director, a position he has held since June 2009. Since 2004, Dr. Mueller has provided strategy services to a variety of biotech companies including Idera, Othera, and Transmolecular. Until 2004, Dr. Mueller served as Senior Vice President of Global Business Development at Wyeth Pharmaceuticals. From 1985 to1993, Dr. Mueller served as Executive Vice President, President and Chief Executive Officer of Nova Pharmaceutical Corporation, now part of Scios, Inc. From 1969 to 1985, he held roles with increasing levels of responsibility at Sandoz, now part of Novartis, in the areas of research, regulatory affairs, manufacturing, systems development, new product planning, licensing and business development. He currently serves on the Board of Directors of IDERA and previously for Othera Pharmaceuticals and TransMolecular, Inc. and previously served on the Board of Directors for SCOLR Pharma, Inc. and Hypnion, Inc. Dr. Mueller is also an Advisory Board member for Easton Capital. Dr. Hans Mueller received a Ph.D. in Actuarial Sciences and Mathematical Statistics from the University of Bern, Switzerland and is a graduate of Harvard Business School's Advanced Management Program.

Darren Blanton

Mr. Blanton, age 44, was appointed to Amorcyte's board of directors in 2006 pursuant to the Investor Rights Agreement, as amended, which was entered into by and among Amorcyte and the purchasers of Series A Preferred Stock. Mr. Blanton is a Series A Director. He is the founder and managing partner of Colt Ventures, a substantial investor in Amorcyte. In his role as managing partner of Colt Ventures, he is responsible for actively managing portfolio companies and selecting new investment opportunities. Mr. Blanton began his career in 1985 as a commercial real estate broker and eventually formed Able investments with Asian investors to acquire distressed real estate from the Resolution Trust Corporation. Following Able Investments, Mr. Blanton joined Real Estate FX which was an early pioneer in the development of open air lifestyle retail shopping centers. Some of his projects included: Country Club Plaza, Kansas City, Deep Ellum, Dallas, West Village, Dallas, and Sunset Station, Las Vegas. Following Real Estate FX, Mr. Blanton joined his family office, EFO holdings, to establish the Harvest Fund and eventually Vortex Partners which invested in early stage internet, software and telecom. Mr. Blanton is also actively involved on the board of Delos Investments, SMU Cox School of Business venture capital fund, Baylor Research Institute, the Esping Family Foundation and the SM Wright Foundation.

Desmond O'Connell

Mr. O'Connell, age 75, has served as an Amorcyte director since 2009, at which time he was appointed pursuant to the Investor Rights Agreement, as amended, which was entered into by and among Amorcyte and the purchasers of Series A Preferred Stock. Mr. O'Connell is a Common Director. He also served on the Board of Directors of StemCells, Inc. from 2006 to 2008 and has been an advisor to the board from 2008 to 2011. He has been an independent management consultant and private investor since 1990. He was a Director of Serologicals Corporation from 1998 to 2006, serving also as Acting Chief Executive Officer for a year and subsequently as Chairman of the Board until Serologicals was sold to Millipore Corp. for $1.4 billion in July 2006. Mr. O'Connell has served as a Director of Abiomed, Inc. since 1995 and is currently a member of its Audit Committee and Governance and Nominating Committee. During 1991, he served briefly as Chairman of the Board and Chief Executive Officer of Osteotech, Inc. From 1983 to 1990, Mr. O'Connell was with the BOC Group, PLC in senior management positions, including President and Chief Executive Officer of BOC Health Care from April 1990 until September 1990, and Group Managing Director of BOC Group, PLC from 1986 to April 1990. Prior to joining BOC, Mr. O'Connell held various positions at Baxter Laboratories, Inc., including Chief Executive of the Therapeutic and Diagnostic Division and Vice President, Corporate Development. Prior to that, he spent seven years with McKinsey & Co. Mr. O'Connell is a Trustee and Director of New Community Corporation in Newark, New Jersey, the largest community development organization in the United States with assets of $500 million and 1200 employees. Mr. O'Connell holds an MBA from Harvard University Graduate School of Business and is a graduate of the University of Notre Dame in Indiana.

Paul Schmitt

For a biography of Mr. Schmitt, see the text set forth above under the caption "Current Amorcyte Officers - Paul Schmitt."

Michael Starcher

Mr. Starcher, age 44, was appointed to the Amorcyte board in May 2009 pursuant to the Investor Rights Agreement, as amended, which was entered into by and among Amorcyte and the purchasers of Series A Preferred Stock. Mr. Starcher is a Series A Director. He is the President of the General Partner of CCP-Amor, L.P., a substantial investor in Amorcyte, Mr. Starcher has oversight responsibility for over 200 investment partnership entities. He is actively involved in the acquisition, financing, and disposition of the company's assets. Mr. Starcher's talents have crafted Clearview's participation in investments in real estate, oil and gas, wind generation, private operating companies, and publicly traded stocks and bonds. He has served in his key role at Clearview Investments for over 10 years. Prior to joining Clearview, Mr. Starcher focused on corporate restructurings and turn-arounds of privately held companies in several different industries. His experience in working through issues for troubled companies has provided him with a unique skill set that works extremely well in dealing with opportunistic real estate transactions. Mr. Starcher began his career in public accounting in Dallas and holds a BA in Accounting and Finance from Texas A&M University.

Interests of Certain Amorcyte Officers and Directors in the Amorcyte Merger

Certain Amorcyte officers and directors beneficially own Amorcyte common stock and Amorcyte Series A Preferred Stock, as follows:

Name of Stockholder	Common Shares Held (1)	Percentage of Class	Series A Preferred Shares Held	Percentage of Class
Dr. Thomas J. Moss	5.9	0.1%	0	0.0%
Dr. Andrew L. Pecora	1,219.7	15.6%	58.5	0.6%
Paul Schmitt	0.0	0.0%	3,631.5(2)	34.3%
George S. Goldberger	177.1	2.3%	38.8	0.4%
Darren Blanton	0.0	0.0%	1,440.5(3)	13.6%
Desmond O'Connell	0.0	0.0%	125.2(4)	1.2%
Michael Starcher	0.0	0.0%	1,252.1(5)	11.8%

(1) Excludes shares of Amorcyte common stock issuable upon the exercise of options, which are described in the immediately following paragraph.
(2) These shares are owned by Novitas Capital III, L.P. Paul Schmitt is a managing partner to the advisor to this fund.
(3) Includes 939.7 shares owned by Colt Ventures, Ltd. (of which fund Mr. Blanton is a managing partner), 250.4 shares owned by the Darren & Julie Blanton Children's Trust and 250.4 shares owned by the Darren & Julie Blanton 2001 Descendant's Trust.
(4) These shares are held in Mr. O'Connell's IRA account.
(5) These shares are owned by CCP-AMOR, L.P. Michael Starcher is President of the General Partner of this fund.

Also, the following Amorcyte directors and officers hold options to purchase shares of common stock of Amorcyte in the following quantities: Dr. Andrew Pecora (1,069 options), Darren Blanton (152 options), Paul Schmitt (1,389 options), Dr. Hans Mueller (602 options), Dr. Thomas Moss (152 options), Michael Starcher (152 options), and Desmond O'Connell (152 options). In addition, Astrid Werner, a former Amorcyte consultant, and Dr. Linda Nardone, Amorcyte's former Vice President of Operations and currently an Amorcyte consultant, each holds an option to purchase 152 shares of Amorcyte common stock. Each of the foregoing options is exercisable at $185.87 per share.

OTHER RELATIONSHIPS BETWEEN THE PARTIES

Amorcyte was initially formed as a wholly owned subsidiary of Progenitor Cell Therapy, LLC ("PCT") and was spun off to PCT's members during 2005. PCT (now a wholly-owned subsidiary of NeoStem) was acquired by NeoStem on January 19, 2011. The Amorcyte spin off was an example of PCT's strategy, which historically has included the periodic formation of companies intended to develop specific therapeutic products, which companies could subsequently be spun-out while remaining revenue-generating clients of PCT. Through its acquisition of PCT, NeoStem has an ownership interest in Amorcyte consisting of 62.6 shares of Amorcyte's Series A Preferred Stock owned by PCT (representing less than 1% of Amorcyte's outstanding Series A shares). Additionally, Amorcyte is now a NeoStem customer (through NeoStem's subsidiary PCT), resulting in revenues to NeoStem for R&D services of $105,329 during fiscal year 2010. Former members of PCT have remained stockholders of Amorcyte post spin-off.

Since its spin-off from PCT, Amorcyte has remained dependent on PCT for certain administrative and development services. For example, on May 31, 2005, Amorcyte entered into a Cell Processing Agreement with PCT (subsequently amended and restated effective March 13, 2009), pursuant to which PCT is the exclusive evergreen provider of cell processing services and related services to Amorcyte at rates specified in the Agreement and anticipates processing the cells for the 150 patients expected to be enrolled in Amorcyte's Phase 2 trial expected to start in first quarter 2012. In exchange for entering into this Agreement, Amorcyte paid PCT $200,000. The rates set forth by the Agreement initially included $25,000 per month during the clinical trial period for oversight services. This monthly fee was amended to $22,000 (or less if Amorcyte asked PCT to perform a lesser amount of services) in 2008 through March 2011. Under the March 13, 2009 agreement (which was amended by an oral agreement among the parties) Amorcyte has contracted with PCT to provide certain administrative financial and accounting functions and use of certain space at PCT's Allendale, New Jersey facility at a fee of $15,000 per month. Fees for additional services are determined by mutual agreement of the parties. Costs incurred by Amorcyte (and corresponding revenues recognized by PCT) under this Agreement amounted to $45,000 for each of the three month periods ended March 31, 2011 and 2010, $180,000 for each of the years ended December 31, 2010 and 2009, and approximately $1,269,000 since Amorcyte's inception. Since the execution of the Amended and Restated Cell Processing Agreement, PCT and Amorcyte have mutually agreed on various proposals provided to Amorcyte by PCT addressing various services, including process development and preparatory services related to anticipated Phase 2 trials of AMR-001.

Certain officers of NeoStem's subsidiary PCT provide services to Amorcyte pursuant to this arrangement. For example, George Goldberger, currently PCT's Vice President - Business Development, also serves as the Chief Financial Officer of Amorcyte. Dr. Andrew L. Pecora, who currently serves in a part-time capacity as PCT's Chief Medical Officer and who pursuant to the agreement governing NeoStem's January 2011 acquisition of PCT will be invited to join NeoStem's board of directors (appointment anticipated during 2011), also serves as Amorcyte's Chief Scientific Officer pursuant to an oral consulting arrangement with Amorcyte providing for compensation of $50,000 per year.

On May 19, 2006, PCT entered into a line of credit agreement with Amorcyte, whereby PCT agreed to loan Amorcyte up to $500,000 at an annual interest rate of 5%. The line of credit agreement was a condition to Amorcyte closing a Series A Preferred Stock Financing completed during 2006. To date, PCT has not loaned any amount to Amorcyte under this agreement. The line of credit agreement expires on the earlier of (i) the date on which PCT declares the outstanding principal and accrued interest due and payable based on an event of default as defined within the agreement, or (ii) the date of closing of the first debt or equity financing of Amorcyte following the initial borrowing of the principal. These events have not occurred to date.

Pursuant to the Amorcyte Merger Agreement, the full payment and satisfaction by Amorcyte of all payables due to NeoStem's subsidiary PCT through the closing date is a condition to NeoStem's obligation to close the Amorcyte Merger.

During June 2010, PCT made an investment in Amorcyte through the purchase for $50,000 of 62.6 shares of Amorcyte's Series A Redeemable Preferred Stock.

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. In addition, in this same private placement, Crown Oaks Inc. Profit Sharing Plan & Trust and the William Herbert Hunt Trust Estate, each a substantial Amorcyte stockholder, invested $250,000 and $128,000, respectively, in NeoStem Common Stock.

Additionally, Robert A. Preti, Ph.D, an officer of NeoStem's subsidiary PCT, beneficially owns 27.5 shares (or 0.3%) of Amorcyte's Series A Preferred Stock and 1,219.7 shares (or 15.6%) of Amorcyte's common stock. Dr. Preti also benefically owns 2,129,966 shares (or 2.6%) of the outstanding NeoStem Common Stock.

In accordance with the terms of the agreement (the "PCT Merger Agreement") governing NeoStem's acquisition of PCT (which closed on January 19, 2011) (the "PCT Merger"), the stock consideration paid by NeoStem in exchange for the membership interests of PCT was deposited into an escrow account for eventual distribution to the former members of PCT. Dr. Pecora, Dr. Robert A. Preti (PCT's President and Chief Scientific Officer prior to the PCT merger, and who following the PCT merger serves as PCT's President pursuant to an employment agreement that became effective upon the closing of the PCT Merger) and Mr. Goldberger beneficially owned approximately 17.2%, 17.0% and 2.5%, respectively, of the membership interests of PCT that were outstanding immediately prior to the closing of the PCT Merger. Certain of the shares of NeoStem Common Stock issued to these three individuals in connection with the January 2011 PCT Merger have been and/or will be released from escrow earlier than the first release of shares for other former members of PCT for the purpose of enabling them to pay taxes that will be due as a result of the PCT merger. Currently Dr. Pecora, Dr. Preti and Mr. Goldberger beneficially own 2,270,672, 2,129,966 and 309,192 shares, respectively, of NeoStem's Common Stock, representing respectively 2.7%, 2.6% and 0.4% of NeoStem's outstanding Common Stock. Dr. Pecora's beneficial ownership includes 78,125 shares of NeoStem Common Stock purchased by him in a NeoStem private placement consummated on March 3, 2011 at a price of $1.28 per share.

Pursuant to the PCT Merger Agreement, NeoStem agreed to pay off PCT's credit line with Northern New Jersey Cancer Associates ("NNJCA"), in an amount up to $3,000,000, shortly after the closing of the PCT Merger. On January 21, 2011, NeoStem paid NNJCA $3,000,000 in full satisfaction of all of borrower PCT's obligations to lender NNJCA arising from the underlying line of credit and security agreement. Dr. Pecora has served as Managing Partner of NNJCA since 1996.

REGISTRATION STATEMENT

In connection with the Amorcyte Merger, NeoStem intends to file with the SEC a registration statement on Form S-4 (including any amendments, supplements and exhibits thereto, the "S-4") to register the NeoStem Common Stock (including the NeoStem Common Stock underlying the Warrants) issuable in connection with the Amorcyte Merger. The S-4 will contain a prospectus/joint proxy statement pertaining to (a) the meeting of stockholders of NeoStem at which NeoStem's stockholders will be asked to approve the issuance of NeoStem securities pursuant to the Amorcyte Merger Agreement (the "NeoStem Meeting") and (b) the meeting of stockholders of Amorcyte at which Amorcyte's stockholders will be asked to approve the Amorcyte Merger and the Amorcyte Merger Agreement (the "Amorcyte Meeting"). It is expected that at the NeoStem Meeting, NeoStem's stockholders will also be asked to vote upon proposals to elect directors and to ratify the appointment of NeoStem's auditors.

The foregoing descriptions of the Amorcyte Merger Agreement are not complete and are qualified in their entirety by reference to the Amorcyte Merger Agreement, which is filed as Exhibit 2.1 hereto, and is incorporated herein by reference.

BUSINESS OF AMORCYTE

Overview

Amorcyte is a clinical stage therapeutics company pursuing cell-based therapies for cardiovascular diseases. 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"). 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. Amorcyte also expects to commence a Phase 1 study of AMR-001 in congestive heart failure in 2012.

Amorcyte also plans to develop stem cell therapies to treat a variety of other cardiovascular diseases.

Amorcyte partners with NeoStem's wholly-owned subsidiary Progenitor Cell Therapy, LLC ("PCT"), a cGMP cell manufacturer accredited by the Foundation for the Accreditation of Cell Therapies ("FACT"), for all product manufacturing. Amorcyte expects PCT's significant expertise in cell therapy and core process development to provide a cost advantage for AMR-001 manufacturing.

Amorcyte's Advantages

Amorcyte's business strategy focuses on cellular therapeutics for cardiovascular indications. The markets for Amorcyte's targeted indications are expected to expand as the baby boomer generation ages.

Amorcyte has a dominant intellectual property position, having been issued the first U.S. patent for a chemotactic hematopoietic stem cell product (a CD34+/CXCR4+ cell that migrates to areas of ischemic damage), its delivery and the cell potency and stability that Amorcyte believes will be needed to treat the consequences of a vascular injury.

Additionally, members of Amorcyte's management have been involved in obtaining reimbursement and regulatory approval of cell-based therapies. Dr. Pecora has been involved in the clinical testing of a variety of cell based therapies and is very experienced in the use of devices to manipulate cells for human use. Dr. Preti, the President of Amorcyte's exclusive cell processing provider PCT, has been involved in the development of laboratory regulations and standards. As officers of PCT, both Drs. Pecora and Preti were directly involved in the cGMP manufacturing of Dendreon's cell therapy product, Provenge®, now an FDA approved product for prostate cancer. Dr. Pecora is an advisor to several insurance companies on matters regarding new technologies and reimbursement for complex therapies, including cell based therapies.

While other companies are developing stem cell based therapies for cardiovascular disease, Amorcyte is in a strong competitive position due to the very early indicia of effect seen in its Phase 1 trial, cGMP manufacturing experience, and dominant patent portfolio.

There are five categories of competitive therapies representing different sources of stem cells: fat derived cells, mesenchymal cells, cord blood, adult stem cells and hematopoietic (bone marrow derived) cells. Of these, the allogeneic sources (that is, where donor and recipient are different persons) face a series of technical limitations that can minimize their clinical value, including the potential need for immunosuppressants, toxicity concerns and durability issues. Of the autologous sources of stem cells (donor and recipient the same) listed above, only Amorcyte, to its knowledge, has positive Phase 1 data, a cGMP process for manufacturing, together with a patented technology supporting dosing.

As part of the pre-clinical development work done by Amorcyte, validation experiments of four different coronary artery balloon catheters were performed, leading to their approval for use in the Phase 1 clinical trial. Intra-coronary artery delivery has an advantage over intra-cardiac muscle delivery because the procedure can be performed at virtually any cardiac catheterization laboratory (intra-muscle delivery is limited to experienced centers) and is less invasive. Amorcyte's product had a validated 48 hour product shelf life in the Phase 1 study, but now has been validated to 72 hours. A shelf life of greater than 24 hours allows the product (following manufacturing and distribution from the manufacturing site) to be stored locally in a blood bank refrigerator for use at a convenient elective time.

Amorcyte's Business Strategy and Primary Market

There are approximately 160,000 patients per year who have an ST Elevation Myoardial Infarction (or "STEMI," the most dangerous type of heart attack resulting from a sudden blockage of one of the arteries that supplies nutrient-rich blood to the heart muscle) resulting in a reduced left ventricular ejection fraction (that is, the fraction of blood pumped out of the left ventricle with each heartbeat) of 48% or less. These patients represent a large cost segment and are the largest financial burden for many managed care programs, post heart attack. Amorcyte expects this burden to increase as the "baby boomer" population ages. AMR-001, if approved, could have a significant pharmacoeconomic benefit by preventing downstream cardiac adverse events.

Amorcyte's Product Development Pipeline — AMR-001

AMR-001, Amorcyte's lead product candidate, is an autologous derived (donor and recipient the same), CD34 positive/CXCR4 positive selected stem cell product which Amorcyte believes has the potential to limit progressive cardiomyocyte (heart muscle cell) loss following AMI and, thus, has the potential to maintain cardiac muscle function and prevent further adverse cardiac events.

Amorcyte's therapeutic strategy focuses on developing product candidates designed to prevent subsequent major adverse cardiac events following a significant AMI by preserving heart muscle tissue. AMI remains a significant cause of morbidity and mortality in the United States and worldwide. Current interventions or medications have limited ability to prevent progressive myocardial cell apoptosis (a particular kind of programmed cell death) leading to cardiac functional deterioration and downstream Major Adverse Cardiac Events ("MACE"). Amorcyte is proposing to develop a therapeutic to overcome these limitations, by injecting a potent dose of autologous Bone Marrow ("BM") derived CD34+/CXCR-4+ cells (AMR-001) during 7-11 days post AMI (the repair phase) to prevent progressive apoptosis (cell death) in 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.

Preclinical Research — Rationale for the Use of CD34+ Cell Populations for Cardiovascular Indications

Pre-clinical (animal) models of induced AMI have shown that CD34+/CXCR4+ expressing cells home along a gradient of hypoxia-induced Stromal-Derived Factor-1 – that is, these cells migrate naturally to oxygen-deprived locations. More specifically, these cells home to the viable tissue surrounding the infarcted (dead) myocardium, known as the peri-infarct zone, because of the steep SDF gradient created by cells under ischemic (oxygen deprived) stress. Moreover, CD34+/CXCR4+ expressing cells were shown to be capable of inducing neoangiogenesis (development and formation of blood vessels) over time and preventing late heart cell death due to chronic ischemia (restriction of blood supply). These cells were also shown to prevent apoptosis through alternative pathways. Other studies demonstrated that CD34+/CXCR4+ cells that take up residence in the peri-infarct zone are likely the cell type that affects neo-angiogenesis, relieves ischemia and prevents apoptosis. Collectively these results provided the rationale for the exploration of a pharmaceutical grade specific cell-based therapy with a defined hypothesized mechanism of action to reduce the incidence and severity of MACE after an extensive AMI.

Preclinical models of induced AMI show that $CD34^{+}$ cells are uniquely capable of restoring blood flow to ischemic tissue and preserving heart muscle function after an AMI. Preservation of heart muscle function in several studies led to improved outcomes among treated animals.

Mechanism of Action of AMR-001

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). The process works as follows:

- § CD34+/CXCR4+ cells are harvested from the patient's own bone marrow and isolated to increase potency using Amorcyte's patented technology.
- § The selected cells are infused via the infarct-related artery 7 to 10 days following the ST-Elevation MI ("STEMI", a type of heart attack usually caused by a sudden or complete blockage of one of the heart arteries) – the optimal time frame for cellular intervention, after the pro-inflammatory "hot phase" and prior to permanent scar formation.
- § The infused CD34+/CXCR4+ cells home to the at-risk tissue along a hypoxia-induced Stromal-Derived Factor-1 gradient to a signal emitted from the infarct as described above, inducing neoangiogenesis and a resultant functional benefit.

Amorcyte's Phase 1 trial results are supportive of this mechanism of action (CD34+/CXCR4+ cell induced neoangiogenesis resulting in a functional benefit) and have been published in Am Heart J 2011; 161:98-105. The role of these CD34+ cells in functional improvement and mechanism of action has also been demonstrated in an animal model (Wang J et al., Circ Res 2010; 106:1904-1911).

Clinical Development of AMR-001

Phase 1 Trial of AMR-001

Results of the Phase 1 trial of Amorcyte's AMR-001 were initially presented at the 2009 American College of Cardiology Annual Scientific Session. The peer-reviewed full publication has been cited above (American Heart Journal, 2011). AMR-001 showed a dose-related significant improvement in myocardial perfusion (amount of blood in the heart). Resting Total Severity Score ("RTSS"), a measure of neo-angiogenesis and of prevention of cell death (apoptosis), is a score based on the amount of technetium dye not taken up in a single-photon emission computerized tomography ("SPECT") scan and the metric employed in the Phase 1 study. SPECT also permits imaging where MRI would be ineffective as a result of stents, pacemakers and defibrillators. In brief, the technetium dye used in a SPECT scan is taken up by the heart muscle. If the heart muscle is healthy and there is adequate blood flow, the muscle will take up the dye. If the heart muscle is not healthy, dye uptake is diminished or does not occur at all. The study results demonstrated that patients receiving 10 million cells (n=5) or 15 million cells (n=4) showed significant improvement in resting perfusion rates at six months as compared to patients receiving 5 million cells (n=6) or the control groups (n=15), as measured by the SPECT total severity score (-256 versus +13, p=0.01).

The data also showed that patients receiving 10 or 15 million cells showed a trend towards improvement in ejection fraction (the percentage of blood pumped out of the ventricles with each heart beat), end systolic volume (the blood volume remaining in a ventricle at the end of contraction and the beginning of filling, which can be used clinically as a measurement of the adequacy of cardiac emptying), and reduction in infarct size over subjects receiving 5 million cells or the control infusion.

Anticipated Phase 2 Trial of AMR-001

In the first quarter of 2012, Amorcyte expects to commence a 150 patient Phase 2 multicenter (25), blinded, prospective, randomized, controlled U.S. clinical trial to evaluate the efficacy and safety of a single intra-coronary infusion of $\geq$ 10 million cells of AMR-001 after STEMI in subjects with ejection fraction of $\leq$48%, as determined by screening CMR 96 hours post stenting.

The objective of the Phase 2 study will be to determine the effect of infusion of a $\geq$ 10 million cell dose of CD34+/CXCR4+ cells on cardiac function and outcomes of patients after significant STEMI. The primary assessment for the effect of AMR-001 on cardiac function will be improvement in cardiac perfusion (RTSS) as measured by a SPECT scan and preservation of LVEF by CMR. 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 12 and 18 months, KCLZ and SAQ improvement, premature death, recurrent MI, congestive heart failure, significant arrhythmias, and acute coronary syndrome.

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.

Manufacturing

PCT entered into a Cell Processing Agreement with Amorcyte in 2005 (subsequently amended and restated effective March 13, 2009), pursuant to which PCT is the exclusive evergreen provider of cell processing services to Amorcyte and anticipates processing the cells for the 150 patients expected to be enrolled in Amorcyte's Phase 2 trial which is expected to start in first quarter 2012. AMR-001 for congestive heart failure is expected to enter Phase 1 testing in 2012 as well. In addition, Athelos Corporation's T-reg program is expected to have a product that will come to the clinic in 2012.

Sales and Marketing

Amorcyte does not have any sales, marketing or distribution capabilities.

Amorcyte plans to pursue strategic collaborations to support and facilitate the development and commercialization of some of its product candidates. AMR-001, which Amorcyte is developing for target indications with large addressable patient populations, may require the support of large sales and marketing organizations. In particular, Amorcyte would expect to explore collaboration arrangements with leading pharmaceutical or biotechnology companies for the commercialization of its products. In addition, if Amorcyte chooses to pursue approval of AMR-001 by foreign regulatory authorities, Amorcyte would evaluate the potential for collaborations with third parties to assist in the development and commercialization of these product candidates in international markets.

Intellectual Property

Amorcyte's practice is to file patent applications to protect technology, inventions and improvements that it considers important to the development of its business, unless Amorcyte believes that it would gain a greater competitive advantage by instead keeping such technology as trade secret. Amorcyte also relies upon trade secrets, know-how and continuing technological innovation to develop and maintain its competitive position. Amorcyte plans to aggressively protect and defend its patents and proprietary technology.

The following provides a summary of Amorcyte's key U.S. patents and pending U.S. patent applications, their application and the expiration date of the U.S. patents.

U.S. Patent	Title	Application	Expiration
US7,794,705	Compositions and Methods of Vascular Injury Repair	11/552,396	May 13, 2028
Pending U.S. Applications			**Filing Date**
—	Compositions and Methods of Vascular Injury Repair	12/401,291	March 10, 2009
—	Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	12/629,361	December 2, 2009
—	Compositions and methods for Treating Progressive myocardial Injury due to a Vascular Insufficiency	12/910,328	October 22, 2010

The following provides a summary of Amorcyte's key foreign patents and pending patent applications, their application and the expiration date of the patents.

Jurisdiction	Patent	Subject Matter	Application	Expiration
South Africa	2008/04711	Compositions and Methods of Vascular Injury Repair	2008/04711	Granted Oct. 28, 2009
	Pending Applications			**Filing Date**
Canada	—	Compositions and Methods of Vascular Injury Repair	2,628,712	Oct. 24, 2006
Europe	—	Compositions and Methods of Vascular Injury Repair	6836498.3	Oct. 24, 2006
Hong Kong	—	Compositions and Methods of Vascular Injury Repair	8112332.4	Nov. 10, 2008
Israel	—	Compositions and Methods of Vascular Injury Repair	191277	Oct. 24, 2006
Japan	—	Compositions and Methods of Vascular Injury Repair	2008-540041	Oct. 24, 2006
Malaysia	—	Compositions and Methods of Vascular Injury Repair	PI 20081452	Oct. 24, 2006
Philippines	—	Compositions and Methods of Vascular Injury Repair	1-2008-501074	Oct. 24, 2006
Singapore	—	Compositions and Methods of Vascular Injury Repair	200803510-7	Oct. 24, 2006
UAE	—	Compositions and Methods of Vascular Injury Repair	455/2008	Oct. 24, 2006
Brazil		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	not yet assigned	Dec. 2, 2009
Canada		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	not yet assigned	Dec. 2, 2009
China		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	2009801448759.1	Dec. 2, 2009
Europe		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	9831024.6	Dec. 2, 2009
Japan		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	not yet assigned	Dec. 2, 2009
Russia		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	not yet assigned	Dec. 2, 2009
South Africa		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	2011/04059	Dec. 2, 2009
UAE		Infarct Area Perfusion-Improving Compositions and Methods of Vascular Injury Repair	550/2011	Dec. 2, 2009
World		Compositions and Methods for Treating Progressive Myocardial Injury Due to a Vascular Insufficiency	PCT/US2010/53744	Oct. 22, 2010

Competition

Amorcyte's 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 lead product candidate AMR-001, or that Amorcyte may target with future product candidates.

Many of the companies competing against Amorcyte have financial and other resources substantially greater than those of Amorcyte. In addition, many of Amorcyte's 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. Accordingly, these competitors may succeed more rapidly than Amorcyte in obtaining FDA approval for products and achieving widespread market acceptance. If Amorcyte obtains necessary regulatory approval and commences significant commercial sales of its 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.

The primary competitors to Amorcyte in the field of cell therapy for AMI and other cardiovascular-related disorders include public companies like Baxter International Inc., MesoBlast Limited, Athersys, Inc., Aastrom Biosciences, Inc., Aldagen, Inc., Pluristem Therapeutics Inc., and Cytori Therapeutics, Inc. These companies are pursuing cell based approaches for cardiovascular diseases that relate to AMI (Acute Myocardial Infarction), CI (Chronic Ischemia), CHF (Congestive Heart Failure), DCM (dilated cardiac myopathy) and related indications like CLI (Critical Limb Ischemia). The field remains highly competitive. However, Amorcyte believes that it has a differentiated approach utilizing a highly purified, active cell population which is covered by composition of matter intellectual property.

Employees

Amorcyte does not have any employees. Paul Schmitt (Amorcyte's Chief Executive Officer) and Thomas J. Moss, M.D. (Amorcyte's Chief Medical Officer) provide services pursuant to written consulting agreements. Andrew L. Pecora, M.D., Amorcyte's Chief Scientific Officer, provides services pursuant to an oral consulting arrangement with Amorcyte. Amorcyte uses other consultants and scientific advisors as needed. In addition, as further described above, Amorcyte has an arrangement with PCT to supply administrative, financial and accounting services.

Facilities

Amorcyte does not own or lease any real property. Pursuant to an Amended and Restated Cell Processing Agreement with PCT (a wholly-owned subsidiary of NeoStem), PCT serves as Amorcyte's exclusive provider of all cell processing services. The cell processing services are performed at PCT's Allendale, New Jersey or Mountain View, California facilities.

Legal Proceedings

Amorcyte is not currently a party to or engaged in any material legal proceedings. However, Amorcyte may be subject to various claims and legal actions arising in the ordinary course of business from time to time.

GOVERNMENT REGULATION — AMORCYTE

Government authorities in the United States, at the federal, state and local level, and in other countries, extensively regulate, among other things, the research, development, testing, manufacture, including any manufacturing changes, packaging, storage, recordkeeping, labeling, advertising promotion, distribution, marketing, import and export of biological products such as AMR-001. The process of obtaining required regulatory approvals and the subsequent compliance with appropriate statutes and regulations require the expenditure of substantial time and money, and there is no guarantee that Amorcyte will successfully complete the steps needed to obtain regulatory approval of AMR-001 or any future product candidates. In addition, these regulations may change and Amorcyte's product candidates may be subject to new legislation or regulations.

FDA approval process

In the United States, pharmaceutical products are subject to extensive regulation by the U.S. Food and Drug Administration, or the FDA. The Federal Food, Drug, and Cosmetic Act, or the FD&C Act, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending new drug applications, or NDAs, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, and criminal prosecution.

Pharmaceutical product development in the U.S. typically involves preclinical laboratory and animal tests, the submission to the FDA of a notice of claimed investigational exemption or an investigational new drug application, or IND, which must become effective before clinical testing can commence, and adequate and well-controlled clinical trials to establish the safety and effectiveness of the drug for each indication for which FDA approval is sought. Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product or disease.

Preclinical tests include laboratory evaluation of product chemistry, formulation and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the preclinical tests must comply with federal regulations and requirements including good laboratory practices. The results of preclinical testing are submitted to the FDA as part of an IND along with other information including information about product chemistry, manufacturing and controls and a proposed clinical trial protocol. Long term preclinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND is submitted.

A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin.

Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted in compliance with federal regulations; good clinical practice, or GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors; as well as under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND.

The FDA may order the temporary or permanent discontinuation of a clinical trial at any time, or impose other sanctions, if it believes that the clinical trial is not being conducted in accordance with FDA requirements, or presents an unacceptable risk to the clinical trial patients. The study protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, for approval. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions.

Clinical trials to support NDAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap. In Phase 1, the initial introduction of the drug into healthy human subjects or patients, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses and, if possible, early evidence on effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug for a particular indication, dosage tolerance and optimum dosage, and identify common adverse effects and safety risks. If a compound demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit FDA to evaluate the overall benefit-risk relationship of the drug and to provide adequate information for the labeling of the drug.

After completion of the required clinical testing, an NDA is prepared and submitted to the FDA. FDA approval of the NDA is required before marketing of the product may begin in the U.S. The NDA must include the results of all preclinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls. The cost of preparing and submitting an NDA is substantial. Under federal law, the submission of most NDAs is additionally subject to a substantial application user fee, currently exceeding $1.5 million, and the manufacturer and/or sponsor under an approved new drug application are also subject to annual product and establishment user fees, currently exceeding $86,000 per product and $497,000 per establishment. These fees are typically increased annually.

The FDA has 60 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of new drug applications. Most such applications for standard review drug products are reviewed within ten months; most applications for priority review drugs are reviewed in six months. Priority review can be applied to drugs that the FDA determines offer major advances in treatment, or provide a treatment where no adequate therapy exists. For biologics, priority review is further limited only for drugs intended to treat a serious or life-threatening disease relative to the currently approved products. The review process for both standard and priority review may be extended by the FDA for three additional months to consider certain late-submitted information, or information intended to clarify information already provided in the submission. The FDA may also refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation, and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the drug is manufactured. The FDA will not approve the product unless compliance with current good manufacturing practice, or GMP – a quality system regulating manufacturing – is satisfactory and the NDA contains data that provide substantial evidence that the drug is safe and effective in the indication studied.

After the FDA evaluates the NDA and the manufacturing facilities, it issues an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in 2 or 6 months depending on the type of information included.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. As a condition of NDA approval, the FDA may require a risk evaluation and mitigation strategy, or REMS, to help ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

Advertising and Promotion

Once an NDA is approved, a product will be subject to certain post-approval requirements. For instance, FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet.

Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new NDA or NDA supplement before the change can be implemented. An NDA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing NDA supplements as it does in reviewing NDAs.

Adverse Event Reporting and GMP Compliance

Adverse event reporting and submission of periodic reports is required following FDA approval of an NDA. The FDA also may require post-marketing testing, known as Phase 4 testing, risk minimization action plans, and surveillance to monitor the effects of an approved product, or the FDA may place conditions on an approval that could restrict the distribution or use of the product. In addition, quality-control, drug manufacture, packaging, and labeling procedures must continue to conform to current good manufacturing practices, or cGMPs, after approval. Drug manufacturers and certain of their subcontractors are required to register their establishments with FDA and certain state agencies. Registration with the FDA subjects entities to periodic unannounced inspections by the FDA, during which the agency inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money, and effort in the areas of production and quality-control to maintain compliance with cGMPs. Regulatory authorities may withdraw product approvals or request product recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing, or if previously unrecognized problems are subsequently discovered.

Pediatric Information

Under the Pediatric Research Equity Act, or PREA, NDAs or supplements to NDAs must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective. The FDA may grant full or partial waivers or deferrals for submission of data. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation has been granted.

The Best Pharmaceuticals for Children Act, or BPCA, provides NDA holders a six-month extension of any exclusivity – patent or non-patent – for a drug if certain conditions are met prior to, or within nine-months after, approval. Conditions for exclusivity include the FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies. Applications under the BPCA are treated as priority applications with all of the benefits that designation confers.

Biologics

Biological products are approved for marketing under provisions of the Public Health Service Act, or PHSA. However, because most biological products also meet the definition of "drugs" under the FD&C Act, they are also subject to regulation under FD&C Act provisions. The PHS Act requires the submission of a biologics license application, or BLA, rather than an NDA for market authorization. Clinical development of biologics is conducted in accordance with the IND regulations for drugs described above. The PHSA emphasizes the importance of manufacturing control for products that cannot be defined to help reduce the increased risk of the introduction of adventitious agents. The PHSA also provides authority to the FDA to immediately suspend licenses in situations where there exists a danger to public health, to prepare or procure products in the event of shortages and critical public health needs, and to authorize the creation and enforcement of regulations to prevent the introduction or spread of communicable diseases in the US and between states.

Manufacturers of cell and tissue based products must comply with the FDA's current good tissue practices, or cGTP, which are FDA regulations that govern the methods used in, and the facilities and controls used for, the manufacture of such products. The primary intent of the cGTP requirements is to ensure that cell and tissue based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease.

As with drugs, after approval of biologics, manufacturers must address any safety issues that arise, are subject to recalls or a halt in manufacturing, and are subject to periodic inspection after approval.

The Patient Protection and Affordable Care Act, or Affordable Care Act, signed into law on March 23, 2010 included a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCI Act, which created an abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product. This is conceptually similar to the established process for drug approval in that it attempts to minimize duplicative testing. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical study. Interchangeability requires that a product must demonstrate that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. However, complexities associated with the larger and often more complex structures of biological products, as well as the process by which such products are manufactured, pose significant hurdles to implementation which are still being worked out by the FDA.

A reference biologic is granted twelve years of exclusivity from the time of first licensure of the reference product. The first biologic product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitting under the abbreviated approval pathway for the lesser of (i) one year after first commercial marketing, (ii) eighteen months after the initial application if there is no legal challenge, (iii) eighteen months after the resolution in the applicant's favor of a lawsuit challenging the biologics' patents if an application has been submitted, or (iv) 42 months after the application has been approved if a lawsuit is ongoing within the 42 month period.

Privacy Laws

Federal and state laws govern Amorcyte's ability to obtain and, in some cases, to use and disclose data it needs to conduct research activities. Through the Health Insurance Portability and Accountability Act of 1996, or HIPAA, Congress required the Department of Health and Human Services to issue a series of regulations establishing standards for the electronic transmission of certain health information. Among these regulations were standards for the privacy of individually identifiable health information.

HIPAA does not preempt, or override, state privacy laws that provide even more protection for individuals' health information. These laws' requirements could further complicate Amorcyte's ability to obtain necessary research data from its collaborators. In addition, certain state privacy and genetic testing laws may directly regulate Amorcyte's research activities, affecting the manner in which it uses and discloses individuals' health information, potentially increasing the cost of doing business, and exposing Amorcyte and the combined company to liability claims. In addition, patients and research collaborators may have contractual rights that further limit Amorcyte's ability to use and disclose individually identifiable health information. Claims that Amorcyte violated individuals' privacy rights or breached its contractual obligations, even if Amorcyte is not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm the business.

Other Regulations

In addition to privacy law requirements and regulations enforced by the FDA, Amorcyte is also subject to various local, state and federal laws and regulations relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals and the use and disposal of hazardous or potentially hazardous substances, including chemicals, micro-organisms and various radioactive compounds used in connection with its research and development activities. These laws include, but are not limited to, the Occupational Safety and Health Act, the Toxic Test Substances Control Act and the Resource Conservation and Recovery Act. Although Amorcyte believes that its safety procedures for handling and disposing of these materials comply with the standards prescribed by state and federal regulations, there can be no assurances that accidental contamination or injury to employees and third parties from these materials will not occur. Amorcyte may not have adequate insurance to cover claims arising from its use and disposal of these hazardous substances.

Foreign Regulation

In addition to regulations in the United States, Amorcyte may be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of biological products. Whether or not Amorcyte obtains FDA approval for a product, Amorcyte must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. The requirements governing the conduct of clinical trials and the approval process vary from country to country and the time may be longer or shorter than that required for FDA approval. In the European Union, marketing authorizations may be submitted under a centralized or decentralized procedure. The centralized procedure is mandatory for the approval of biotechnology products and many pharmaceutical products, and provides for the grant of a single marketing authorization that is valid in all European Union member states. The decentralized procedure provides for mutual recognition of national approval decisions and is available at the request of the applicant for medicinal products that are not subject to the centralized procedure.

In addition to regulations in Europe and the United States, Amorcyte will be subject to a variety of other foreign regulations governing, among other things, the conduct of clinical trials, pricing and reimbursement and commercial distribution of its products. If Amorcyte fails to comply with applicable foreign regulatory requirements, it may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

To date, Amorcyte has not initiated any discussions with the European Medicines Agency or any other foreign regulatory authorities with respect to seeking regulatory approval for AMR-001 in Europe or in any other country outside the United States.

RISK FACTORS

You are urged to read all relevant documents filed with the SEC concerning the Amorcyte Acquisition, including, without limitation, the S-4 and the prospectus/joint proxy statement contained therein, when such documents are available, because they will contain important information about NeoStem and the proposed transactions, including risk factors relating thereto. Set forth below are certain risk factors relating to the proposed Amorcyte Acquisition of which you should be aware.

RISKS RELATED TO AMORCYTE'S BUSINESS

The business of Amorcyte is 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. Amorcyte can provide no assurance that the FDA will address Amorcyte's response in a timely manner, or that the clinical hold will be resolved in a manner favorable to Amorcyte.

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 in first quarter 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 must also submit study plans, which it has completed but not yet submitted to the FDA, that demonstrate the product integrity of AMR-001 in connection with the shipping conditions used to transport AMR-001 from PCT's manufacturing facility to clinical sites. Finally, Amorcyte must validate the comparability of AMR-001 manufactured under its prior and current debulking procedures. Amorcyte has satisfactorily completed those comparability studies and has submitted them to the FDA, but Amorcyte still awaits formal FDA approval of use of the Miltenyi cell sorting device in its Phase 2 protocol. 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 purchase from a third party the essential cell sorting system that it expects to use in its planned Phase 2 clinical trial of AMR-001. Amorcyte currently does not have any agreement in place permitting it to use this system. Moveover, Amorcyte will need to provide 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 Acquisition, 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, Amorcyte 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, Amorcyte 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 generate sufficient revenues 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.

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. Amorcyte can provide no assurance that the FDA will address Amorcyte's response in a timely manner, or that the clinical hold will be resolved in a manner favorable to 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 $314,700 for the three months ended March 31, 2011, $1,103,300 for the year ended December 31, 2010 and $1,452,700 for the year ended December 31, 2009. As of March 31, 2011, Amorcyte had accumulated a deficit of approximately $9,114,800 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.

Risks Related to NeoStem's Acquisition of Amorcyte

NeoStem will need substantial additional financing to continue operations successfully. If NeoStem is unable to raise additional capital when 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.

The historic NeoStem business will require additional capital to fund NeoStem's current operating plan for NeoStem's business, including NeoStem's existing U.S.-based cell therapy operations (such as development of NeoStem's VSEL™ technology, the stem cell collection and storage business, and cell manufacturing and processing operations) and NeoStem's China-based initiatives in regenerative medicine.

In addition, the Amorcyte business to be acquired by NeoStem will require significant additional financing. Amorcyte is a development stage company, with no commercial products. All of Amorcyte's product candidates are still being developed and will require significant additional clinical development and additional investment before they can be commercialized. Amorcyte anticipates that its product candidate AMR-001 will not be commercially available for several years, if at all.

The combined company's research and development expenses will continue to increase in connection with the ongoing activities of the Amorcyte business, particularly as the Phase 2 clinical trial commences with respect to Amorcyte product candidate AMR-001. The combined company will need to raise additional funds to initiate and complete additional trials of AMR-001 and any other Amorcyte candidates. Even if NeoStem raises additional capital, in the event 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, potential pivotal Phase 3 clinical trials. If NeoStem is not able to enter into collaboration agreements on terms that are acceptable to NeoStem, it will need to raise additional capital to fund these trials or delay or abandon the trials. In addition, subject to obtaining regulatory approval of any of Amorcyte's product candidates, 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, storage and manufacturing programs (including any revenues generated by NeoStem's subsidiary PCT);

- the scope, progress and results of the research and preclinical development programs being conducted by Amorcyte;

- the scope, progress, results, costs, timing and outcomes of the clinical trials of AMR-001 and any other Amorcyte product candidates;

- the timing of entering into, and the terms of, one or more collaboration agreements with one or more third parties for one or more of such 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 therapeutics using adult stem cells;

- 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; and

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

As a result of these and other factors, NeoStem currently believes that it needs to raise substantial additional funding in the near future, to finance its existing operations and those of the combined company, in particular with respect to Amorcyte's expected Phase 2 trials. NeoStem 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 NeoStem determines them to be necessary or appropriate. Additional funding may not be available to NeoStem on acceptable terms, or at all. If NeoStem obtains capital through collaborative arrangements, these arrangements could require NeoStem to relinquish rights to the combined company's technology or product candidates and could result in NeoStem's receiving only a portion of the revenues associated with the partnered product. If NeoStem raises capital through the sale of equity, or securities convertible into equity, it would result in dilution to NeoStem's then existing stockholders. Issuances of NeoStem securities in connection with any capital raise may additionally cause antidilution adjustments to NeoStem's outstanding Series E 7% Senior Convertible Preferred Stock and to the warrants issued in connection therewith. If NeoStem raises additional capital through the incurrence of indebtedness, the documents governing the terms of such debt would likely contain terms restricting NeoStem's business activities, and holders of debt instruments would have rights and privileges senior to those of NeoStem's 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. In the event that NeoStem is unable to raise capital when needed or on attractive terms, NeoStem would likely be forced to delay, reduce or eliminate one or more of its research and development programs, cell therapy programs or commercialization efforts, including without limitation NeoStem's historic initiatives and those of the combined company.

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 NeoStem's 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 NeoStem. 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 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 Acquisition 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 approve the Amorcyte Merger Agreement and the Amorcyte Merger to be consummated pursuant thereto (and Amorcyte's governing documents afford class voting rights to the holders of Amorcyte's Series A Preferred Stock), but a Voting Agreement has been entered into pursuant to which holders of a sufficient number of shares of Amorcyte's common and Series A 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 Acquisition. 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 Acquisition 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 Acquisition 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 Acquisition will be completed;
- many costs related to the Amorcyte Acquisition, 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:

- difficulties in assimilating acquired operations, technologies or products, including the loss of key employees and/or service providers from acquired businesses;

- diversion of management's attention from NeoStem's core business;
- risks of entering markets in which NeoStem has limited or no prior experience;
- competing claims for capital resources; 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:

- retention of key management, marketing and technical personnel after the transactions;
- the ability of the combined company to increase its customer base and to increase the sales of products and services; and
- competitive conditions in the stem 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 July 8, 2011, approximately 44,114,730 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 Amorcyte 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 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 sales and marketing programs, its manufacturing capacity, its clinical development platforms and its provision of innovative therapies 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 continually improve 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 Acquisition 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 partner to the advisor of Novitas Capital III, L.P., which fund holds 3,631.5 shares of Amorcyte's Series A Preferred Stock, representing 34.3% 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 13.6% 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 Medical Officer of Amorcyte and 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 2,270,672 shares of NeoStem Common Stock (2.7% of the class). 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 also has an oral consulting arrangement with PCT providing for compensation of $50,000 per year. 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 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 Acquisition will result in dilution of the ownership interests of current NeoStem stockholders.

As a result of the Amorcyte Acquisition, the former equity holders of Amorcyte will have the right to receive approximately 7.6% of the outstanding NeoStem Common Stock immediately following the consummation of the transactions (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 Acquisition 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 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 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.

Lease and Guaranty of Lease With Respect to PCT's Mountain View Facility

On July 11, 2011, NeoStem's subsidiary Progenitor Cell Therapy, LLC ("PCT") executed a Second Amendment effective July 1, 2011 (the "Second Amendment") to its existing lease dated September 1, 2005 and amended July 1, 2006 with respect to PCT's Mountain View, California cell therapy manufacturing facility (as amended by the Second Amendment, the "Lease"). The lessor under the Lease is Vanni Business Park, LLC (the "Lessor"). The Second Amendment extends the term of the Lease to June 30, 2017. Commencing July 1, 2012, the monthly base rent will be $41,289.60. The Second Amendment provides that the monthly base rent adjusts as of July 1, 2013 and each annual anniversary thereafter during the term to reflect any changes in the cost of living; provided, however, that each such annual rental adjustment will not be less than three percent (3%) or more than seven percent (7%) of the rent payable for the calendar month immediately preceding the applicable rental anniversary date. PCT is permitted to make improvements, additions and alterations to the premises as provided in the Second Amendment and subject to the terms of the Lease with the Lessor providing an Improvement Allowance equal to the lesser of $500,000 or the aggregate amount of Reimbursable Costs (as defined in the Second Amendment).

In connection with the Second Amendment, the Lessor required that NeoStem, as sole member of PCT, execute a Guaranty of Lease.

Item 3.02. Unregistered Sales of Equity Securities.

Following is a description of NeoStem's unregistered sales of equity securities since the Company's most recent Quarterly Report on Form 10-Q:

In June and July 2011, four key Amorcyte stockholders (including funds managed by two Amorcyte directors) invested an aggregate of $1,728,000 in a private placement of 1,350,000 shares of NeoStem Common Stock (purchase price $1.28 per share).

Additionally, the Company has agreed to issue equity to certain consultants for services. Effective April 7, 2011, pursuant to a two month agreement with a media consultant, the Company agreed to issue 10,000 shares of Restricted Common Stock. Effective April 26, 2011, pursuant to a three month consulting agreement for financial public relations services, the Company agreed to issue a three year warrant to purchase up to an aggregate of 50,000 shares of Restricted Common Stock at $2.50 per share vesting over the three month period. Effective May 24, 2011, pursuant to a six month agreement for investor relations and other services, the Company agreed to issue (i) 100,000 shares of Restricted Common Stock, vesting as to 50,000 shares on each of September 1, 2011 and December 31, 2011 and (ii) a five year warrant to purchase up to an aggregate of 50,000 shares of Restricted Common Stock at $1.61 per share, vesting in its entirety on December 31, 2011. Effective June 15, 2011, pursuant to a three-month agreement for specified investor relations and other services, the Company agreed to issue 150,000 shares of Restricted Common Stock, vesting over the 3 month period. The issuance of all such securities to consultants is subject to the approval of the NYSE Amex.

The offer and sale of the securities described above were made in reliance upon the exemption from registration provided by Section 4 (2) of the Securities Act, for transactions by an issuer not involving a public offering. The offer and sale of such securities were made without general solicitation or advertising to an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

Item 8.01. Other Events.

Update with respect to Suzhou Erye

As part of its plan to focus its business on capturing the paradigm shift to cell therapies following its January 2011 acquisition of Progenitor Cell Therapies, LLC, the Company is pursuing strategic alternatives with respect to its 51% interest in Suzhou Erye Pharmaceutical Co., Ltd. ("Erye"), its subsidiary engaged in pharmaceutical manufacturing. The Company 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 its regenerative medicine business in China. The Company believes the proposed acquisition of Amorcyte described elsewhere herein is in keeping with its strategic mission. The Company also believes that if it could monetize Erye, it would have additional capital needed to pursue the development of multiple cell therapies. To that end, in June 2011, the Company engaged a financial advisor to lead the effort to pursue the possible divesture of the Company's 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 the Company would consider acceptable or whether, in the event a proposal or proposals on prices and terms acceptable to the Company are received, whether a transaction would be completed.

Any sale of Company'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 Company's 51% interest in Erye as being held by the proper entity within the Company'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. The Company's management believes these regulatory deficiencies can be remediated within a reasonable period of time and should not delay a sale of Company'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 Company's interest in Erye. In addition, the remediation process is expected to trigger certain tax liabilities and penalties.

The Company has not yet determined to sell its interest in Erye, and will not do so until the Company 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 the Company'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 the Company. 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 the Company's filings which will adversely affect Erye going forward, availability of financing for a potential purchaser, and other factors typical of any sale process.

Safe Harbor for Forward-Looking Statements

This Current Report on Form 8-K contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are typically preceded by words such as "believes," "expects," "anticipates," "intends," "will," "may," "should," or similar expressions. These forward-looking statements are subject to risks and uncertainties that may cause actual future experience and results to differ materially from those discussed in these forward-looking statements. Important factors that might cause such a difference include, but are not limited to, costs related to the Amorcyte Acquisition; failure of NeoStem's stockholders to approve the issuance of NeoStem securities in connection therewith; NeoStem's or Amorcyte's inability to satisfy the conditions of the Amorcyte Merger Agreement; NeoStem's inability to maintain its NYSE Amex listing; the inability to integrate NeoStem's and Amorcyte's businesses successfully; the need for outside financing to meet capital requirements; and other events and factors disclosed previously and from time to time in NeoStem's filings with the SEC, including NeoStem's Annual Report on Form 10-K for the year ended December 31, 2010, as amended (the "NeoStem Form 10-K"), Quarterly Reports on Form 10-Q filed after such 10-K and, when filed with the SEC, the S-4. NeoStem does not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

This Current Report on Form 8-K may be deemed to be solicitation material in respect of the proposed Amorcyte Acquisition. The directors and executive officers of each of NeoStem and Amorcyte may be deemed to be participants in the solicitation of proxies from the holders of NeoStem Common Stock in respect of the proposed transactions. Information about the directors and executive officers of NeoStem is set forth in the NeoStem Form 10-K. Investors may obtain additional information regarding NeoStem and its directors and executive officers, and Amorcyte and its directors and executive officers, in connection with the proposed transactions, by reading the S-4 and the joint proxy statement/prospectus contained therein, when it becomes available.

Item 9.01. Financial Statements and Exhibits.

The following financial statements and exhibits are filed with this Current Report on Form 8-K.

(a) Financial Statements of Businesses Acquired:

Financial Statements of Amorcyte, Inc. for the Year Ended December 31, 2010 (Audited) and for the Period From June 29, 2004 (Date of Inception) Through March 31, 2011 (Unaudited) and for the Three Month Periods Ended March 31, 2011 and 2010 (Unaudited).

(b) Pro Forma Financial Information:

Unaudited Pro Forma Condensed Combined Financial Statements

(d) Exhibits:

Exhibit No.	Description
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*
10.1	Second Amendment of Lease, executed July 11, 2011 and effective as of July 1, 2011, by and between Vanni Business Park, LLC and Progenitor Cell Therapy, LLC.
10.2	Guaranty of Lease, executed July 11, 2011 and effective as of July 1, 2011, by NeoStem, Inc. for the benefit of Vanni Business Park, LLC.
23.1	Consent of EisnerAmper LLP.

*The schedules to this agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. NeoStem will furnish copies of any schedules to the SEC upon request.

SIGNATURES

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

NEOSTEM, INC.

By: /s/ Catherine M. Vaczy
Name: Catherine M. Vaczy
Title: Vice President and General Counsel

Date: July 14, 2011

AMORCYTE, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010
AND FOR THE PERIOD FROM JUNE 29, 2004 (DATE OF INCEPTION)
THROUGH MARCH 31, 2011 (UNAUDITED)
AND FOR THE THREE MONTH PERIODS ENDED
MARCH 31, 2011 AND 2010 (UNAUDITED)

AMORCYTE, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders

Amorcyte, Inc.

We have audited the accompanying balance sheet of Amorcyte, Inc. (a development stage company) (the "Company") as of December 31, 2010, the related statements of operations, statements of changes in stockholders' deficiency and cash flows for the year ended December 31, 2010. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amorcyte, Inc. as of December 31, 2010 and the results of its operations and its cash flows for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in **Note A [2]** to the financial statements, the Company has suffered recurring losses from operations and limited capital resources to fund clinical operations. In addition, under the Company's articles of incorporation, the Company may be required to redeem its preferred stock over a three year period if requested by a majority of the preferred stockholders. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans regarding those matters are also described in **Note A [2]**.

Hackensack, New Jersey
June 23, 2011

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Balance Sheets

	March 31, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 102,945	$ 340,872
Prepaid expenses and other current assets	22,204	10,006
Total Current Assets	125,149	350,878
Property and equipment, net of accumulated depreciation	1,732	1,940
	$ 126,881	$ 352,818
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and accrued expenses	$ 416,411	$ 460,010
Deferred compensation	562,917	479,167
Total Current Liabilities	979,328	939,177
Series A redeemable convertible preferred stock, $.001 par value: 11,000 shares authorized; 9,551 and 9,520 issued and outstanding at March 31, 2011 and December 31, 2010, respectively	7,599,603	7,574,603
STOCKHOLDERS' DEFICIENCY		
Common stock, $.001 par value, 31,000 shares authorized, 6,822 shares issued and outstanding at March 31, 2011 and December 31, 2010	7	7
Additional paid in-capital	662,743	639,156
Deficit accumulated during development stage	(9,114,800)	(8,800,125)
Total Stockholders' Deficiency	(8,452,050)	(8,160,962)
	$ 126,881	$ 352,818

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Statements Of Operations
For The Three Months ended March 31, 2011 and 2010 (unaudited), Year Ended December 31, 2010, and for The Period From June 29, 2004 (Date Of Inception) Through March 31, 2011 (unaudited)

	Three Months Ended March 31, 2011 (unaudited)	Three Months Ended March 31, 2010 (unaudited)	Year Ended December 31, 2010	Period from June 29, 2004 (date of inception) to March 31, 2011 (unaudited)
Operating expenses:				
Research and development	$ 41,000	$ 95,546	$ 203,011	$ 3,691,507
General and administrative	273,802	231,910	1,144,823	5,704,916
Total operating expenses	314,802	327,456	1,347,834	9,396,423
Operating loss	(314,802)	(327,456)	(1,347,834)	(9,396,423)
Other income (expense):				
Interest income	127	39	87	162,874
Other income - qualified therapeutics discovery project award	-	-	244,479	244,479
Interest expense	-	-	(15)	(37,022)
	127	39	244,551	370,331
Net loss	$ (314,675)	$ (327,417)	$ (1,103,283)	$ (9,026,092)

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Statements Of Changes In Stockholders' Deficiency
For The Period From June 29, 2004 (Date Of Inception) through March 31, 2011 (unaudited),
For the Year Ended December 31, 2010, and for the Three Months Ended March 31, 2011 (unaudited)

	Common stock $.001 Par Value		Additional paid-in capital	Deficit accumulated during the development stage	Total
	Shares	Amount			
Balance, June 29, 2004	-	$ -	$ -	$ -	$ -
Net loss, FYE December 31, 2004	-	-	-	(102,645)	(102,645)
Balance, December 31, 2004	-	-	-	(102,645)	(102,645)
Issuance of Common Stock	6,822	7	-	-	7
Net loss, FYE December 31, 2005	-	-	-	(960,997)	(960,997)
Balance, December 31, 2005	6,822	7	-	(1,063,642)	(1,063,635)
Stock-based compensation	-	-	122,199	-	122,199
Net loss, FYE December 31, 2006	-	-	-	(1,756,478)	(1,756,478)
Accretion to redemption value for Series A redeemable preferred stock	-	-	(122,199)	(88,028)	(210,227)
Balance, December 31, 2006	6,822	7	-	(2,908,148)	(2,908,141)
Stock-based compensation	-	-	112,985	-	112,985
Net loss, FYE December 31, 2007	-	-	-	(2,408,306)	(2,408,306)
Balance, December 31, 2007	6,822	$ 7	$ 112,985	$ (5,316,454)	$ (5,203,462)

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Statements Of Changes In Stockholders' Deficiency
For The Period From June 29, 2004 (Date Of Inception) through March 31, 2011 (unaudited),
For the Year Ended December 31, 2010, and for the Three Months Ended March 31, 2011 (unaudited)

	Common stock $.001 Par Value		Additional paid-in capital	Deficit accumulated during the development stage	Total
	Shares	Amount			
Balance, December 31, 2007	6,822	$ 7	$ 112,985	$ (5,316,454)	$ (5,203,462)
Stock-based compensation			175,644		175,644
Net loss, FYE December 31, 2008	-	-	-	(927,038)	(927,038)
Accretion to redemption value for Series A redeemable preferred stock	-	-	(55,101)	-	(55,101)
Balance, December 31, 2008	6,822	7	233,528	(6,243,492)	(6,009,957)
Stock-based compensation	-	-	233,036	-	233,036
Net loss, FYE December 31, 2009	-	-	-	(1,453,350)	(1,453,350)
Balance, December 31, 2009	6,822	7	466,564	(7,696,842)	(7,230,271)
Stock-based compensation	-	-	172,592	-	172,592
Net loss, FYE December 31, 2010	-	-	-	(1,103,283)	(1,103,283)
Balance, December 31, 2010	6,822	7	639,156	(8,800,125)	(8,160,962)
Stock-based compensation			23,587	-	23,587
	-	-			
Net loss, for the three months ended March 31, 2011	-	-	-	(314,675)	(314,675)
Balance, March 31, 2011	**6,822**	$ **7**	**$ 662,743**	**$ (9,114,800)**	**$ (8,452,050)**

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Statements of Cash Flows
For The Three Months ended March 31, 2011 and 2010 (unaudited), Year Ended December 31, 2010 and for The Period From June 29, 2004 (Date Of Inception) Through March 31, 2011 (unaudited)

	Three Months Ended March 31, 2011 (unaudited)	Three Months Ended March 31, 2010 (unaudited)	December 31, 2010	Period from June 29, 2004 (date of inception) to March 31, 2011 (unaudited)
Cash flows from operating activities:				
Net loss	$ (314,675)	$ (327,417)	$ (1,103,283)	$ (9,026,092)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities				
Depreciation and amortization	208	324	831	7,148
Stock based compensation expense	23,587	41,872	172,592	840,043
(Increase) decrease in				
Prepaid expenses and other current assets	(12,198)	6,505	(3,501)	(22,203)
Increase (decrease) in				
Accounts payable and accrued expenses	(43,599)	88,737	214,231	415,730
Deferred Compensation	83,750	71,250	289,167	562,917
Total adjustments	51,748	208,688	673,320	1,803,635
Net Cash and Cash Equivalents Used in Operating Activities	(262,927)	(118,729)	(429,963)	(7,222,457)
Cash flows from investing activities:				
Payments for purchases of property and equipment	-	-	-	(8,880)
Cash flows from financing activities:				
Proceeds from Series A redeemable convertible preferred stock offerings	25,000	100,000	675,000	7,599,610
Stock issuance costs	-	-	-	(265,328)
Net Cash and Cash Equivalents Provided by Financing Activities	25,000	100,000	675,000	7,334,282
Net change in cash and cash equivalents	(237,927)	(18,729)	245,037	102,945
Cash and cash equivalents - beginning of period	340,872	95,835	95,835	-
Cash and cash equivalents - end of period	$ 102,945	$ 77,106	$ 340,872	$ 102,945
Supplemental disclosure of cash paid:				
Interest	$ -	$ -	$ -	$ 37,007
Income taxes	$ -	$ -	$ -	$ -

Supplemental disclosure of cash flow information
Accretion to redemption value for Series A redeemable preferred stock was a non-cash item of $0 for the year ended December 31, 2010 and the three months ended March 31, 2011 and $265,328 for the period from June 29, 2004 (date of inception) through March 31, 2011.

AMORCYTE, INC. (A DEVELOPMENT STAGE ENTERPRISE)

Notes To Financial Statements

NOTE A - NATURE OF OPERATIONS AND LIQUIDITY

[1] Nature of Operations:

Amorcyte, Inc. ("Amorcyte" or the "Company") is a Delaware corporation that was incorporated on June 29, 2004 and began to organize its operations thereafter. Amorcyte was initially formed as a wholly-owned subsidiary of Progenitor Cell Therapy, LLC ("PCT"), and was spun off to PCT's Members during 2005. See **Note H** for description of PCT related transactions.

Amorcyte is engaged in the development of bone marrow derived stem cell therapies to treat a variety of cardiovascular diseases. The Company is conducting Phase I clinical trials and is subject to the regulatory risks associated with drug development activities and requirements of the United States Food and Drug Administration.

[2] Going Concern:

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net operating losses since its inception, has no product revenue and has not received regulatory approval to commercialize products under development. In addition, under the Company's articles of incorporation, the Company may be required to redeem its preferred stock over a three year period if requested by a majority of the preferred stockholders. These factors raise substantial doubt about the Company's ability to continue as a going concern. To date, the Company has funded its operations with the sale of preferred stock to investors. The Company's continued deployment in support of its planned research and growth will require substantial future expenditures. There can be no assurance that the Company's research and development will be successfully completed, that any products developed will obtain necessary United States Food and Drug Administration regulatory approval or that any approved products or services will be commercially viable. The Company can make no assurances that investors will continue to fund the Company. Failure to receive sufficient funding will require the Company to modify, delay or abandon some of its future expenditures so that it can continue to meet its obligations. The financial statements do not reflect any adjustments that may result from this uncertainty.

As discussed in **Note L**, the Company is negotiating the terms of a merger whereby it may be acquired by NeoStem, Inc.

[3] Basis of Presentation:

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. From its inception the Company has devoted substantially all of its efforts to business planning, recruiting management and technical staff, acquiring operating assets, commencing a Phase I clinical trial, and raising capital. Accordingly, the Company is considered to be in the development stage as defined in ASC 915: "*Development Stage Entities*".

The financial statements as of March 31, 2011 and for the three month periods ended March 31, 2011 and 2010 are unaudited and have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Operating results for the three months ended March 31, 2011 and 2010 are not necessarily indicative of annual results or any other period.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Cash and Cash Equivalents:

The Company considers all highly liquid investments which have maturities of three months or less, when acquired, to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

[2] Concentration of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. At various times during a fiscal year, the Company's cash in bank balances exceeded the federally insured limits.

[3] Fixed Assets:

Laboratory, office equipment, and computers are stated at cost and are depreciated on a straight-line basis over their estimated useful lives.

Expenditures for maintenance and repairs which do not materially extend the useful lives of the assets are charged to expense as incurred. The cost and accumulated depreciation of assets retired or sold are removed from the respective accounts and any gain or loss is recognized in operations.

[4] Income Taxes:

The Company accounts for its income taxes using ASC 740: *"Income Taxes"*, which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss and tax credit carry-forwards. Valuation reserves are used to offset deferred tax assets due to the uncertainty of the realization of those tax assets. Deferred tax expense or benefit is recognized as a result of the changes in the assets and liabilities during the year.

The Company also follows the Financial Accounting Standards Board ("FASB") issued ASC Topic 740-10, *Uncertainty in Income Taxes*. This Topic prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Topic also provides guidance on de–recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes tax benefits or expenses of uncertain tax positions in the year such determination is made when the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has reviewed the Company's tax positions for all open tax years (tax years ended December 31, 2007 through December 31, 2010) and concluded that no provision for unrecognized tax benefits or expense is required in these financial statements.

[5] Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include useful lives of fixed assets and intangibles and valuation of the Company's equity-based instruments. Actual results could vary from the estimates that were used.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Equity-Based Compensation:

The Company accounts for stock options and other stock-based compensation in accordance with the provisions of ASC 718: *"Stock Compensation"*. In general, ASC 718 requires that compensation cost relating to all share-based payment transactions, including employee stock options, be recognized in the historical financial statements over applicable service periods. The measurement of the amount to be recognized is based on the fair value at the grant date of the share-based instrument recorded. The accounting for grants to nonemployees is governed under ASC 505-50: *"Equity-Based Payments to Non-Employees"*, which states that share-based payment awards to nonemployees should be measured based on the fair value of the services received or the fair value of the award, whichever can be estimated more reliably.

The Company had insufficient historical data to utilize in determining its expected life assumption and therefore used the simplified method for determining expected life that is described in SEC Staff Accounting Bulletin 107. The simplified method is used when companies have difficulty making an estimate of the expected term and under this method the expected term would equal the vesting term plus the contractual term divided by two. For the Special Award, the full contractual term of 10 years was used. Additionally, the Company had no historical data to determine expected volatility and therefore estimated its volatility assumptions based on the volatility of comparable companies. The Company did not calculate the forfeiture rate for the stock options since there were only six issued to board members and key members of management and no forfeiture is forecasted.

[7] Research and development:

Research and development costs including costs of licenses and costs related to patent fees and applications are charged to expense as incurred.

[8] Subsequent events:

The Companies have evaluated events after December 31, 2010, and through June 23, 2011, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are appropriately addressed in these financial statements.

[9] New Accounting Pronouncements:

Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements (ASU No. 2010-06)

In January 2010, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2010-06, "*Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*," which amends Subtopic 820-10. ASU 2010-06 enhances disclosure requirements related to fair value measurements. Certain provisions of ASU 2010-06 are effective for annual and interim periods beginning after December 15, 2009 and others for fiscal years beginning after December 15, 2010. The Company has adopted the relevant provisions of ASU 2010-06 and has incorporated new disclosures regarding fair value measurements. The adoption of this standard did not have a material impact on the financial statements.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	Estimated Useful Lives	March 31, 2011	December 31, 2010
Computer Equipment	3 years	$ 3,060	$ 3,060
Laboratory and Office Equipment	7 years	5,820	5,820
		8,880	8,880
Less Accumulated Depreciation		(7,148)	(6,940)
		$ 1,732	$ 1,940

Depreciation and amortization expense was approximately $200 and $300 for the three months ended March 31, 2011 and 2010, respectively and $830 for the year ended December 31, 2010.

NOTE D – ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND DEFERRED COMPENSATION

Accounts payable and accrued expenses consist of the following:

	March 31, 2011	December 31, 2010
Accounts Payable	$ 405,826	$ 385,641
Accrued Professional Fees	10,585	73,869
Accrued Other	-	500
	$ 416,411	$ 460,010

Deferred compensation principally consists of compensation payable to the Company's Chief Executive Officer. He and the Company had agreed to defer payment of a portion of his compensation (annual compensation is $285,000 per annum through December 31, 2010) until such time as the Company had raised sufficient funds through its Series B Preferred Stock capital raise which was never initiated.

NOTE E – SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK

In connection with a preferred stock offering dated March 24, 2008, the Company is authorized to sell an aggregate of 8,779 shares ($.001 par value) of redeemable convertible preferred stock, designated as "Series A Preferred Stock" at $798.65 per share. The Company amended its Certificate of Incorporation several times through September 2006 to increase its total number of authorized shares of preferred stock par value $0.001 per share to 11,000 shares. The Board of Directors of the Company subsequently authorized the sale of additional shares of its Series A preferred stock.

Preferred stockholders vote on an "as if converted to common stock" basis for all items, except that such shareholders also have certain protective voting rights, as defined in the articles of incorporation.

Dividends, when and if declared by the Board of Directors, accrue at the rate of $65.892 per share per annum. Such dividends are not cumulative, and no dividends have been declared or paid through March 31, 2011. Dividends in arrears at December 31, 2010 and March 31, 2011, are $2,115,000 and $2,267,000, respectively.

NOTE E – SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK (CONTINUED)

Each share of Series A Preferred Stock is convertible into shares of common stock at a conversion price of $798.65 per share, subject to a down-round protection feature, which would reset the conversion price to a lower number in the event the Company does a subsequent offering of its securities at a lower price. Holders of shares of Series A Preferred Stock are entitled at any time to convert all or any such shares of Series A Preferred Stock into shares of common stock. Additionally, each share of Series A Preferred Stock shall automatically convert into fully paid and non-assessable shares of common stock upon the earlier to occur of (i) immediately prior to the closing of a firm commitment underwritten public offering of the Company's common stock or (ii) the date upon which the holders of at least two-thirds of the then outstanding shares of Series A Preferred Stock elect to convert their shares of Series A Preferred Stock.

In the event of a liquidation, dissolution or winding up of the Company or change in control of the Company as defined, whether voluntary or involuntary, Series A Preferred Stock holders are entitled to receive an amount equal to $1,197.975 per share plus an additional amount equal to any unpaid dividends on each such share unless otherwise determined by at least two-thirds of the holders. After the payment of liquidation preference amount to the Series A shareholders, the remaining assets, if any, are shared between the common and preferred shareholders shall be distributed ratably on an "as if converted basis".

At any time after the fifth anniversary of the date on which the Company first issued shares of its Series A Preferred Stock (2005), upon request of the majority of preferred Series A stockholders, the preferred A shares are redeemable. Redemption will occur in three annual installments, in each the Company shall redeem up to the maximum amount the Company may lawfully redeem. The redemption price is the lesser of (i) the original issue price plus an additional amount equal to any dividends declared but unpaid or (ii) the then current fair market value of such share. Consequently, redemption of the Series A Preferred Stock and the payment of the liquidation preference may result from events outside the control of the Company. Therefore, these securities are classified outside of permanent equity. The Company does not expect any such liquidation to occur in the near future, however the Company is required evaluate the likelihood at each reporting period.

Information related to redeemable convertible preferred stock gross proceeds raised is summarized as follows:

Series A Preferred Stock:	**Shares Issued**	**Series A Redeemable Preferred Stock**
Issued in 2005 at $500.00 per share	98	$ 49,603
Issued in 2006 at $798.65 per share	5,885	4,700,000
Issued in 2008 at $798.65 per share	1,440	1,150,000
Issued in 2009 at $798.65 per share	1,252	1,000,000
Issued in 2010 at $798.65 per share	845	675,000
Total at December 31, 2010	**9,520**	**7,574,603**
Issued in the three months ended March 31, 2011 at $798.65 per share	31	25,000
Total March 31, 2011	**9,551**	**$ 7,599,603**

Additionally, $265,328 of stock issuance costs incurred through 2008 ($210,000 in 2006 and $55,000 in 2008) associated with the Series A Preferred Stock have been charged against the redeemable convertible preferred stock and were accreted through December 31, 2009. Since all stock issuance costs have been fully accreted to the Series A Redeemable Preferred Stock account and no dividends have been declared, the carrying value at December 31, 2010 and March 31, 2011 equals the amount of the gross proceeds raised.

NOTE F – COMMON STOCK

The articles of incorporation, as amended in March and December of 2008, provide that each stockholder shall be entitled to one vote for each share of common stock held by such stockholder. 6,822 shares of Common Stock were issued in connection with the formation of the Company and remain outstanding as of December 31, 2010 and March 31, 2011.

NOTE G – STOCK OPTIONS

The Performance Recognition Plan (the "Plan") was adopted by the Board of Directors and approved by the stockholders of the Company on May 19, 2006. Under the terms of the Plan the Board of Directors, or a committee appointed by the Board of Directors, has the authority to grant options, stock appreciation rights, awards of restricted stock, deferred stock or performance shares or any combination of the foregoing to eligible recipients. A total of 5,000 shares of common stock are reserved and made available for issuance under the Plan.

In, 2006, options to purchase 760 shares of common stock, at an exercise price of $798.65 per share were granted to the five board members of the Company, which vest and become exercisable over a four year period and have a term of ten years. Also in 2006, options to purchase 75 shares of common stock, at an exercise price of $798.65 per share were granted to one board member of the Company in recognition of services provided, which vested immediately.

In 2008, options to purchase 101 shares of common stock, at an exercise price of $798.65 per share were granted to one of the advisors of the Company as a "Special Award." and become exercisable based upon performance milestones, which management estimates were probable of occurring within four years.

Also in 2008, the Company issued members of management options to purchase 152 shares of common stock at $798.65 per share which vest and become exercisable over a four year period and have a term of ten years. Further, in 2008 the Company issued options to purchase 51 shares of common stock at $798.65 per share, which were fully vested at the grant date.

In 2009, options to purchase 1,300 shares of common stock, at an exercise price of $185.87 were granted to two directors of the Company (one of which is an officer of the Company). Of these awards, 417 are vested and become exercisable in three equal annual installments commencing May 1, 2009 and have a term of ten years. The remaining 883 shares become exercisable ratably on a monthly basis commencing May 31, 2009 through December 31, 2010 and have a term of ten years.

Also in 2009 options to purchase 354 shares of common stock, at an exercise price of $185.87 per share were granted to one of the directors of the Company who is also an officer of the Company as a "Special Award", and vest and become exercisable based on the occurrence of two performance milestones. At the date of grant and through December 31, 2009, management estimated that the achievement of the performance milestones was probable of occurring, and the first milestone would be met by December 31, 2010, the second by July 1, 2013. These Special Award options have a term of ten years. During 2010, management re-assessed the probability of achieving these milestones, and determined that it is probable that the criteria would not be met, and therefore the previously expensed stock-based compensation charge of approximately $13,000 was reversed.

Also in 2009, options to purchase 456 shares of common stock, at an exercise price of $185.87 were granted to three members of management of the Company. Of these awards, 304 vest and become exercisable in three equal annual installments commencing June 18, 2010 and have a term of ten years. The remaining 152 shares vest immediately at June 18, 2009 and have a term of ten years.

In 2010, options to purchase 1,102 shares of common stock, at an exercise price of $185.87 were granted which vest and become exercisable in three equal annual installments 304 shares commencing November 2011 and 798 shares commencing December 2011, all have a term of ten years.

NOTE G – STOCK OPTIONS (CONTINUED)

In 2010, the Company repriced the exercise price of all its previously issued stock options to $185.87 per share. This modification resulted in an incremental $27,605 of stock based compensation expense recorded in 2010.

The following table sets forth information about the weighted-average fair value of options granted during 2010, and the assumptions used for each grant:

	For the Year-Ended December 31, 2010
Fair Value of Options	$ 149.29
Risk-free interest rate	0.84%
Expected term in years	7
Expected volatility	83.50%
Expected dividends	None

Option activity under the Plan is summarized as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)
Granted during 2006	835	$ 798.65	
Outstanding as of December 31, 2006	835	$ 798.65	
Granted during 2007	-	$ 0.00	
Outstanding as of December 31, 2007	835	$ 798.65	
Granted during 2008	304	$ 798.65	
Outstanding as of December 31, 2008	1,139	$ 798.65	
Granted during 2009	2,110	$ 185.87	
Outstanding as of December 31, 2009	3,249	$ 435.76	
Granted during 2010	1,102	$ 187.87	
Outstanding as of December 31, 2010	4,351	$ 187.87	8.21
Granted during the three months ended March 31, 2011	-	$ -	
Outstanding as of March 31, 2011	4,351	$ 187.87	7.97

NOTE G – STOCK OPTIONS (CONTINUED)

Options Exercisable at:			
Exercisable as of December 31, 2010	2,289	$	187.87
Exercisable as of March 31, 2011	2,289	$	187.87

Stock based compensation recognized in the financial statements amounted to $172,592, $23,587 and $840,043 during the year ended December 31, 2010, the unaudited three-month period ended March 31, 2011 and the unaudited period from inception through March 31, 2011, respectively. Total unrecognized stock based compensation amounted to $265,156 at December 31, 2010. This amount is expected to be fully recognized over a period of 3.5 years. The intrinsic value of outstanding and vested options at December 31, 2010 is minimal.

NOTE H – COMMITMENTS AND CONTINGENCIES

[1] Progenitor Cell Therapy, LLC – a related party:

As discussed in Note A, the Company was spun-out from PCT during 2005. During such time, the Company was dependent on PCT for certain administrative and development services, discussed below. During 2010, PCT acquired $50,000 of Series A preferred stock at the same terms as other investors. (See **Note E**)

On May 31, 2005, the Company entered into a Cell Processing Agreement with PCT (the "PCT Agreement") whereby the Company engaged PCT to be its exclusive provider of cell processing procedures and related services at rates specified within the agreement that included $25,000 per month during the clinical trial period for oversight services. This monthly fee was amended to $22,000 (or less if the Company asked PCT to perform a lesser amount of services) in 2008 through March 2011. Costs incurred under the PCT Agreement and included in research and development costs amounted to $12,500 and $2,400 for the three months ended March 31, 2011 and 2010, respectively, $84,600 for the year ended December 31, 2010 and approximate $940,000 since inception. These costs are incurred when work is performed.

On May 19, 2006, PCT entered into a line of credit agreement with the Company whereby PCT agreed to loan the Company up to $500,000 at an annual interest rate of 5%. PCT did not loan any amount to the Company under this agreement to date. The line of credit agreement expires on the earlier of (i) the date on which PCT declares the outstanding principal and accrued interest due and payable based on an event of default as defined within the agreement, or (ii) the date of closing of the first debt or equity financing of the Company following the initial borrowing of the principal.

In addition, the Company has contracted with PCT to provide certain administrative functions at a fee of $15,000 per month. In the three months ended March 31, 2011 and 2010 $45,000 was paid to PCT for general and administrative services, $180,000 for the year ended December 31, 2010 and approximate $1,269,000 since inception. At March 31, 2011 and at December 31, 2010, $0 and $48,123 respectively, relating to PCT were recorded as accounts payable.

PCT was acquired in January 2011 by NeoStem, Inc. (**see Note L**)

[2] Baxter Healthcare Corporation:

In August 2005, and as amended in 2010, the Company entered into a License Agreement (the "License Agreement") with Baxter Healthcare Corporation ("Baxter"), a stockholder, whereby Baxter granted to the Company a non-exclusive license to use technology covered under patents either developed and owned or exclusively licensed by Baxter relating to the therapeutic use of stem cells.

NOTE H – COMMITMENTS AND CONTINGENCIES (CONTINUED)

[2] Baxter Healthcare Corporation (continued):

As consideration for the licenses granted, the Company agreed to pay Baxter royalties and non-refundable fees (of which only the fee upon execution of the License Agreement has been paid) as follows:

i. $250,000 upon execution of the License Agreement.

ii. A one-time payment of $450,000 within thirty days following the enrollment of the first patient in the first Phase II clinical Trial.

iii. A one-time payment of $1,000,000, or other amounts in certain circumstances, within thirty days following the enrollment of the first patient in the first Phase III clinical Trial.

iv. A one-time payment of $8,000,000 within thirty days following receipt of the first approval in the United States to market any process or service involving the therapeutic use of stem cells, purified from bone marrow in an Amorcyte laboratory controlled or contracted for by Amorcyte, in the treatment of acute myocardial infarction, that is covered by one or more licensed patents (the "Licensed Product(s)").

v. An amount equal to 12% of the net sales of the Licensed Product(s), subject to an decrease to 11% if Amorcyte fails to exclusively utilize certain defined Baxter devices and supplies used in the processing of stem cells.

vi. Baxter has the option of receiving the payments described in (ii), (iii), and (iv) above in the form of common stock of the Company. The number of shares of the common stock of Amorcyte to be issued to Baxter shall be calculated by dividing the amount of the payment then due by the then current price per share of the common stock of Amorcyte, as determined by the Board of Directors of Amorcyte, in its reasonable judgment.

As additional consideration, for the entire term of the License Agreement, the Company agreed to purchase from Baxter, or its designee, certain cell separation devices and supplies. The total amount purchased as of December 31, 2010 was insignificant.

The Company made no payments related to the License Agreement to Baxter during the three months ended March 31, 2011 and 2010 and the year ended December 31, 2010.

NOTE I – GRANT AGREEMENT AND OTHER FUNDING

The Company was awarded $244,479 under the federal government Qualifying Therapeutic Discovery Program (QTDP) initiative, all of which was received during 2010 and included as other income.

NOTE J – INCOME TAXES

At December 31, 2010, Amorcyte has approximately $6,606,199 of federal and state net operating loss carry-forwards available, respectively, which may be applied against future taxable income of Amorcyte. The federal and state net operating loss carry-forwards would normally begin expiring in the year 2025. Because of its recurring losses and the uncertainty as to whether Amorcyte will generate sufficient taxable income to benefit from this carry-forward, management does not believe it is more likely than not that the operating loss carry-forward will be utilized and valuation allowance equal to the amount of the deferred tax assets at December 31, 2010 and all previous periods has been established. Amorcyte has raised capital through the issuance of capital stock on several occasions resulting in changes of control. The Internal Revenue Code contains limitations on the use of net operating loss carry-forwards and tax credits after the occurrence of an ownership change as defined by the Internal Revenue Code Section 382. As of December 31, 2010, Amorcyte has determined that an ownership change, as defined by the Internal Revenue Code Section 382, has not occurred.

NOTE J – INCOME TAXES (CONTINUED)

If such an ownership change were to occur in the future, the utilization of a portion of net operating loss carry-forwards and research and development credit carry-forwards may be restricted. To date, the Company has not been a subject of an IRS examination.

The Company's total deferred tax assets and deferred tax asset valuation allowances are as follows for December 31, 2010:

Net operating loss carry-forward	$	2,067,000
Intangibles and start-up cost		148,000
		2,215,000
Less: Valuation allowance		(2,215,000)
Net	$	-

NOTE K – MAJOR SUPPLIERS

During the three months ended March 31, 2011 and the year ended December 31, 2010, 74.5% and 64.5% of the Company's services were provided by three suppliers, including PCT (see **Note H**). It has been assessed that other vendors would be able provide services under substantially the same terms as the Company's current suppliers. Major suppliers are considered to be those who accounted for more than 10% of total purchases.

NOTE L – SUBSEQUENT EVENTS

The Company is negotiating a merger with NeoStem, Inc. (a public company which is the parent of PCT), whereby the shareholders of the Company would exchange all of their equity instruments in the Company for consideration of up to $18 million of common shares and warrants, a portion of which would be held in escrow pending achievement of certain clinical milestones. No agreement has yet been reached, and there can be no assurance that an agreement will be reached or that a transaction will be consummated.

NeoStem Inc. Unaudited Proforma Condensed Combined Results of Operations
For the Three Months ended March 31, 2011

	Historical Three Months Ended March 31, 2011			
	NeoStem Inc.	Amorcyte Inc.	Proforma adjustments	Proforma
Revenues	$ 19,641,113	$ -	$ (58,961)(e)	$ 19,582,153
Cost of revenues	14,294,636	-	(28,500)(e)	14,266,136
Gross profit	5,346,477	-	(30,461)	5,316,017
Research and development	2,913,260	41,000	-	2,954,260
Selling, general & administrative	10,424,994	273,802	(30,461)(e)	10,668,336
Operating loss	(7,991,777)	(314,802)	-	(8,306,579)
Other income (expense):				
Other income (expense), net	(262,723)	127		(262,596)
Interest expense	(852,611)	-		(852,611)
	(1,115,334)	127	-	(1,115,207)
Loss from operations before provision for income taxes and non-controlling interests	(9,107,111)	(314,675)	-	(9,421,786)
Provision for taxes	592,648		-	592,648
Net loss	(9,699,759)	(314,675)	-	(10,014,434)
Less: Non-controlling interest	473,233			473,233
Net loss attributable to NeoStem, Inc.	(10,172,992)	(314,675)	-	(10,487,667)
Preferred dividends	186,633			186,633
Net loss attributable to NeoStem, Inc. common shareholders	$ (10,359,625)	$ (314,675)	$ -	$ (10,674,300)
Basic and diluted loss per share	$ (0.14)			$ (0.13)
Weighted average common shares outstanding	73,654,165			79,783,961(f)

NeoStem Inc. Unaudited Proforma Condensed Combined Results of Operations
For the Twelve Months Ended December 31, 2010

	Historical Year Ended December 31, 2010			
	NeoStem, Inc.	Amorcyte, Inc.	Proforma adjustments	Proforma
Revenues	$ 69,821,294	$ -	$ -	$ 69,821,294
Cost of revenues	49,668,262	-		49,668,262
Gross profit	20,153,032	-	-	20,153,032
Research and development	7,684,537	203,011		7,887,548
Selling, general, and administrative	31,346,806	1,144,823		32,491,629
Operating loss	(18,878,311)	(1,347,834)	-	(20,226,145)
Other income (expense):				
Other income (expense)	513,110	244,566		757,676
Interest expense	(480,903)	(15)		(480,918)
	32,207	244,551	-	276,758
Loss from operations before provision for income taxes and non-controlling interests	(18,846,104)	(1,103,283)	-	(19,949,387)
Provision for income taxes	550,912			550,912
Net loss	(19,397,016)	(1,103,283)	-	(20,500,299)
Less - net income attributable to noncontrolling interests	3,908,690			3,908,690
Net loss attributable to NeoStem, Inc.	(23,305,706)	(1,103,283)	-	(24,408,989)
Preferred dividends	237,963			237,963
Net loss attributable to NeoStem, Inc. common shareholders	$ (23,543,669)	$ (1,103,283)	$ -	$ (24,646,952)
Basic and diluted loss per share	$ (0.46)			$ (0.43)
Weighted average common shares outstanding	51,632,417			57,762,213(f)

NeoStem Unaudited Proforma Condensed Combined Balance Sheet
March 31, 2011

	Historical Balance Sheets at 3/31/2011			
	NeoStem	**Amorcyte**	**Proforma adjustments**	**Proforma**
ASSETS				
Current Assets				
Cash and cash equivalents	$ 9,411,871	102,945 (d)		$ 9,514,816
Short term investments	514	-		514
Restricted cash	6,403,388	-		6,403,388
Accounts receivable trade, net of allowance for doubtful accounts	7,105,917	-		7,105,917
Inventories	26,184,008	-		26,184,008
Prepaids and other current assets	1,332,198	22,204 (d)		1,354,402
Total current assets	50,437,896	125,149		50,563,045
Property, plant and equipment, net	48,890,745	1,732 (d)		48,892,477
Land use rights, net	4,797,728	-		4,797,728
Goodwill	36,771,050	-	5,874,339 (b)	42,645,389
Intangible assets, net	31,767,134	-	14,707,910 (b)	46,475,044
Other assets	3,145,492	-		3,145,492
	$ 175,810,045	$ 126,881	$ 20,582,249	$ 196,519,175
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$ 12,403,852	$ 416,411 (d)		$ 12,820,263
Accrued liabilities	4,069,767	562,917 (d)		4,632,684
Bank loans	4,566,000	-		4,566,000
Notes payable	14,700,298	-		14,700,298
Income taxes payable	1,469,991	-		1,469,991
Current portion of long-term debt	177,436	-		177,436
Deferred rent liability - current	619,908	-		619,908
Convertible promissory notes		-		-
Unearned revenues	2,942,080	-		2,942,080
Total current liabilities	40,949,332	979,328	-	41,928,660
Long-term Liabilities				
Deferred income taxes	9,682,923	-	5,874,339 (b)	15,557,262
Deferred rent liability	29,766	-		29,766
Unearned revenues	758,798	-		758,798
Mortgage payable	3,604,846	-		3,604,846
Contingent common stock liability			2,967,259 (a)	2,967,259
Derivative liabilities	2,834,034	-		2,834,034
Amount due related parties	15,259,121	-		15,259,121
Total long-term liabilities	32,169,488	-	8,841,598	41,011,086
Commitments and Contingencies				
Redeemable Securities				
Series A redeemable convertible preferred stock		7,599,603	(7,599,603)(c)	-
Convertible Redeemable Series E Preferred Stock; 10,582,011 shares designated, liquidation value $1.00 per share; issued and outstanding 10,190,085 at March 31, 2011	6,424,545	-		6,424,545
	6,424,545	7,599,603	(7,599,603)	6,424,545
EQUITY				
Shareholders' Equity				
Series B convertible redeemable preferred stock	100	-		100
Common stock	78,570	7	6,123 (a)(c)	84,700
Additional paid-in capital	166,300,575	662,743	10,219,331 (a)(c)	177,182,649
Accumulated deficit	(105,680,243)	(9,114,800)	9,114,800 (c)	(105,680,243)
Accumulated other comprehensive income (loss)	4,296,735	-		4,296,735
Total shareholders' equity/(deficit)	64,995,737	(8,452,050)	19,340,254	75,883,941
Noncontrolling interests	31,270,943			31,270,943
Total equity (deficit)	96,266,680	(8,452,050)	19,340,254	107,154,884
	$ 175,810,045	$ 126,881	$ 20,582,249	$ 196,519,175

Notes to the NeoStem Unaudited Proforma Condensed Combined Financial Statements

On July 13, 2011, NeoStem, Inc., a Delaware corporation ("NeoStem" or the "Company") and Amorcyte, Inc., a Delaware corporation ("Amorcyte"), entered into an Agreement and Plan of Merger (as such agreement may be amended from time to time, the "Agreement and Plan of Merger"), among NeoStem, Amorcyte, Amo Acquisition Company I, Inc., a Delaware corporation ("Subco"), and Amo Acquisition Company II, LLC, a Delaware limited liability company ("Subco II").

Pursuant to the terms of the Agreement and Plan of Merger, Subco (a newly-formed wholly-owned subsidiary of NeoStem) will be merged with and into Amorcyte (the "Merger"), with Amorcyte surviving the Amorcyte Merger as a wholly-owned subsidiary of NeoStem. Within ninety (90) days after the effective time (the "Effective Time") of the Amorcyte Merger, Amorcyte will be merged with and into Subco II, another newly-formed wholly-owned subsidiary of NeoStem. Subco II, in its capacity as the wholly-owned subsidiary of NeoStem surviving the transactions contemplated by the Amorcyte Merger Agreement, is sometimes referred to herein as the "Surviving Company".

Pursuant to the terms of the Agreement and Plan of Merger, all of the shares of Amorcyte common stock and Amorcyte Series A Preferred Stock, all options and warrants to acquire equity of Amorcyte, and any 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 will, by virtue of the Merger, be cancelled and converted into the right to receive, in the aggregate:

(i) 6,821,283 shares of the common stock, par value $0.001 per share, of NeoStem ("NeoStem Common Stock") (subject to adjustment as described below) (the "Base Stock Consideration");

(ii) the right to receive 4,092,768 shares of NeoStem Common Stock (the "Contingent Shares", and together with the Base Stock Consideration, the "Stock Consideration"), which Contingent Shares will only be issued only if certain specified business milestones (described below) are accomplished;

(iii) common stock purchase warrants to purchase 1,881,008 shares of NeoStem Common Stock exercisable over a seven (7) year period at an exercise price of $1.466 per share (the "Warrants") (the terms of such Warrants to provide that the transfer of any shares of NeoStem Common Stock issued upon exercise of the Warrants will be restricted until one year after the closing date); and

(iv) the earn out payments described below (the "Earn Out Payments").

Pursuant to the Agreement and Plan of Merger, prior to closing all Amorcyte options and warrants will be modified in writings executed by each optionholder and warrantholder, so that effective upon the Effective Time, all Amorcyte options and warrants will, by virtue of the Merger, be converted into the right to receive the share of any Earn Out Payments that the holders of such options and warrants would have received if they had exercised their Amorcyte options and/or warrants, as applicable, prior to the Effective Time (after taking into account the payment of any exercise price due had they actually exercised). The holders of Amorcyte options and warrants will be entitled to the merger consideration similar to the holders of Amorcyte common stock, minus the exercise price of the options and warrants.

Adjustment to Base Stock Consideration

The Base Stock Consideration is subject to adjustment, provided that in no event will NeoStem be required to issue as Base Stock Consideration more than 6,821,283 shares of NeoStem Common Stock. The Agreement and Plan of Merger provides that to the extent the amount of Amorcyte's liabilities (as defined and calculated in the manner described in the Agreement and Plan of Merger) on the closing date are more than $478,000 (the "Target Liabilities"), the Base Stock Consideration will be decreased by two times (2x) the amount by which Amorcyte's liabilities are greater than the Target Liabilities. Any such decrease will reduce the Base Stock Consideration by two dollars for every dollar by which Amorcyte's liabilities are greater than the Target Liabilities, with each share of the Base Stock Consideration valued at $1.466 (the average of the closing prices of sales of NeoStem Common Stock on the NYSE-Amex for the 10 trading days ending on the trading day prior to the date of execution of the Amorcyte Merger Agreement) (the "Parent Per Share Value").

Contingent Share Milestones

The Contingent Shares will be issued only if certain 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.

Upon achievement of these specified contingencies, the Contingent Shares will be issued to the former stockholders of Amorcyte.

Procedures for Earn Out Payments

Within 90 days following the end of each calendar quarter, NeoStem will pay Earn Out Payments (to the Amorcyte Representative in trust for the benefit of the former Amorcyte Securityholders) equal to 10% of the net sales of AMR-001, which payment obligation will begin following the date of first commercial sale of AMR-001 and continue until the latest date that a valid patent claim exists on a country by country basis covering AMR-001, provided that if NeoStem licenses or otherwise grants an unaffiliated third party the right to commercialize or otherwise exploit AMR-001 or any portion of AMR-001 (including, without limitation, a sublicense for all or part of any territory for AMR-001) then the applicable Earn Out Payment will be equal to 30% of any sublicensing fees, royalties and milestone fees or profit sharing payment (but not payments for development costs) actually received by NeoStem. NeoStem will be entitled to recover direct out-of-pocket clinical development costs not previously paid or reimbursed and any costs, expenses, damages, liabilities, and settlement amounts arising out of or related to claims with respect to patent infringement or otherwise challenging Amorcyte's ownership of or right to use intellectual property, by reducing any Earn Out Payments due by 50% until such costs have been recouped in full.

Voting Agreements

In addition, pursuant to a voting and lock up agreement (the "Amorcyte Voting Agreement") dated the same date as the Amorcyte Merger Agreement, holders of a sufficient number of shares of Amorcyte's common stock and preferred stock to approve the Amorcyte Merger and the Amorcyte Merger Agreement have irrevocably agreed to vote in favor of the Amorcyte Merger and the Amorcyte Merger Agreement at any meeting of the stockholders of Amorcyte called to for such purpose (or in connection with any written consent of Amorcyte stockholders for such purpose) (the "Amorcyte Meeting") and agreed to certain transfer restrictions with respect to their Amorcyte securities prior to the closing.

The statements contained in this section may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are intended to be covered by the safe harbor to "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by the words "believe," "expect, "anticipate," "intend," "estimate" and similar expressions. These forward-looking statements are based largely on management's expectations and are subject to a number of uncertainties. Actual results could differ materially from these forward-looking statements. NeoStem, Inc. does not undertake any obligation to update publicly or revise any forward-looking statements.

Basis of Presentation

The unaudited pro forma condensed combined financial statements set forth above have been prepared by NeoStem and give effect to the following transactions:

1) The acquisition of the equity interests of Amorcyte for aggregate consideration of approximately $13.8 million, and;
2) The issuance of approximately 6.1 million shares of common stock and 2 million common stock purchase warrants and rights to Contingent Shares.

The unaudited condensed combined proforma results of operations for the three months ended March 31, 2011 and the year ended December 31, 2010 are presented to give effect to the acquisition of Amorcyte as if it had occurred on January 1, 2010. The unaudited condensed combined proforma balance sheet is presented to give effect to the acquisition of Amorcyte as if it had occurred on March 31, 2011. This proforma information is based on, derived from, and should be read in conjunction with, the historical consolidated financial statements of NeoStem for the year ended December 31, 2010, included in our Annual Report on Form 10-K filed on April 6, 2011 and for the quarter ended March 31, 2011included in our Quarterly Report on Form 10-Q filed on May 17, 2011 and the historical financial statements of Amorcyte for the year ended December 31, 2010, and as of and for the unaudited three months ended March 31, 2011, which are included elsewhere in this document. We have not adjusted the historical financial statements of either entity for any costs recognized during the year that may be considered to be nonrecurring.

All unaudited interim financial statements incorporated by reference or furnished herein reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

The unaudited proforma condensed combined financial statements were prepared using the assumptions described below and in the related notes.

The unaudited proforma condensed combined financial statements are provided for illustrative purposes only. They do not purport to represent what NeoStem's consolidated results of operations and financial position would have been had the transaction actually occurred as of the dates indicated, and they do not purport to project NeoStem' future consolidated results of operations or financial position.

The actual adjustments to our consolidated financial statements upon the closing of the acquisition of Amorcyte will depend on a number of factors, including additional information that becomes available. Therefore, the actual adjustments will differ from the unaudited pro forma adjustments, and the differences may be material.

The acquisition of Amorcyte will be accounted for under the acquisition method of accounting. For the purposes of determining the unaudited pro forma adjustments, the assets and liabilities of Amorcyte have been measured based on various preliminary estimates using assumptions that NeoStem management believes are reasonable utilizing information currently available.

The process for estimating the fair values of in-process research and development, identifiable intangible assets, and certain tangible assets requires the use of significant estimates and assumptions, including estimating future cash flows, developing appropriate discount rates, and estimating the costs, timing and probability of success to complete in-process projects. Transaction costs are not included as a component of consideration transferred. The excess, if any of the purchase price (consideration transferred) over the estimated amounts of identifiable assets and liabilities of Amorcyte as of the effective date of the acquisition will be allocated to goodwill. The purchase price allocation is subject to finalization of NeoStem's analysis of the fair value of the assets and liabilities of Amorcyte as of the effective date of the acquisition. Accordingly, the purchase price allocation in the unaudited pro forma condensed combined financial statements presented above is preliminary and will be adjusted upon completion of the final valuation. Such adjustments could be material. The final valuation is expected to be completed as soon as practicable but no later than one year after the consummation of the acquisition.

For purposes of measuring the estimated fair value of the assets acquired and liabilities assumed as reflected in the unaudited pro forma condensed combined financial statements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, NeoStem may be required to value assets at fair value measures that do not reflect NeoStem's intended use of those assets. Use of different estimates and judgments could yield different results.

When these transactions are completed, NeoStem will account for these transactions in accordance with Accounting Standards Codification 805-10 ("ASC 805-10"). ASC 805-10 provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in the acquiree. ASC 805-10 also requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value if fair value can be reasonably estimated. If the fair value of an asset or liability cannot be determined, the asset or liability that arises from a contingency, the asset or liability would be recognized in accordance with Accounting Standards Codification 30-1 ("ASC 30-1") and if the fair value is not determinable no asset or liability would be recognized. At the present time, we are not in possession of all of the information to apply ASC 805-10 or ASC 30-1 to these unaudited proforma condensed combined financial statements and will not be in possession of such information until the Effective Date. Therefore, for the purposes of preparing these unaudited proforma condensed combined financial statements we have established an estimated fair value of the equities being offered in this transaction as of June 15, 2011. The preliminary purchase price allocation is based on management's estimate of acquired tangible and intangible assets and will be adjusted based on the final valuation to be completed within one year from the acquisition date. The excessof the total purchase price over the fair value of the net assets acquired, including the estimated fair value of the identifiable intangible assets, will be allocated to goodwill. We expect that the fair value of current assets and remaining machinery and equipment will approximate the book value of these assets and that the excess of purchase price over net deficit will be assigned principally to in-process research and development and Goodwill (if the purchase price exceeds the fair value of tangible and intangible assets as of the date of merger). The useful life of this intangible asset cannot be determined until the underlying research and development efforts are proved successful or are abandoned if the clinical studies are not successful.

Calculation of Estimated Consideration Transferred and Preliminary Allocation of Consideration Transferred to Net Assets Acquired

The fair value of equity securities issued as consideration transferred will be measured using the market price of NeoStem common stock on the closing date. As of July 13, 2011 the estimated fair value of the various equities being issued is as follows:

Calculation of Estimated Consideration Transferred

	Number of Shares	Fair Value Per Share at July 12, 2011	Fair Value at July 12, 2011
Common Stock	6,129,800	$ 1.45	$ 8,888,200
Common Stock Purchase Warrants	1,881,000		2,000,000
Contingent Share Liability			2,967,300
			13,855,500

Based on the terms and conditions of each of the warrants to be issued, we have determined that all warrants are to be accounted for as an equity instrument and included in the purchase price based on the probability that each warrant will be issued or vested**.** The value of the Contingent Shares has been determined on a probability weighting of the successful outcome of the various milestones that must be accomplished to earn all of the Contingent Shares. Based on the value of NeoStem Common Stock on July 12, 2011 the value of the Contingent Shares could range from $0 to $5,934,500 based on the accomplishment of a these milestones. The value of the contingent shares will be revalued at each reporting period and upon accomplishment of the specific milestone.

Since the agreement calls for the delivery of a certain number of shares at the closing and upon the accomplishment of certain milestones there may be variability in the purchase price.

Preliminary Allocation of Consideration Transferred to Net Assets Acquired

Identifiable intangible assets -IPRD	$ 14,707,900
Goodwill	5,874,300
Property, plant and equipment	1,700
Current assets	125,200
Current liabilities	(979,300)
Deferred tax liability	(5,874,300)
Estimated purchase price to be allocated	$ 13,855,500

Proforma Adjustments for the Unaudited Proforma Condensed Combined Financial Statements:

(a) This entry records the acquisition of the equity interests of Amorcyte for aggregate consideration of approximately $13,855,500, through the issuance of 6,129,800 shares of NeoStem common stock, common stock purchase warrants and rights to Contingent Shares. The estimated fair value of the equity issued as consideration by NeoStem was valued at $13,855,500; the equities issued by NeoStem included approximately 6,129,800 shares of NeoStem Common Stock at approximately $8,888,200, Contingent shares with a value of $2,967,300 and NeoStem warrants valued at $2,000,000. The value of the contingent shares could range from $0 to $5,934,500 based on the accomplishment of a certain milestones.

(b) This entry records the intangible assets and related deferred tax liability management expects to acquire in the Merger. The preliminary purchase price allocation is based on management's estimate of acquired tangible and intangible assets and will be adjusted based on the final valuation to be completed within one year from the acquisition date. The excess of the total purchase price over the fair value of the net assets acquired, including the estimated fair value of the identifiable intangible assetswill be allocated to goodwill. Below is a preliminary summary of the significant intangible assets that NeoStem expects to acquire in the Merger:

Preliminary Summary of Intangible Assets

	Estimated Value	Useful Life	Estimated Annual Amortization
In process R&D	$ 14,707,900	*	$ -

* This amount will be capitalized and accounted for as an indefinite-life intangible asset, subject to impairment testing. NeoStem will evaluate this intangible asset and goodwill at least annually to determine if any impairment has occurred.

(c) This entry eliminates the equity accounts of Amorcyte as follows:

Common Stock	$ 7
Additional Paid in Capital	662,743
Accumulated Deficit	(9,114,800)

(d) For the purposes of these proforma combined financial statements it is assumed that the carrying value of this asset or liability approximates its fair value.

(e) On May 31, 2005, Amorcyte entered into a Cell Processing Agreement with PCT whereby the Company engaged PCT to be its exclusive provider of cell processing procedures and related services at rates and monthly fees as specified within the agreement for the clinical trial period for oversight services. In addition, the Company has contracted with PCT to provide certain administrative functions at a fee of $15,000 per month. NeoStem owned PCT for the period January 20, 2011 to March 31, 2011. This entry eliminates revenues billed by PCT to Amorcyte.

(f) At the conclusion of this transaction, an approximate additional 6,129,800 common shares will have been issued and for the purposes of calculating the unaudited proforma earnings/ (loss) per share it has been assumed that these shares were outstanding as of January 1, 2010.

AGREEMENT

AND

PLAN OF MERGER

between

NEOSTEM, INC.,

AMO ACQUISITION COMPANY I, INC.,

AMO ACQUISITION COMPANY II, LLC,

and

AMORCYTE, INC.,

Dated as of July 13, 2011

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LIST OF EXHIBITS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of July 13, 2011, is by and among **NEOSTEM, INC.**, a Delaware corporation (the "Parent" or "NeoStem"), **AMO ACQUISITION COMPANY I, INC.**, a Delaware corporation ("Subco"), **AMO ACQUISITION COMPANY II, LLC**, a Delaware limited liability company ("Subco II"), and **AMORCYTE, INC.,** a Delaware corporation ("Amorcyte").

RECITALS

WHEREAS, Amorcyte is engaged in developing stem cell therapies for the treatment of cardiovascular disease, including but not limited to AMR-001, a bone marrow derived CD34+ stem cell product for the preservation of heart muscle following acute myocardial infarction (the "Amorcyte Business");

WHEREAS, NeoStem desires to acquire the Amorcyte Business as contemplated in this Agreement and each of the parties hereto has determined that the Mergers are consistent with and in furtherance of its respective long-term business strategies;

WHEREAS, the parties hereto intend that (i) Subco be merged with and into Amorcyte (the "First Merger"), with Amorcyte surviving the First Merger as the surviving entity and (ii) within ninety (90) days thereafter, Amorcyte be merged with and into Subco II (the "Second Merger" and together with the First Merger, the "Mergers"), with Subco II surviving the Second Merger, in each case on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, as consideration in the First Merger, NeoStem shall issue to the Amorcyte Stockholders shares of Parent Common Stock and Warrants in the amounts and on the terms described herein;

WHEREAS, the respective Boards of Directors of NeoStem and Amorcyte have determined that the Mergers, in the manner contemplated herein, are advisable and in the best interests of their respective equity holders and, by resolutions duly adopted, have approved and adopted this Agreement; and

WHEREAS, the Board of Directors of Subco and the manager of Subco II have approved, and declared it advisable to enter into, this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

Definitions; Interpretations

Section 1.1 *Definitions*. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"Agreement" or "Merger Agreement" means this Agreement and Plan of Merger.

"Amorcyte Documents" means this Agreement and each other agreement, document, instrument or certificate to be executed by Amorcyte or Amorcyte Stockholders in connection with the consummation of the transactions contemplated hereby.

"Amorcyte Expenses" means all costs and expenses incurred by Amorcyte in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated hereby or obtaining any requisite consents or approvals of the Agreement or the transactions contemplated hereby, including any brokerage, investment bankers or similar fees and any attorneys' or accounting fees, but excluding the NeoStem Related Expenses.

"Amorcyte Group" means Amorcyte and any other entity that is controlled by Amorcyte or under common control. Unless the context expressly indicates to the contrary, each reference herein to the Amorcyte Group constitutes a reference to Amorcyte and each other Person that is part of the Amorcyte Group both conjunctively and disjunctively. Any reference herein to a "Person in the Amorcyte Group" refers to Amorcyte and any other entity that is a Person in the Amorcyte Group. For avoidance of any doubt, the Parties each acknowledge and agree that neither Paul Schmitt nor Novitas Capital III, L.P. is a member of the Amorcyte Group.

"Amorcyte Intellectual Property" means all rights, including but not limited to rights of ownership and rights under license from any Person of the Amorcyte Group with respect to any Intellectual Property; including but not limited to the patents described on **Schedule 4.15(a)**.

"Amorcyte Options" means all options to acquire equity of Amorcyte issued to former or current employees or consultants of Amorcyte.

"Amorcyte Optionholders" means the holders of Amorcyte Options.

"Amorcyte Product" means AMR-001 and any other product or service offering of the Amorcyte Group or product or service marketed, sold, licensed or distributed by the Amorcyte Group.

"Amorcyte Representative" means Paul Schmitt or his successor duly appointed.

"Amorcyte Securities" means Amorcyte Common Stock, Amorcyte Series A Preferred Stock, Amorcyte Options and Amorcyte Warrants.

"Amorcyte Securityholder" means each Amorcyte Stockholder, Amorcyte Optionholder and Amorcyte Warrantholder.

"Amorcyte Stockholder" means a holder of shares of common stock, par value $.001 per share, (inclusive of any Amorcyte Common Stock issued upon exercise of any Amorcyte Options and Amorcyte Warrants prior to Closing) of Amorcyte (the "Amorcyte Common Stock") or shares of preferred stock, par value $.001 per share of Amorcyte, of which 11,000 shares are designated as Series A Preferred Stock (the "Amorcyte Series A Preferred Stock").

"Amorcyte Warrants" means all options, warrants or rights or agreements to acquire or commitments to issue the equity of Amorcyte, excluding Amorcyte Options.

"Amorcyte Warrantholders" means the holders of Amorcyte Warrants.

"Balance Sheet Date" means March 31, 2011.

"Baxter" means Baxter Healthcare Corporation and its successors and assigns.

"Baxter Agreement" means that certain Restated License Agreement, effective as of July 21, 2009, by and between Baxter Healthcare Corporation and Amorcyte, Inc., as amended effective as of June 7, 2010.

"Benefit Arrangement" means each (i) employee benefit plan, as defined in Section 3(3) of ERISA, (ii) employment contract and (iii) bonus, deferred compensation, incentive compensation, performance compensation, stock purchase, stock option, stock appreciation, restricted stock, phantom stock, savings, profit sharing, severance, termination pay (other than statutory or common law requirements for reasonable notice), health or other medical, salary continuation, cafeteria, dependent care, vacation, sick leave, overtime, holiday pay, fringe benefit, reimbursement, life insurance, disability or other (whether insured or self-insured) insurance, supplementary unemployment, pension retirement, supplementary retirement, welfare or other plan, program, policy or arrangement, whether written or unwritten, formal or informal, to which any employee or consultant of the Amorcyte Business participates in or is covered under, or is otherwise a party.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks in New York City are open for the general transaction of business.

"Cell Therapy Product" means AMR-001 and each other of (i) human cells, tissues, and cellular- and tissue- based products as defined under 21 C.F.R. § 1271, produced by Amorcyte specifically, articles, containing or consisting of human cells or tissues that are intended for implantation, transplantation, infusion, or transfer into a human recipient, including but not limited to hematopoietic stem/progenitor cells derived from peripheral and cord blood; (ii) human cellular- and tissue-based products Amorcyte produces that are more than minimally manipulated for non-homologous use combined with at least one other article that raises new clinical safety concerns and/or has systemic effect on the metabolic activity of living cells for its primary function and are applicable to the prevention, treatment, or cure of a disease or condition of human beings; (iii) somatic cell-based products produced by Amorcyte that are procured from a donor and intended for manipulation and/or administration as it is defined by the America Association of Blood Banks; and (iv) any definition of Cell Therapy Product proscribed by applicable state, local, or other non-governmental regulatory body as such relates to a product produced by Amorcyte.

"Commencement" means with respect to a clinical trial, the first dosing of the first patient in such trial.

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

"Contract" means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, license, commitment or other arrangement, understanding, undertaking, commitment or obligation, whether written or oral.

"Convertible Debt" means any debt obligation issued by Amorcyte after the date hereof that is convertible into Amorcyte Series A Preferred Stock at the option of the holder of such convertible debt, if and when a sufficient number of authorized shares of Amorcyte Series A Preferred Stock are available for issuance upon such conversion.

"Environmental Laws" means any federal, state or local law, statute, ordinance, rule, regulation, license, permit, authorization, approval, consent, court order, judgment, decree, injunction, code requirement or agreement with any Governmental Authority (x) relating to pollution (or the cleanup thereof or the filing of information with respect thereto), human health or the protection of air, surface water, ground water, drinking water supply, land (including land surface or subsurface), plant and animal life or damages for injury or loss of natural resources, or (y) concerning exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production or disposal of Regulated Substances, in each case as amended and as now or hereafter in effect. The term "Environmental Laws" includes, without limitation, any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries or damages due to or threatened as a result of the presence of, exposure to, or ingestion of, any Regulated Substance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, the Amorcyte Group and any other Person that, together with Amorcyte, would be treated as a single employer under Section 414 of the Code.

"Escrow Account" means the escrow account established with the Escrow Agent in accordance with the Escrow Agreement to hold the Base Stock Consideration for up to two (2) years after Closing, as further described in Section 3.2 and Section 8.4.

"Escrow Agent" means Continental Stock Transfer, or any successor thereto acting as escrow agent under the Escrow Agreement.

"FDA" means the United States Food and Drug Administration or any successor agency performing similar functions.

"FDA Package" means the FDA and state regulatory filings, approvals, correspondence and audit reports provided by Amorcyte to Parent and its counsel.

"GAAP" means generally accepted accounting principles as in effect in the United States on the date of this Agreement.

"Governmental Authority" means any national, federal, state, provincial, county, municipal or local government, foreign or domestic, or the government of any political subdivision of any of the foregoing, or any entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established to perform any of such functions.

"Indebtedness" means at a particular time, without duplication, (i) any obligations under any indebtedness for borrowed money (including, without limitation, all principal, interest, premiums, penalties, fees, expenses, indemnities and breakage costs), (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any commitment by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (iv) any indebtedness pursuant to a guarantee, (v) any obligations under capitalized leases or with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, and (vi) any indebtedness secured by a Lien on a Person's assets. For avoidance of any doubt, "Indebtedness" shall not include the Convertible Debt.

"Indemnified Liabilities" means the following liabilities or obligations of the Amorcyte Group (whether or not relating to the Amorcyte Business, and whether known or unknown, absolute, accrued, contingent or otherwise, or whether due or to become due, arising out of events or transactions or facts occurring on or prior to, the Closing Date) but expressly excluding any Convertible Debt:

(i) all liabilities and obligations of any kind existing as of the Closing Date owed or owing by Amorcyte to any Amorcyte Stockholder or any Affiliate of an Amorcyte Stockholder but only to the extent not reflected on the Adjusted Closing Liabilities Statement;

(ii) all liabilities and obligations of any kind existing as of the Closing Date of a nature properly characterized under GAAP as a long-term liability, including all Indebtedness properly characterized under GAAP as a long-term liability;

(iii) all liabilities and obligations, whether absolute, accrued, contingent or otherwise, for Taxes, including, without limitation, any such liability or obligation for any income, sales, use or similar Taxes resulting from the transactions contemplated by this Agreement;

(iv) all damages, losses, liabilities, actions, claims, costs and expenses (including, without limitation, closure costs, fines, penalties, expenses of investigation and remediation and ongoing monitoring and reasonable attorneys' fees) directly or indirectly based upon, arising out of, resulting from or relating to (a) any violation of any Environmental Law by the Amorcyte Group or any Person or entity acting on behalf of the Amorcyte Group or any Person from or through which the Amorcyte Group acquired title on or prior to the Closing Date (including, without limitation, any failure to obtain or comply with any permit, license or other operating authorization under provisions of any Environmental Law), (b) any violation of any rule, regulation or promulgation of the FDA by the Amorcyte Group or any Person or entity acting on behalf of the Amorcyte Group or any Person from or through which the Amorcyte Group acquired title on or prior to the Closing Date, (c) any act, omission, event, condition or circumstance occurring or existing on or prior to the Closing, in connection with the Amorcyte Business or otherwise relating to (X) removal, remediation, containment, cleanup or abatement of the presence of any Regulated Substance, whether on-site or off-site, or (Y) any claim by any third party, including without limitation, tort suits for personal or bodily injury, property damage or injunctive relief or (d) any failure to comply with any escheat law;

(v) all liabilities and obligations arising out of any lawsuit, action, proceeding, inquiry, claim, order or investigation by or before any Governmental Authority arising out of events, transactions, facts, circumstances, acts or omissions which occurred prior to or on the Closing Date, including, without limitation, personal injury or property damage, product liability or strict liability;

(vi) all liabilities or obligations of the Amorcyte Group, related to the Amorcyte Business or otherwise, of any kind or nature, whether known or unknown, absolute, accrued, contingent or otherwise, or whether due or to become due, arising out of events, transactions, facts, acts or omissions which occurred prior to or on the Closing Date that are either (A) not disclosed in the GAAP Financial Statements or (B) not disclosed in the disclosure schedules to this Agreement, except, in each case, to the extent such liabilities or obligations are reflected in the Estimated Liabilities, as modified by the Adjusted Closing Liabilities (and thus are ultimately reflected on the Adjusted Closing Liabilities Statement);

(vii) all liabilities due to PCT; and

(viii) all liabilities due to Baxter arising out of or related to the termination of the Baxter Agreement.

"Intellectual Property" means any and all worldwide rights in, arising from or associated with the following, whether protected, created or arising under the Laws of the United States or any other jurisdiction or under any international convention: (i) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon, and all similar rights arising under the Laws of any jurisdiction (collectively, "Patents"), (ii) all trademarks, service marks, trade names, service names, brand names, corporate names, trade dress rights, logos, rights to use Internet domain names, and other general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof (collectively, "Marks"), (iii) copyrights and registrations and applications therefor, works of authorship and mask work rights (collectively, "Copyrights"), (iv) discoveries, concepts, ideas, research and development, know-how, formulae, inventions, compositions, technical data, procedures, investigational new drug application ("INDs"), clinical data, designs, drawings, specifications, databases, and other proprietary and confidential information, including, without limitation, lists and databases of attendees, speakers, exhibitors and sponsors, customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents (collectively, "Trade Secrets"), (v) all Software and Technology, (vi) all rights to any of the foregoing pursuant to any Intellectual Property License, and (vii) all rights of any nature related to the Cell Therapy Product.

"Intellectual Property License" means (i) any grant by the Amorcyte Group to a third Person of any right to use any of the Amorcyte Intellectual Property, and (ii) any grant to the Amorcyte Group of a right to use a third-person's Intellectual Property.

"Knowledge" means the actual knowledge, after due inquiry, of each of the directors and executive officers of Amorcyte, including but not limited to the following individuals (the "Knowledge Group"): Paul Schmitt, Hans Mueller, Andrew Pecora, Robert Preti and George Goldberger, except when Knowledge refers to the knowledge of NeoStem, the Knowledge Group means Robin Smith, Larry May, Jason Kolbert and Catherine Vaczy.

"Law" means any foreign, federal, state or local law (including common law), statute, code, ordinance, rule, regulation or other requirement.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, investigations, proceedings or claims by or before a Governmental Authority.

"Liabilities" means at a particular time, all debts, losses, claims, damages, fines, judgments, liabilities or obligations of a person of any kind existing at such time, whether or not arising from a person's business, and whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, and whether due or to become due and whether in contract, tort, strict liability or otherwise, and whether or not required to be included on a balance sheet prepared under GAAP, provided that in no event shall Liabilities include any Convertible Debt.

"Lien" or "Liens" means any mortgage, pledge, security interest, right of first refusal, option, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof) on any assets of Amorcyte, any sale of receivables with recourse against Amorcyte or any Person in the Amorcyte Group, any filing or agreement to file a financing statement, as it relates to Amorcyte, as debtor under the Uniform Commercial Code or any similar statute (other than to reflect ownership by a third party of property leased to Amorcyte or any Person in the Amorcyte Group under a lease which is not in the nature of a conditional sale or title retention agreement), any subordination arrangement in favor of another Person, or voting trusts, proxies or restrictions (other than restrictions imposed by federal or state securities laws) of any kind on any assets of Amorcyte.

"Lock-up Stockholders" means Robert Preti, George Goldberger, Darren Blanton, Desmond O'Connell, Thomas J. Moss, Andrew L. Pecora, Hackensack University Medical Center, CCP-AMOR, L.P., Colt Ventures, Ltd. and Novitas Capital III, L.P.

"Material Adverse Effect" means, with respect to any Person, any change, occurrence or development that individually or in the aggregate has or would reasonably be expected to have a material adverse effect on (x) the business, results of operations, assets, liabilities, operations, financial condition or prospects of such party and its subsidiaries taken as a whole, or (y) the ability of such Person to consummate the transactions contemplated by this Agreement, but does not include any event, circumstance, change or effect that individually or in the aggregate results from (a) any event, condition or circumstance affecting the industry in which the Person is engaged, provided such Person is not disproportionately adversely impacted thereby, (b) the announcement or pendency of the transactions contemplated by this Agreement, (c) with respect to Amorcyte, actions taken by Amorcyte, at NeoStem's request or pursuant to this Agreement, (d) acts of war or terrorism, and (e) general economic, political or financial market conditions.

"Moss Offer Letter" means that certain Letter Agreement effective November 14, 2005 between Amorcyte and Thomas J. Moss, M.D.

"NeoStem Related Expenses" means expenses first incurred by Amorcyte after the date hereof that are required solely for NeoStem to comply with its obligations under federal securities laws (such as legal opinions or accountant consents of Amorcyte's attorneys or accountants that are required in connection with any capital raising activities by NeoStem) but not expenses related to the Mergers and obtaining approval of the Mergers, such as the Forms 8-K required to be filed as a result of the execution of this Agreement and the closing of the Mergers, the Prospectus/Joint Proxy Statement, and other Amorcyte Expenses.

"Net Sales" means the aggregate US dollars equivalent of gross revenues received by NeoStem from or on account of the sale of AMR 001 to a third party customer less any (a) credits, allowances, third party royalty payments, Infringement Damage Claims, rebates, inventory management fees, and trade and cash discounts, if any, actually granted on account of price adjustments, recalls, rejections or return of items previously sold, (b) excises, sales taxes, duties or other taxes imposed upon and paid by NeoStem or its Affiliates with respect to such sales (excluding income or franchise taxes of any kind) and (c) such other deductions allowable by GAAP.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

"Ordinary Course of Amorcyte's Business" means the ordinary and usual course of day-to-day operations of the Amorcyte Business through the date hereof consistent with past practice.

"Parent Common Stock" means shares of common stock, par value $0.001 per share, of NeoStem, Inc.

"Parent Per Share Value" means, with respect to Parent Common Stock, $1.466, which is the average of the closing prices of sales of Parent Common Stock on the NYSE-Amex for the 10 trading days ending on the trading day prior to the date of execution of this Agreement.

"PCT" means Progenitor Cell Therapy, LLC, a wholly owned subsidiary of Parent.

"Pecora Agreement" means that certain Employment Agreement, dated September 23, 2010 and effective January 19, 2011, by and between Andrew L. Pecora, M.D., NeoStem and PCT.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates of a Governmental Authority and any non-governmental regulatory body licenses, certifications or accreditations, such as those from the American Association of Blood Banks (AABB) and the Foundation for the Accreditation of Cellular Therapy (FACT).

"Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust or joint venture, or a governmental agency or political subdivision thereof.

"Purchaser Documents" means this Agreement and each other agreement, document, instrument or certificate to be executed by the Parent or Subco in connection with the consummation of the transactions contemplated hereby.

"Regulated Substances" means pollutants, contaminants, hazardous or toxic substances, compounds or related materials or chemicals, hazardous materials, hazardous waste, flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products (including, but not limited to, waste petroleum and petroleum products) as regulated under applicable Environmental Laws.

"Software" means any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation including user manuals and other training documentation related to any of the foregoing.

"Tax," "tax," "Taxes" or "taxes" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, alternative minimum or add-on minimum tax, gross income, gross receipts, capital, paid-up capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, environmental, windfall profits, customs duties, fees, or other like assessments and charges of any kind whatsoever, (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Taxing Authority in connection with any item described in clause (i) and (iii) any transferee liability in respect of any items described in clauses (i) and/or (ii) payable by reason of Contract, assumption, transferee liability, operation of Law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise, in each case whether or not disputed.

"Taxing Authority" means the Internal Revenue Service and any other Governmental Authority responsible for the administration of any Tax.

"Tax Return" or "tax return" means any return, report or statement filed or required to be filed with respect to any Tax (including any attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes any Person within the Amorcyte Group or any Affiliate of any Person within the Amorcyte Group.

"Technology" means, collectively, (i) all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, (ii) all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of any of the foregoing, in any form whether or not specifically listed herein, and (iii) all related technology that is used in, incorporated in, embodied in, displayed by or relate to any of the foregoing or is otherwise owned or used by the Amorcyte Group (except that it is understood that the Amorcyte Group does not own customer-owned Technology or other technology licensed by Amorcyte and used by it or contemplated to be used by it in the Amorcyte Business).

"Transaction Documents" means Purchaser Documents and Amorcyte Documents.

"Warrants" means the Parent Common Stock purchase warrants of Parent in the form annexed hereto as Exhibit C, which shall be issued to the Amorcyte Stockholders at the Closing.

Section 1.2 *Other Definitions*. The following table identifies the sections in this Agreement where certain other definitions are set forth:

Defined Term	Section
Additional Territories	Section 6.14
Adjusted Stock Consideration	Section 3.3(b)
Adjusted Closing Liabilities	Section 3.3(c)
Adjusted Closing Liabilities Statement	Section 3.3(c)
Amorcyte	Opening Paragraph
Amorcyte Acquisition Proposal	Section 6.5(a)
Amorcyte Business	First Recital
Amorcyte Claims	Section 6.8(a)
Amorcyte Common Stock	Section 1.1, Definition of "Amorcyte Stockholder"
Amorcyte Financing	Section 6.12(d)
Amorcyte Governing Documents	Section 3.4(b)
Amorcyte Indemnified Parties	Section 8.2(b)
Amorcyte Meeting	Section 4.26
Amorcyte Permits	Section 4.20(b)
Amorcyte Series A Preferred Stock	Section 1.1, Definition of "Amorcyte Stockholder"
Amorcyte Service Stockholder	Section 3.8(a)(vi)
Bankruptcy/Equity Exception	Section 4.2
Base Stock Consideration	Section 3.1(b)(i)
Business Consultant	Section 4.18(b)
Business Employee	Section 4.18(a)
Claims	Section 3.7(a)(vi)
Closing	Section 2.2
Closing Date	Section 2.2
Company Disclosure Letter	Article IV - First Paragraph
Consideration Allocation and Percentage Certificate	Section 3.4(b)
Contingent Shares	Section 3.1(b)
Control	Section 1.1, Definition of "Affiliate"
Copyrights	Section 1.1, Definition of "Intellectual Property"
Current Value	Section 8.4(a)(ii)
Damages	Section 8.2(a)
Decrease Amount	Section 3.3(e)
DGCL	Section 2.1
DLLCA	Section 2.1

Defined Term	Section
Earn Out Payment Certification	Section 3.7(b)
Escrow Agreement	Section 3.2
Escrow Period	Section 8.4(a)
Estimated Liabilities	Section 3.3(a)
Exchange Act	Section 4.26
Exchange	Section 7.1(f)
Excluded Payments	Section 8.2(b)
Fair Market Value	Section 8.4(b)
Final Submission	Section 3.3(d)
Firm	Section 3.3(d)
First Certificate of Merger	Section 2.2(b)(i)
First Effective Time	Section 2.2(b)(i)
First Merger	Recitals
FINRA	Section 4.27
GAAP Financial Statements	Section 4.9(a)
Increase Amount	Section 3.3(e)
Indemnified Party	Section 8.2(c)
Indemnifying Party	Section 8.2(c)
INDs	Section 1.1, Definition of “Intellectual Property”
Infringement Damage Claims	Section 3.7(a)
Leased Property	Section 4.7(a)
Letter of Transmittal	Section 3.8(a)(ix)
Lock-Up Stockholders	Section 4.11(c)
Marks	Section 1.1, Definition of “Intellectual Property”
Mergers	Recitals
Material Contracts	Section 4.16(a)
Multiemployer Plan	Section 4.17(b)
NeoStem	Opening Paragraph
NeoStem Meeting	Section 4.26
Off-The-Shelf Software	Section 4.15(f)
One-Year Release Date	Section 8.4(a)
Out-License Transaction	Section 3.7(a)
Parent	Opening Paragraph
Parent Indemnified Parties	Section 8.2(a)
Parent Notice	Section 8.4(b)
Patents	Section 1.1, Definition of “Intellectual Property”
Person In the Amorcyte Group	Section 1.1; Definition of “Amorcyte Group”
Primary Clinical Endpoints	Section 3.6
Prospectus/Joint Proxy Statement	Section 4.26
Registration Statement	Section 4.26
Related Persons	Section 4.22(a)
SEC	Section 4.4

Defined Term	Section
Second Certificate of Merger	Section 2.2(b)(ii)
Second Effective Time	Section 2.2(b)(ii)
Second Merger	Recitals
Securities Act	Section 4. 9(d)
Service Provider	Section 4.18(e)
Stock Consideration	Section 3.1(b)
Subco	Opening Paragraph
Subco II	Opening Paragraph
Supplemental Financial Information	Section 6.3(e)
Supplier Agreement	Section 7.2(m)
Survival Period	Section 8.1(a)
Surviving Company	Section 2.1
Target Liabilities	Section 3.3(b)
Termination Date	Section 8.4(a)
Threshold	Section 8.2(d)
Trade Secrets	Section 1.1, Definition of "Intellectual Property"
Voting Agreement	Section 4.11(c)
Warrants	Section 3.1(b)(iii)

Section 1.3 *Interpretation*. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, "herein," "hereto," "hereof" and words of similar import refer to this Agreement as a whole and not to any particular Section or paragraph hereof; (ii) words importing the masculine gender shall also include the feminine and neutral genders, and vice versa; and (iii) words importing the singular shall also include the plural, and vice versa.

ARTICLE II

The Mergers

Section 2.1 *The Mergers*. Upon the terms and subject to the conditions hereof, and in accordance with the provisions of the Delaware General Corporation Law (the "DGCL") and the Delaware Limited Liability Company Act ("DLLCA"), as applicable:

(a) At the First Effective Time, the First Merger shall be effected by Subco merging with and into Amorcyte. From and after the First Effective Time, the separate corporate existence of Subco shall cease and Amorcyte shall continue its existence under the laws of the State of Delaware as a wholly-owned subsidiary of NeoStem; and

(b) At the Second Effective Time, the Second Merger shall be effected by Amorcyte merging with and into Subco II. From and after the Second Effective Time, the separate corporate existence of Amorcyte shall cease and Subco II shall continue its existence under the laws of the State of Delaware as a wholly-owned subsidiary of NeoStem. Subco II, in its capacity as the corporation surviving the Second Merger, is hereinafter sometimes referred to as the "Surviving Company."

Section 2.2 *Closing; Effective Time.*

(a) The closing of the transactions contemplated hereby (the "Closing") shall be held at the offices of Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 or such other place as the parties may agree, as soon as practicable (but in any event within five Business Days) following the date upon which all conditions set forth in Article VII hereof have been satisfied or waived, or at such other date as NeoStem and Amorcyte may agree, provided that the conditions set forth in Article VII have been satisfied or waived at or prior to such date. The date on which the Closing takes place is referred to herein as the "Closing Date." For all tax purposes, the Closing shall be effective at the end of the day on the Closing Date.

(b) At the Closing, Subco and Amorcyte shall cause the First Merger to be consummated by filing a certificate of merger (the "First Certificate of Merger") with the Secretary of State of the State of Delaware in such form as is required by Section 251 of the DGCL, and executed and filed in accordance with the relevant provisions of the DGCL. The time of acceptance of such filing by the Secretary of State of the State of Delaware, or such later time as shall be agreed upon by NeoStem and Amorcyte and specified in the First Certificate of Merger, is referred to herein as the "First Effective Time".

(c) Within ninety (90) days after the First Effective Time, Amorcyte and Subco II shall cause the Second Merger to be consummated by filing a certificate of merger (the "Second Certificate of Merger") with the Secretary of State of the State of Delaware in such form as is required by Section 251 of the DGCL and Section 18-209 of the DLLCA, and executed and filed in accordance with the relevant provisions of the DGCL and the DLLCA. The time of acceptance of such filing by the Secretary of State of the State of Delaware, or such later time as shall be agreed upon by Amorcyte and Subco II and specified in the Second Certificate of Merger, is referred to herein as the "Second Effective Time".

Section 2.3 *Effects of the Mergers.*

(a) At the First Effective Time, the effect of the First Merger shall be as provided in this Agreement, the First Certificate of Merger and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the First Effective Time all the property, rights, privileges, powers and franchises of Amorcyte and Subco shall vest in Amorcyte, and all debts, liabilities and duties of Amorcyte and Subco shall become debts, liabilities and duties of Amorcyte.

(b) At the Second Effective Time, the effect of the Second Merger shall be as provided in this Agreement, the Second Certificate of Merger and the applicable provisions of the DGCL and the DLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Second Effective Time all the property, rights, privileges, powers and franchises of Amorcyte and Subco II shall vest in the Surviving Company, and all debts, liabilities and duties of Amorcyte and Subco II shall become debts, liabilities and duties of the Surviving Company.

Section 2.4 *Certificate of Incorporation and By-Laws.*

(a) At the First Effective Time, (i) the certificate of incorporation of Amorcyte as in effect immediately prior to the First Effective Time shall be amended as of the First Effective Time so as to contain the provisions, and only the provisions, contained immediately prior thereto in the certificate of incorporation of Subco (other than the corporate name and any other modifications requested by Parent), and (ii) the by-laws of Amorcyte as in effect immediately prior to the First Effective Time shall be amended as of the First Effective Time so as to contain the provisions, and only the provisions, contained immediately prior thereto in the by-laws of Subco (other than the corporate name and any other modifications requested by Parent); in each case until amended in accordance with applicable law.

(b) At the Second Effective Time, (i) the certificate of formation of Subco II shall continue unchanged and shall be the certificate of formation of the Surviving Company, until thereafter amended as provided therein and by the DLLCA, and (ii) the limited liability company agreement of Subco II shall continue unchanged and be the limited liability company agreement of the Surviving Company, until thereafter amended as provided therein and by the DLLCA.

Section 2.5 *Directors and Officers.*

(a) At the First Effective Time, individuals designated by NeoStem prior to the First Effective Time shall be the officers and directors of Amorcyte, in each case until their respective successors are duly elected and qualified. On or prior to the Closing Date, Amorcyte shall deliver to NeoStem a written resignation, in form and substance satisfactory to NeoStem, from each director and officer of Amorcyte, effective as of the First Effective Time.

(b) At the Second Effective Time, (i) the manager of Subco II immediately prior to the Second Effective Time shall continue to be the manager of the Surviving Company immediately after the Second Effective Time until his successor is duly elected and qualified, and (ii) the officers of Subco II immediately prior to the Second Effective Time shall continue to be the officers of the Surviving Company immediately after the Second Effective Time until their respective successors are duly appointed.

ARTICLE III

Conversion and Distribution of Securities

Section 3.1 *Conversion of Capital Stock.* At the First Effective Time, by virtue of the First Merger and without any action on the part of NeoStem, Subco or Amorcyte or their respective stockholders, as the case may be:

(a) Each share of capital stock of Subco issued and outstanding immediately prior to the First Effective Time shall, by virtue of the First Merger, be converted into and become one validly issued, fully paid and nonassessable share of common stock of Amorcyte. Such common stock shall thereafter constitute all of the issued and outstanding equity of Amorcyte, so that NeoStem shall own all of the capital stock interests in, and equity of, Amorcyte. Each share of capital stock of Subco, when converted in accordance with this Section 3.1(a), will no longer be outstanding, will automatically be cancelled and will cease to exist.

(b) Subject to the other provisions of this Article III, all of the shares of Amorcyte Series A Preferred Stock, all of the shares of Amorcyte Common Stock, all of the Amorcyte Options and Amorcyte Warrants, and all Convertible Debt (to the extent such Convertible Debt has not been converted into Series A Preferred Stock) (with such Convertible Debt being treated as if such Convertible Debt was actually converted into Series A Preferred Stock) in each case, issued and outstanding immediately prior to the First Effective Time, shall, by virtue of the First Merger, be cancelled and converted into the right to receive, in the aggregate, the following:

(i) 6,821,283 shares of Parent Common Stock, adjusted as set forth in Section 3.3, equal to $10 million divided by the Parent Per Share Value (the "Base Stock Consideration"),

(ii) The right to receive 4,092,768 shares of Parent Common Stock (a number, subject to satisfaction of the conditions precedent set forth in Section 3.6, equal to $6 million divided by the Parent Per Share Value) (the "Contingent Shares", and together with the Base Stock Consideration, the "Stock Consideration");

(iii) Warrants to purchase 1,881,008 shares of Parent Common Stock over a seven (7) year period (the number of shares shall be fixed so that the fair market valuation of the Warrants using the Black-Scholes option valuation formula shall be $2 million) at an exercise price of the Parent Per Share Value (the "Warrants"); and

(iv) The Earn Out Payments in accordance with Section 3.7.

(c) Transfer of any shares of Parent Common Stock issued upon exercise of the Warrants will be restricted until the date one year after the Closing Date pursuant to the terms of the Warrants. The Warrants otherwise shall be on customary terms and in customary form for Parent common stock purchase warrants as set forth in **Exhibit C.**

(d) Amorcyte covenants that, prior to the Closing Date, (i) it will cause all Amorcyte Options and Amorcyte Warrants to have been modified in writings executed by each Optionholder and each Warrantholder, as applicable; provided that such modifications shall be reasonably acceptable to Parent, so that, effective upon the First Effective Time, all Amorcyte Options and all Amorcyte Warrants shall, by virtue of the First Merger, be converted into the right to receive their share of any Earn Out Payments that the holders of such Amorcyte Options and Amorcyte Warrants would have received if they had exercised their Amorcyte Options and/or Amorcyte Warrants, as applicable, prior to the Closing Date (after taking into account any exercise price such holders would have had to pay if they had actually exercised their Amorcyte Options or Amorcyte Warrants) and (ii) all payables due to PCT through the Closing Date will be fully paid and satisfied prior to or at Closing.

(e) As of the Second Effective Time all shares of common stock of Amorcyte issued and outstanding following the First Effective Time shall automatically be cancelled and shall cease to exist, and each holder of any such shares of common stock shall cease to have any rights with respect thereto.

(f) At the Second Effective Time, each common unit of Subco II that is issued and outstanding immediately prior to the Second Effective Time will continue to constitute one validly issued common unit of the Surviving Company. Such common unit shall be the only units of the Surviving Company that are issued and outstanding immediately after the Second Effective Time.

Section 3.2 *Payments by the Parent*. Upon the terms and subject to the conditions of this Agreement and on the basis of the representations, warranties and agreements contained herein, at the Closing, the Parent shall cause its transfer agent to issue the Base Stock Consideration in the name of the Escrow Agent, as agent for the Amorcyte Stockholders, and to deliver the Base Stock Consideration to the Escrow Agent, to be held and disbursed by the Escrow Agent pursuant to the terms and conditions of an escrow agreement in the form and substance of the escrow agreement annexed hereto as **Exhibit B**, subject to such modifications thereof as the Escrow Agent shall reasonably request prior to the Closing and as shall be accepted by the Parent and Amorcyte (such acceptance not to be unreasonably denied) (as so modified, the "Escrow Agreement"). The stock certificates representing the shares of Parent Common Stock held in escrow shall bear restrictive legends as set forth in the Escrow Agreement. Parent also shall issue the Warrants in electronic book entry form in the name of the Amorcyte Stockholders. The Escrow Agreement shall prohibit transfers of interests in the Escrow Account or any of the Stock Consideration, directly or indirectly, until released from the Escrow Account. The Contingent Shares shall be issued to the Amorcyte Stockholders if and when the contingencies set forth in Section 3.6 have been satisfied.

Section 3.3 *Adjustment to Base Stock Consideration.*

(a) At Closing, Amorcyte shall provide the Parent with an estimated list of all of its Liabilities (the "Estimated Liabilities"). The Estimated Liabilities shall reflect, but not be limited to, all payments required to be made by, or obligations of Amorcyte on or as of the Closing Date (including, without limitation, an estimate of the Amorcyte Expenses incurred to date and to be incurred and a good faith reasonable estimate of any contingent Liabilities and excluding any Convertible Debt).

(b) If the Estimated Liabilities are more than $478,000 (the "Target Liabilities"), the Base Stock Consideration payable at Closing will be decreased by two times (2x) the amount by which the Estimated Liabilities are greater than the Target Liabilities. The decrease will reduce the Base Stock Consideration by two dollars for every dollar by which Estimated Liabilities are greater than the Target Liabilities, with each share of Parent Common Stock valued at the Parent Per Share Value. "Adjusted Stock Consideration", as used in this Section 3.3, shall mean the Base Stock Consideration as decreased (if at all) by this Section 3.3(b).

(c) The Adjusted Stock Consideration shall be further adjusted (upward or downward, as applicable, but never to an amount greater than the number of shares set forth in Section 3.1(b)(i)) as set forth in Section 3.3(e) after the Closing to reflect the difference, if any, between the Adjusted Closing Liabilities determined pursuant to this Section 3.3(c) and the Estimated Liabilities. "Adjusted Closing Liabilities" means all Liabilities of Amorcyte incurred as of the close of business on the Closing Date (including, without limitation, the Amorcyte Expenses and a good faith reasonable estimate of any contingent Liabilities as of the Closing Date which remain contingent at the date of determination and excluding any Convertible Debt). Within ninety (90) calendar days following the Closing Date, the Parent shall deliver to the Amorcyte Representative a statement setting forth the Adjusted Closing Liabilities (the "Adjusted Closing Liabilities Statement"). To the extent the Parent fails to deliver the Adjusted Closing Liabilities Statement to the Amorcyte Representative within such ninety (90) day period, then the Estimated Liabilities shall be final, conclusive and binding upon all parties hereto. Parent covenants to timely pay all Liabilities set forth on the Adjusted Closing Liabilities Statement.

(d) The Adjusted Closing Liabilities delivered by the Parent to the Amorcyte Representative shall be conclusive and binding upon the parties unless the Amorcyte Representative, within thirty (30) calendar days after receipt by the Amorcyte Representative of the Adjusted Closing Liabilities Statement, notifies the Parent in writing that the Amorcyte Representative disputes any of the amounts set forth therein, specifying the nature of the dispute and the basis therefor. The parties shall in good faith attempt to resolve any dispute, in which event the Adjusted Closing Liabilities Statement, as amended to the extent necessary to reflect the resolution of the dispute, shall be conclusive and binding on the parties. If the parties do not reach agreement in resolving any and all such disputes within twenty (20) calendar days after notice is given by the Amorcyte Representative to the Parent pursuant to the second preceding sentence, the parties shall, within twenty (20) days thereafter, jointly select and engage an independent accounting firm (other than the Parent's or Amorcyte's accounting firm) (the "Firm") to resolve any remaining disputes regarding the Adjusted Closing Liabilities Statement. Promptly, but no later than twenty (20) calendar days after acceptance of its appointment as the Firm, the Firm shall determine (it being understood that in making such determination, the Firm shall be functioning as an expert and not as an arbitrator), based solely on written submissions by the Parent and the Amorcyte Representative, each containing a computation of Adjusted Closing Liabilities (the final submission made by the Parent and the Amorcyte Representative to the Firm being referred to herein as such party's "Final Submission"), and not by independent review, only those issues in dispute and shall render a written report as to the resolution of the disputes and the resulting computation of the Adjusted Closing Liabilities. Such written report shall be conclusive and binding on the parties. All proceedings conducted by the Firm shall take place in New York, New York. In resolving any disputed item, the Firm (x) shall be bound by the provisions of this Section 3.3(d) and (y) may not assign a value to any Liability greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees, costs and expenses of the Firm shall be borne solely by the party whose calculation of Adjusted Closing Liabilities, as reflected in such party's Final Submission, is furthest in amount, whether positive or negative, from the amount of Adjusted Closing Liabilities as determined by the Firm.

(e) Upon final determination of the Adjusted Closing Liabilities as provided in Section 3.3(d), (i) if the Adjusted Closing Liabilities are greater than the Estimated Liabilities, the Adjusted Stock Consideration shall be further decreased by two times (2x) the excess of the Adjusted Closing Liabilities over the Estimated Liabilities (the "Decrease Amount"); and (ii) if the Adjusted Closing Liabilities are less than the Estimated Liabilities, the Adjusted Stock Consideration shall be increased by two times (2x) the excess of the Estimated Liabilities over the Adjusted Closing Liabilities (the "Increase Amount"), provided that, in no event shall the Adjusted Stock Consideration be increased to be an amount that in the aggregate is greater than the number of shares initially reflected as the Base Stock Consideration in Section 3.1(b)(i) (without regard for any adjustments pursuant to this Section 3.3). If the Adjusted Closing Liabilities are greater than the Estimated Liabilities, then the Parent shall direct the Escrow Agent to return to the Parent, within five (5) Business Days of such determination, Shares of Parent Common Stock representing the Decrease Amount with each share of Parent Common Stock valued at the Parent Per Share Value as of the payment date. On the other hand, if the Estimated Liabilities are greater than the Adjusted Closing Liabilities, then the Parent shall deposit with the Escrow Agent, within five (5) Business Days of such determination, shares of Parent Common Stock representing the Increase Amount with each share of Parent Common Stock valued at the Parent Per Share Value as of the payment date; provided that in no event shall the Parent deposit with the Escrow Agent an aggregate amount of Parent Common Stock greater than the number of shares reflected in Section 3.1(b)(i) as the Base Stock Consideration.

(f) Amorcyte undertakes and covenants to make all payments required in the Ordinary Course of Amorcyte's Business through the Closing Date. For avoidance of any doubt, the Adjusted Closing Liabilities shall include all Amorcyte Expenses whenever incurred, as well as all Amorcyte accounts payable incurred in the Ordinary Course of Amorcyte's Business through the Closing Date. To the extent that any such expense or accounts payable are not due as of the Closing Date and are properly reflected on the Adjusted Closing Liabilities Statement and result in an adjustment of the Base Stock Consideration, Parent shall pay such expenses or accounts payable in the ordinary course when due.

Section 3.4 *Distributions; Exchange Ratio; Fractional Shares; Adjustments*.

(a) Pursuant to the Voting Agreement, dated as of the date hereof, the Lock-Up Stockholders have irrevocably agreed to vote in favor of the First Merger, this Merger Agreement and the Escrow Agreement and agreed to certain transfer restrictions with respect to their shares in Amorcyte prior to the First Effective Time. Amorcyte represents and warrants that the Lock-up Stockholders now own, and will own after completion of any Amorcyte Financing, a sufficient number of shares of the Amorcyte Series A Preferred Stock and Amorcyte Common Stock to assure that all requisite shareholder consents, votes or approvals will be obtained.

(b) Each Amorcyte Securityholder shall receive, for his, her or its Amorcyte Series A Preferred Stock, Amorcyte Common Stock, Amorcyte Options and Amorcyte Warrants, as applicable, an allocable share of the Base Stock Consideration, as adjusted pursuant to this Agreement, the Warrants, the Contingent Shares, if applicable, and the Earn Out Payments, if applicable, in each case, in accordance with (i) the certificate of incorporation of Amorcyte, including the certificate of designations for the Amorcyte Series A Preferred Stock, (ii) the terms of any stockholder agreements, (iii) the terms of the Amorcyte Options and the Amorcyte Warrants, as amended pursuant to this Agreement, and (iv) the Consideration Allocation and Percentage Certification (subsections (i) through (iii), the "Amorcyte Governing Documents"). At the Closing, Amorcyte shall deliver to the Parent and the Escrow Agent a certification signed by the Amorcyte Representative showing: (a) the number of shares of the Base Stock Consideration, the Warrants and the Contingent Shares, if applicable, allocable to each Amorcyte Securityholder and (b) the percentage interest of each Amorcyte Securityholder in the Base Stock Consideration, Warrants, Contingent Shares, if applicable, and Earn Out Payments, if applicable, (the "Consideration Allocation and Percentage Certification"). Annexed hereto as **Exhibit E** is a form of the chart showing the aggregate allocation of the consideration to be received hereunder allocated among the holders of Amorcyte Series A Preferred Stock, Amorcyte Common Stock, Amorcyte Options and Amorcyte Warrants. Amorcyte shall deliver **Exhibit E** to Parent within 5 Business Days of the date of execution of this Agreement. **Exhibit E** is, and the Consideration Allocation and Percentage Certification shall be, consistent with the Amorcyte Governing Documents in all respects and conclusive and binding on the Amorcyte Securityholders. Prior to Closing, Amorcyte shall provide NeoStem with any updates to **Exhibit E** required as a result of the Amorcyte Financing.

(c) Within three (3) Business Days after the final determination of the Adjusted Stock Consideration pursuant to Section 3.3, the Amorcyte Representative shall deliver to the Parent and the Escrow Agent an amended Consideration Allocation and Percentage Certification, which will show (a) the number of shares of Adjusted Stock Consideration, (b) the number of Contingent Shares, if issuable, (c) the number of Warrants and (d) the percentage of Earn Out Payments, if earned, to be issued to or paid to, as applicable, each Amorcyte Securityholder again consistent with **Exhibit E** and the Amorcyte Governing Documents and rounded in each case to the nearest whole shares as provided in Section 3.4(e).

(d) Within three (3) Business Days of the closing of the Amorcyte Financing, if any, the Amorcyte Representative shall deliver to the Parent and the Escrow Agent an amended Consideration Allocation and Percentage Certification, which will show (a) the number of shares of Adjusted Stock Consideration, (b) the number of Contingent Shares, if issuable, (c) the number of Warrants and (d) the percentage of Earn Out Payments, if earned, to be issued to or paid to, as applicable, each Amorcyte Securityholder again consistent with **Exhibit E** and the Amorcyte Governing Documents and rounded in each case to the nearest whole shares as provided in Section 3.4(e).

(e) No certificates for fractional shares of Parent Common Stock or Warrants to purchase fractional shares of Parent Common Stock shall be issued. In lieu of any fractional shares or Warrants to purchase a fractional share to which the Amorcyte Securityholders would otherwise be entitled as a result of the distributions provided for herein or in the Escrow Agreement based on the Consideration Allocation and Percentage Certification, all stock issuances of Parent Common Stock or Warrant amounts shall be rounded up or down to the nearest whole share, so that no more than the whole number of shares represented by the Adjusted Stock Consideration and the Contingent Shares, if any, and no more than the whole number of shares represented by the Warrants shall ever be issued.

(f) In the event that, subsequent to the date hereof and prior to the First Effective Time, NeoStem shall declare a stock dividend or other distribution payable in shares of Parent Common Stock or securities convertible into shares of Parent Common Stock or effect a stock split, reclassification, combination or other change with respect to shares of Parent Common Stock, the Adjusted Stock Consideration and Warrants shall be proportionately adjusted to reflect such dividend, distribution, stock split, reclassification, combination or other change.

Section 3.5 *Delivery of Certificates to Escrow Agent.* Promptly following the First Effective Time, NeoStem shall deposit with the Escrow Agent, for distribution in accordance with the Escrow Agreement, certificates representing the Base Stock Consideration (6,821,283 shares of the Parent Common Stock) in the name of the Escrow Agent for eventual distribution to the Amorcyte Stockholders consistent with the Escrow Agreement. So long as any shares of Parent Common Stock are held in escrow, the Escrow Agreement shall provide that the shares of Parent Common Stock be voted on any matter presented to the shareholders of NeoStem by the Amorcyte Representative.

Section 3.6 *Contingent Shares*. Contingent Shares (with an aggregate Parent Per Share Value of $6 million) only shall be issued subject to satisfaction of certain conditions as follows: One-third of the Contingent Shares shall be issued upon (i) the completion of Phase 2 clinical trial for AMR-001 and (ii) 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 to the FDA on July 5, 2011 (the "Primary Clinical Endpoints"). The Primary Clinical Endpoints may only be changed in a writing consented to by the Parent and the Amorcyte Representative. One-third of the Contingent Shares shall 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 shall be issued upon the Commencement of the pivotal Phase 3 clinical study for AMR-001.

Section 3.7 *Earn Out Payments*.

(a) *Determination of Earn Out Payments*. Parent shall also pay an earn out (the "Earn Out Payments") (to be paid by Parent to the Amorcyte Representative in trust for the benefit of the Amorcyte Securityholders in accordance with the Consideration Allocation and Percentage Certification and consistent with **Exhibit E**), equal to 10% of the Net Sales of AMR-001, which payment obligation shall begin following the date of first commercial sale of AMR-001 and continue until the latest date that a valid patent claim exists on a country by country basis covering AMR-001, provided that if Parent licenses or otherwise grants an unaffiliated third party the right to commercialize or otherwise exploit AMR-001 or any portion of AMR-001 (an "Out-License Transaction") (including, without limitation, an Out-License Transaction for all or part of any territory for AMR-001) then the applicable Earn Out Payment shall be equal to 30% of any sublicensing fees, royalties and milestone fees or profit sharing payments (but not payments for development costs) actually received by NeoStem. NeoStem shall be entitled to recover (i) direct out-of-pocket clinical development costs not previously paid or reimbursed and (ii) any costs, expenses, damages, liabilities, settlement amounts (including any royalties paid to third parties) arising out of or related to claims with respect to patent infringement or otherwise challenging Amorcyte's ownership of, or right to use, the Intellectual Property (the "Infringement Damage Claims") by reducing any Earn Out Payments due to the Amorcyte Securityholders pursuant to this Section 3.7(a) by 50% until such costs have been recouped in full; provided that there shall be no double counting of Infringement Damage Claims and provided further that in the event Parent or Amorcyte receives any Infringement Damage Claim, it shall notify the Amorcyte Representative of such claim and shall consult with the Amorcyte Representative with reasonable frequency with respect to the defense of, and negotiation of any settlement with respect to, any such Infringement Damage Claim. All of the payments due hereunder shall be paid to the Amorcyte Representative within ninety (90) days following the end of each calendar quarter.

(b) *Procedures for Earn Out Payments.* The Amorcyte Representative shall be solely responsible for the distribution of the Earn Out Payments to the Amorcyte Securityholders. At the Closing, for informational purposes, Amorcyte shall deliver to the Parent a certification by the Amorcyte Representative setting forth the percentage of the aggregate Earn Out Payments to which each Amorcyte Securityholder is entitled, which certification shall be conclusive and binding on the Amorcyte Securityholders (the "Earn Out Payment Certification"); provided that the Amorcyte Representative shall deliver to the Parent an amended Earn Out Payment Certification reflecting updates as a result of the Amorcyte Financing, if any, promptly following the closing of the Amorcyte Financing. NeoStem's sole obligation shall be to send the Earn Out Payments, if any, to the Amorcyte Representative within ninety (90) days following the end of each calendar quarter. The Amorcyte Representative shall be responsible for the appropriate division and distribution of the Earn Out Payments received by him, as well as any tax withholding or reporting related thereto.

Section 3.8 *Document Deliveries at the Closing.*

(a) *Document Deliveries by Amorcyte and the Amorcyte Stockholders*. Upon the terms and subject to the conditions of this Agreement and on the basis of the representations, warranties and agreements contained herein, Amorcyte, the other Persons in the Amorcyte Group and/or the Amorcyte Stockholders, as the case may be, shall execute and deliver, or cause to be executed and delivered, as the case may be, the following documents at or prior to the Closing:

(i) The First Certificate of Merger.

(ii) Amorcyte shall cause its counsel, LeClair Ryan, to deliver to Parent and Subco an opinion of counsel, in the form and substance of the opinion letter annexed hereto as **Exhibit D**, which shall be dated as of the Closing Date.

(iii) Amorcyte shall execute and deliver to Parent and Subco a certificate, in form reasonably satisfactory to the Parent, stating that each of the conditions set forth in Section 7.2(a), (b) and (c) has been satisfied.

(iv) Amorcyte shall deliver to Parent and Subco evidence of the termination, without any liability to Amorcyte, Parent, Subco or the Surviving Company, of the agreements set forth on **Schedule 3.8(a)(iv).**

(v) Amorcyte shall deliver to Parent and Subco evidence that the Amorcyte Options and the Amorcyte Warrants have been modified in accordance with Section 3.1(d).

(vi) Amorcyte shall deliver releases, in form and substance satisfactory to the Parent, duly executed by each of the officers of Amorcyte, each of the Lock-Up Stockholders and each Amorcyte Stockholder that provides services to or receives services from Amorcyte, including any employee of PCT who is an Amorcyte Stockholder (an "Amorcyte Service Stockholder"), which unconditionally and irrevocably release, waive and forever discharge the Parent, Subco, Amorcyte, the Amorcyte Group and each of their respective past and present directors, officers, employees, agents, predecessors, successors, assigns, subsidiaries and Affiliates, from any and all claims, demands, damages, judgments, causes of action and liabilities of any nature whatsoever, whether or not known, suspected or claimed, arising directly or indirectly from any act, omission, event or transaction occurring (or any circumstances existing) with respect to Amorcyte or any Person in the Amorcyte Group on or prior to the Closing (collectively, "Claims"), including without limitation any and all Claims arising out of or relating to any contract, agreement or other arrangement (whether written or verbal) with Amorcyte or any Person in the Amorcyte Group entered into or established prior to the Closing. The foregoing releases shall not release Amorcyte from obligations owed by Amorcyte to an officer, Lock-Up Stockholder or an Amorcyte Service Stockholder to the extent such obligations are reflected in the Estimated Liabilities, as modified by the Adjusted Closing Liabilities (and thus are ultimately reflected on the Adjusted Closing Liabilities Statement).

(vii) Amorcyte shall deliver (x) all Permits relating to, or necessary to the conduct of, the Amorcyte Business by the Surviving Company and proof reasonably satisfactory to Parent of their continuing validity and (y) proof reasonably satisfactory to Parent that no modification or assignment of any Material Contract is required by virtue of the First Merger (or an appropriate executed assignment or modification).

(viii) Amorcyte shall execute and shall cause the Amorcyte Representative to execute the Escrow Agreement and deliver it to Parent and the Escrow Agent.

(ix) Amorcyte shall deliver to Parent forms of letters of transmittal to be sent to the Amorcyte Securityholders as soon as practical after the Closing. The letters of transmittal will provide that each Amorcyte Securityholder, as a condition to receipt of its pro rata portion of the Warrants, the Adjusted Stock Consideration, the Contingent Shares, and the Earn Out Payments, if applicable, shall execute and deliver to the Parent a letter of transmittal (a) providing the Parent and its transfer agent with its address, tax identification number and other information reasonably requested, (b) releasing Amorcyte and the Parent from all claims other than claims pursuant to this Agreement, and (c) acknowledging that their shares of Parent Common Stock are subject to the Escrow Agreement and the appointment of the Amorcyte Representative and permitting the Parent to make all Earn Out Payments to the Amorcyte Representative (the "Letter of Transmittal"). If any Amorcyte Securityholder has not delivered an acceptable Letter of Transmittal to the Parent within two (2) years after the Closing Date (i.e. upon the date when all shares of Parent Common Stock would be released by the Escrow Agent unless held for then pending disputes), the Escrow Agent may be directed by the Parent and the Amorcyte Representative to return his or its allocable portion of the consideration to Parent for cancellation and he or it shall have no further rights to payments hereunder.

(x) Amorcyte shall deliver to Parent an affidavit of non-foreign status of Amorcyte dated as of the Closing Date that complies with section 1445 of the Code.

(xi) Amorcyte shall deliver to Parent the Supplier Agreement.

(xii) Amorcyte shall deliver to Parent the Consideration Allocation and Percentage Certification.

(xiii) Amorcyte shall deliver to Parent the Earn Out Payment Certification.

(b) *Document Deliveries by Parent.* Upon the terms and subject to the conditions of this Agreement and on the basis of the representations, warranties and agreements contained herein, Parent and Subco shall execute and deliver the following documents at or prior to the Closing:

(i) Parent and Subco shall execute and deliver to Amorcyte a certificate, in form reasonably satisfactory to Amorcyte, stating that each of the conditions set forth in Section 7.3(a) and (b) has been satisfied.

(ii) Parent shall execute and deliver the Escrow Agreement to Amorcyte and the Escrow Agent.

Section 3.9 *Tax Consequences*. It is intended by the parties hereto that the Mergers shall constitute an integrated, single-step "reorganization" within the meaning of Section 368 of the Code, and the parties agree that their books and records shall be maintained, and all Tax Returns shall be filed, in a manner consistent with such treatment as a reorganization. However, Parent makes no representations or warranties to Amorcyte or to any Amorcyte Stockholder that the Mergers will qualify as a "reorganization" under the Code. Amorcyte acknowledges that it is relying solely on its own Tax advisors in connection with this Agreement, the Mergers and the other transactions and agreements contemplated hereby. The parties agree that no portion of the consideration to be issued and paid pursuant to this Agreement shall be treated as compensation or wages for any Tax purpose, and no party shall take any action or filing position inconsistent with such characterization.

Section 3.10 *Withholding*. Notwithstanding any other provision in this Agreement, Parent or the Surviving Company shall be entitled to deduct and withhold, or cause to be deducted and withheld, from the consideration payable or otherwise deliverable to any Person pursuant to this Agreement such amounts as may be required to be deducted and withheld under any provisions of federal, local or foreign Tax Law or under any applicable legal requirements. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

Section 3.11 *Insurance*. Prior to Closing, Amorcyte shall cause the Parent to be named as an additional insured on all insurance policies existing as of the date of this Agreement (true and complete copies of which have been previously provided to the Parent) and/or purchase such new or amended insurance coverages as are acceptable to Parent in its reasonable discretion after discussions with its insurance agents.

ARTICLE IV

Representations and Warranties of Amorcyte

Except as set forth in the correspondingly numbered section of the disclosure schedule delivered by Amorcyte to the Parent and Subco prior to the execution of this Agreement (the "Company Disclosure Letter"), Amorcyte represents and warrants to the Parent and Subco as follows (after review and due inquiry by each Amorcyte Stockholder of the Knowledge Group):

Section 4.1 *Organization, Good Standing and Qualification*. Amorcyte and each Person in the Amorcyte Group is a corporation duly organized, validly existing and in good standing under the laws of its respective state of formation, with full power and authority to own or lease its property and assets and to carry on the Amorcyte Business as presently conducted, and is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the failure to be so qualified would have a Material Adverse Effect. **Schedule 4.1** lists each jurisdiction in which Amorcyte is so qualified. Amorcyte has no subsidiaries.

Section 4.2 *Authorization*. Amorcyte has full power and authority to execute and deliver this Agreement. Amorcyte has full power and authority to execute and deliver each other Amorcyte Document to be executed by it, and to consummate the transactions contemplated by the Amorcyte Documents. The execution, delivery and performance by Amorcyte of this Agreement and the execution, delivery and performance by Amorcyte of the other Amorcyte Documents to be executed by Amorcyte have been duly authorized by all necessary action on behalf of Amorcyte. This Agreement has been, and each other Amorcyte Document will be at or prior to the Closing, duly executed and delivered by Amorcyte and, if applicable, Amorcyte Stockholders, and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each other Amorcyte Document when so executed and delivered will constitute, the legal, valid and binding obligation of Amorcyte and, if applicable, Amorcyte Stockholders, enforceable against Amorcyte and, if applicable, Amorcyte Stockholders in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) (the "Bankruptcy/Equity Exception"). The Amorcyte Stockholders executing the Voting Agreement own over 51% of the voting capital stock of Amorcyte, have the authority to grant all consents of Amorcyte Stockholders required with respect to this Agreement or to approve the First Merger and will grant such consents at the Amorcyte Meeting pursuant to the Voting Agreement, subject to the Bankruptcy/Equity Exception.

Section 4.3 *Non-contravention*. Neither the execution or delivery by Amorcyte and, if applicable, the Amorcyte Stockholders, of this Agreement nor the other Amorcyte Documents referred to herein nor the performance by Amorcyte or, if applicable, any Amorcyte Stockholders of their obligations hereunder and thereunder will (i) contravene any provision contained in the certificate of incorporation, by-laws, or other organizational documents of Amorcyte, (ii) violate or result in a breach (with or without the lapse of time, the giving of notice or both) of or constitute a default under (A) any Material Contract or (B) any judgment, order, decree, law, rule or regulation or other restriction of any Governmental Authority, in each case to which any entity within the Amorcyte Group or any of the Amorcyte Stockholders is a party or by which any entity within the Amorcyte Group or any of the Amorcyte Stockholders is bound or to which any of the assets or properties of any entity within the Amorcyte Group are subject, (iii) contravene any right of first refusal, right of first offer, option or similar right, (iv) result in the creation or imposition of any lien, claim, charge, encumbrance, equity, restriction or right on any of the assets or properties of any entity within the Amorcyte Group, or (v) result in the acceleration of, or permit any Person to accelerate or declare due and payable prior to its stated maturity, any Liability of any Person in the Amorcyte Group (except where the result of such acceleration would not cause a Material Adverse Effect). Except as set forth on **Schedule 4.3**, no party has any right of first refusal, right of first offer, option of similar right with respect to Amorcyte or its assets.

Section 4.4 *No Consents*. No notice to, filing with, or authorization, registration, consent or approval of, any Governmental Authority or other Person is necessary for the execution, delivery or performance of this Agreement or any other Amorcyte Document or the consummation of the transactions contemplated hereby or thereby by Amorcyte or, to the extent applicable, the Amorcyte Stockholders, except for the Proxy Statement/Prospectus to be filed with the Securities and Exchange Commission ("SEC") on Form S-4.

Section 4.5 *Amorcyte Assets*. Amorcyte has good title to, or leasehold interest in, all properties and assets (real, personal or mixed, tangible or intangible) which are used or held for use in the conduct of the Amorcyte Business. No third party (including any Person in the Amorcyte Group) owns or has any interest by lease, license or otherwise in any of assets.

Section 4.6 *Personal Property*. Amorcyte has delivered to the Parent true, correct and complete copies of the all leases of personal property used in the Amorcyte Business, together with all amendments, modifications or supplements thereto. Each of such leases is in full force and effect and none of the Persons in the Amorcyte Group has received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by any of the Persons in the Amorcyte Group under any of such leases and, to the Knowledge of Amorcyte, no other party is in default thereof. All material items of personal property used in the Amorcyte Business are in good operating condition and fit for operation in the Ordinary Course of Amorcyte's Business (subject to normal wear and tear) with no defects that could reasonably be expected to interfere with the conduct of the normal operation of such items and are suitable for the purposes for which they are currently being used.

Section 4.7 *Real Property*.

(a) Amorcyte owns no real property. Its only leased property is the property in Allendale, New Jersey, which it sub-leases from PCT (the "Leased Property").

(b) All real estate Taxes for which any Person in the Amorcyte Group is responsible with respect to any Leased Property (and which are not otherwise incorporated into payments made under any lease), have been paid in full, as and when due.

Section 4.8 *Absence of Questionable Payments*. No Person in the Amorcyte Group nor any Affiliate, director, officer, manager, Amorcyte Stockholder, partner, employee, agent, representative or other Person acting on behalf of the Amorcyte Group has: (i) used any funds for contributions, payments, gifts or entertainment, or made any expenditures relating to political activities of foreign, federal, state or local government officials or others in violation of any Law (including the Foreign Corrupt Practices Act of 1977, as amended), or (ii) accepted or received any unlawful contributions, payments, gifts or expenditures.

Section 4.9 *Financial Statements; Books and Records; Accounts Receivable; Funded Indebtedness.*

(a) Attached as **Schedule 4.9(a)** is (i) a true and complete copy of Amorcyte's unaudited consolidated balance sheet as of the Balance Sheet Date and March 31, 2010 and the related unaudited consolidated statements of operations, changes in Amorcyte Stockholder's deficit and cash flows for the three month periods then ended and (ii) a true and complete copy of Amorcyte's audited balance sheet as of December 31, 2010 and December 31, 2009 and the related audited statements of operations, changes in Amorcyte Stockholder's deficit and cash flows for each of the years ended December 31, 2008, December 31, 2009 and December 31, 2010, prepared in accordance with GAAP, together with the report of EisnerAmper LLP ("EisnerAmper"), which has served as Amorcyte's auditors since the audit of its 2008 financial statements (such statements, including the related notes and schedules thereto, are referred to herein as the "GAAP Financial Statements"). The GAAP Financial Statements have been prepared from, are in accordance with, and accurately reflect, the books and records of Amorcyte, comply in all material respects with applicable accounting requirements in the case of the GAAP Financial Statements; fairly present in all material respects the financial position and the results of operations and cash flows (and changes in financial position, if any) of Amorcyte as of the times and for the periods referred to therein (subject, in the case of unaudited statements, to normally recurring year end adjustments that are not material either individually or in the aggregate and the absence of footnotes). The GAAP Financial Statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as set forth in the notes thereto). The GAAP Financial Statements are in form appropriate for filing with the SEC.

(b) All books, records and accounts of the Amorcyte Group are accurate and complete in all material respects and are maintained in all material respects in accordance with good business practice and all applicable Laws.

(c) Amorcyte does not have any funded Indebtedness other than Indebtedness being satisfied in full prior to Closing.

(d) EisnerAmper who has certified Amorcyte's GAAP Financial Statements and related schedules is an independent registered public accounting firm with respect to Amorcyte as required by the Securities Act of 1933 (the "Securities Act") and the rules and regulations promulgated thereunder and the Public Company Accounting Oversight Board (United States).

(e) There are no relationships or services, or any other factors that may affect the objectivity and independence of EisnerAmper, Amorcyte's auditors, under applicable auditing standards. EisnerAmper has not performed any non-audit services for any Person in the Amorcyte Group since the Balance Sheet Date.

Section 4.10 *Internal Control over Financial Reporting.* Amorcyte maintains a system of internal control over financial reporting that is reasonably designed to ensure (i) that Amorcyte maintains records that in reasonable detail accurately and fairly reflect its transactions and dispositions of assets, (ii) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, (iii) that receipts and expenditures are executed only in accordance with authorizations of management and the Board of Directors and (iv) the prevention or timely detection of the unauthorized acquisition, use or disposition of Amorcyte's assets that would have a material effect on Amorcyte's consolidated financial statements. Amorcyte maintains disclosure controls and procedures which are designed to ensure that all material information concerning the Amorcyte Group is made known on a timely basis to the individuals responsible for the preparation of its financial statements. Neither Amorcyte nor EisnerAmper has identified any material weaknesses or significant deficiencies in the design or operation of Amorcyte's internal control over financial reporting or its disclosure controls and procedures.

Section 4.11 *Capitalization; Votes*.

(a) The authorized and outstanding equity interests of Amorcyte are set forth in **Schedule 4.11(a)**. No other capital stock of Amorcyte is authorized, issued or outstanding. All equity interests outstanding are duly authorized, validly issued, fully paid and non-assessable. None of the holders of outstanding equity interests of Amorcyte have rescission or pre-emptive rights. Except as set forth on **Schedule 4.11(a)**, none of the equity interests issued by Amorcyte were issued in violation of any registration requirements under federal or state securities laws. Except as set forth on **Schedule 4.11(a)**, there are no options, warrants, or other rights, agreements, arrangements, or commitments to which Amorcyte or any Amorcyte Stockholder or other equity holder of Amorcyte is a party or by which any such party is bound obligating Amorcyte or the Amorcyte Stockholder or equity holder of Amorcyte to grant, issue, or sell any capital stock or any other equity interest in Amorcyte.

(b) The allocation of the aggregate Base Stock Consideration, Contingent Shares, Warrants and Earn Out to be issued or paid to the Amorcyte Securityholders will be accurately reflected in **Exhibit E** as of the date of delivery of **Exhibit E** in accordance with this Agreement and as of the Closing Date.

(c) Except as set forth on **Schedule 4.11(c)**, there are no voting trusts or other agreements or understandings to which any of the Amorcyte Stockholders or other equity holders of Amorcyte or Amorcyte is a party with respect to the voting of the equity interests of Amorcyte.

(d) This Agreement and the First Merger have been unanimously approved by Amorcyte's Board of Directors, who have recommended that it be approved by the Amorcyte Stockholders. Amorcyte Stockholders representing holders of a majority of the outstanding shares of the Amorcyte Series A Preferred Stock and the Amorcyte Common Stock (collectively, the "Lock-Up Stockholders"), which are the only outstanding securities of Amorcyte, have agreed to enter into, and will enter into promptly after execution and delivery of this Merger Agreement, the Voting Agreement annexed hereto as **Exhibit A**, under which such Amorcyte Stockholders irrevocably agree to vote in favor of the First Merger and the other transactions contemplated hereby (the "Voting Agreement"). Such Amorcyte Stockholder votes or consents will be sufficient without any other votes or consents to approve this Agreement, the First Merger and all the transactions contemplated hereby under the Amorcyte Governing Documents, the DGCL and all applicable law, and no other approvals or Amorcyte Stockholder votes or consents are required to consummate the First Merger. To Amorcyte's Knowledge, the provisions of the Voting Agreement are legal, valid and binding obligations of the Lock-Up Stockholders subject to the Bankruptcy/Equity Exception.

Section 4.12 *No Undisclosed Liabilities*. The Amorcyte Group does not have any debt, loss, damage, adverse claim, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise) which are not accurately reflected or provided for in the balance sheet dated as of the Balance Sheet Date included within the GAAP Financial Statements (whether or not they are required to be disclosed under GAAP), other than (a) those incurred in the Ordinary Course of Amorcyte's Business since the Balance Sheet Date and (b) those material obligations arising subsequent to the date hereof pursuant to the express terms of executory Contracts, which executory Contracts (to the extent such Contracts are Material Contracts) are identified in **Schedule 4.16(a).** No Person in the Amorcyte Group has effected any securitization transactions or "off-balance sheet arrangements" (as defined in Item 303(c) of Regulations S-K of the SEC) since January 1, 2008. Except as set forth on **Schedule 4.12**, as of the Closing there will be no Indemnified Liabilities.

Section 4.13 *Absence of Certain Developments*. Except as set forth in **Schedule 4.13**, since December 31, 2010: (a) each Person in the Amorcyte Group has conducted its businesses only in the Ordinary Course of Amorcyte's Business; (b) there has not been any event, change, occurrence, development, circumstance or state of facts that has had or could reasonably be expected to have a Material Adverse Effect; (c) the Amorcyte Group has not suffered any damage, destruction or casualty loss which individually or in the aggregate materially and adversely affects the business, financial condition or results of operations of Amorcyte; (d) no Person in the Amorcyte Group has incurred or discharged any material obligation or liability except in the Ordinary Course of Amorcyte's Business; and (e) Amorcyte has not entered into any material transaction or made any material expenditures or commitments other than in the Ordinary Course of Amorcyte's Business.

Section 4.14 *Taxes*

(a) All Tax Returns required to be filed by or on behalf of Amorcyte and each Person in the Amorcyte Group have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects. All Taxes payable by or on behalf of Amorcyte and each Person in the Amorcyte Group (whether or not shown on any Tax Return) have been fully and timely paid. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, Amorcyte has made due and sufficient accruals for such Taxes in the GAAP Financial Statements and in its books and records. All required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of Amorcyte and each Person in the Amorcyte Group. Amorcyte and each of Person in the Amorcyte Group has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes in connection with amounts paid or owing to any employee, independent contractor, creditor, equity owner or other third party and has duly and timely withheld and paid over to the appropriate Taxing Authority all amounts required to be so withheld and paid under all applicable Laws.

(b) Amorcyte has delivered to the Parent complete copies of (i) all federal, state, local and foreign income or franchise Tax Returns of Amorcyte relating to the taxable periods since January 1, 2005 and (ii) any audit report issued within the last three years relating to any Taxes due from or with respect to Amorcyte. **Schedule 4.14** lists each such audit. To Amorcyte's Knowledge, there are no audits or investigations of Amorcyte by any Taxing Authority in progress, nor has Amorcyte received any notice from any Taxing Authority that it intends to conduct such an audit or investigation. No claim has been made by a Taxing Authority in a jurisdiction where Amorcyte do not file Tax Returns to the effect that Amorcyte is or may be subject to taxation by that jurisdiction. There are no Liens on any of the assets of Amorcyte arising as a result of any failure (or alleged failure) to pay any Tax. Amorcyte and each of Person in the Amorcyte Group has disclosed on their federal income Tax Returns all positions taken therein that could give rise to substantial understatement of federal income Tax within the meaning of Section 6662 of the Code, and neither Amorcyte nor any Person in the Amorcyte Group has participated in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b).

(c) Amorcyte has not (i) requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed, (ii) granted any extension for the assessment or collection of Taxes, which Taxes have not since been paid, or (iii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter. Amorcyte is not a foreign person within the meaning of Sections 7701(a)(1) and 7701(a)(5) of the Code. Amorcyte has never been a Amorcyte Stockholder of any consolidated, combined, affiliated or unitary group of corporations for any Tax purposes. Amorcyte is not a party to any Tax allocation or Tax sharing agreement nor has any liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law), as a transferee or successor, by contract, or otherwise.

(d) Amorcyte has not made any payments, is not obligated to make any payments, or is not a party to any agreement that obligates it to make any payments that are not deductible under Section 280G of the Code. Amorcyte has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(a)(ii) of the Code.

Section 4.15 *Intellectual Property*.

(a) **Schedule 4.15(a)** sets forth an accurate and complete list of the Amorcyte Intellectual Property as follows: (i) all Patents, Marks and Copyrights owned by, controlled by or filed in the name of the Amorcyte Group that have been issued or registered in any jurisdiction, or for which an application to issue or register the rights in such Intellectual Property has been filed in any jurisdiction, (ii) all Marks owned by the Amorcyte Group that are material to the Business but that are not registered or subject to an application to register and (iii) all Software that is owned exclusively by the Amorcyte Group that is material to the operation of the Amorcyte Business as presently conducted and presently proposed to be conducted by the Amorcyte Group. **Schedule 4.15(a)** lists the jurisdictions in which each such item of Intellectual Property has been issued or registered or in which any such application for such issuance and registration has been filed, and the name of the owner of each such registration or application. To the Knowledge of Amorcyte, all of the Patents are valid.

(b) Except as set forth on **Schedule 4.15(b)**, Amorcyte owns or possesses adequate rights to use all Intellectual Property necessary to carry on the Amorcyte Business. The Amorcyte Group has taken all steps necessary to perfect its ownership of and interest in the Amorcyte Intellectual Property.

(c) The Amorcyte Group's products and services, and the conduct of the Amorcyte Business as presently conducted do not infringe, violate or constitute an unauthorized use or misappropriation of any Intellectual Property Right or other similar right, or any contractual right, of any Person.

(d) Each item of the Amorcyte Intellectual Property that has been issued and registered in any jurisdiction by Amorcyte is valid and subsisting, all necessary registration, maintenance and renewal fees currently due in connection with such registered Amorcyte Intellectual Property have been paid and all necessary documents and certificates in connection with such registered Amorcyte Intellectual Property owned by the Amorcyte Group have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such registered Amorcyte Intellectual Property.

(e) Except as set for in Schedule **4.15(e)**, no other Person has any rights to any material Amorcyte Intellectual Property owned by the Amorcyte Group.

(f) Except with respect to licenses of generally available, commercial, off-the-shelf Software licensed pursuant to standardized end-user or enterprise licenses for Software in object code format available for a license fee of no more than $5,000 (collectively, "Off-The-Shelf Software"), and except pursuant to the Intellectual Property Licenses listed in **Schedule 4.15(f)** or as reflected in the GAAP Financial Statements, the Amorcyte Group is not under any liability whatsoever to make any payments or provide any other consideration, to any Person with respect to the Amorcyte Group's use of any Intellectual Property in connection with the conduct of the Amorcyte Business as presently conducted. Amorcyte has notified Baxter of the termination of the Baxter Agreement and the termination of the Baxter Agreement will not result in any Liability to Parent or its Affiliates.

(g) **Schedule 4.15(g**) sets forth a complete and accurate list of all Contracts to which the Persons in the Amorcyte Group are a party (other than licenses to the Amorcyte Group of Off-The-Shelf-Software) that (i) grant any Intellectual Property Licenses to or from the Amorcyte Group, (ii) contain a covenant not to compete or otherwise limit the Amorcyte Group's ability to use or exploit fully any of the Amorcyte Intellectual Property, or (iii) contain an agreement by any of the Persons in the Amorcyte Group to indemnify any other Person against any claim of infringement of, violation, misappropriation or unauthorized use of any intellectual property rights of any third Person. Amorcyte has delivered to the Parent true, correct and complete copies of each Contract set forth on **Schedule 4.15(g)**, together with all amendments, modifications or supplements thereto. All Intellectual Property Licenses are valid, binding and enforceable agreements, subject to the Bankruptcy/Equity Exception. Prior to the execution of this Agreement, Amorcyte terminated the Baxter Agreement. Amorcyte has no ongoing obligations under the Baxter Agreement and there are no outstanding Liabilities due or which may become due to Baxter under the Baxter Agreement.

(h) The Amorcyte Group has taken all commercially reasonable steps to protect the secrecy and confidentiality of all Trade Secrets of any Person in the Amorcyte Group.

(i) The Amorcyte Group is not, or has not been at any time during the five (5) years prior to the date hereof, the subject of any pending or, to the Knowledge of Amorcyte, threatened Legal Proceedings which involve a claim of infringement, misappropriation, unauthorized use or violation of any intellectual property rights of any Person, or challenging the Amorcyte Group's ownership, use, validity or enforceability of any Intellectual Property. None of the Persons in the Amorcyte Group has received notice of any such threatened claim and to the Knowledge of Amorcyte, there are no facts or circumstances that would form the basis for any such claim. To Amorcyte's Knowledge, all of the Amorcyte Group's rights in and to Amorcyte Intellectual Property are valid and enforceable in all material respects.

(j) To the Knowledge of Amorcyte, no Person is infringing, violating, misusing or misappropriating any Amorcyte Intellectual Property, and no claims of such infringements, violations, misuse or misappropriations have been made against any Person by any of the Persons in the Amorcyte Group.

(k) Except as set forth on **Schedule 4.15(k)**, no present or former employee or consultant of the Amorcyte Group has any right, title, or interest, directly or indirectly, in whole or in part, in any Amorcyte Intellectual Property owned or used by any of the Persons in the Amorcyte Group. To the Knowledge of Amorcyte, no employee, consultant or independent contractor of any of the Persons in the Amorcyte Group is, as a result of or in the course of such employee, consultant or independent contractor's engagement by any of the Persons in the Amorcyte Group, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement. Each employee of and consultant to the Amorcyte Group is bound by a non-disclosure and assignment of inventions agreement, copies of which have been made available to the Parent.

(l) Each Person in the Amorcyte Group has at all times complied in all material respects with all applicable Laws, as well as their own rules, policies, and procedures, relating to privacy, data protection, and the collection and use of personal information collected, used, or held for use by the Amorcyte Group in the conduct of the Amorcyte Business. No claims have been asserted or, to Amorcyte's Knowledge, threatened against any Person in the Amorcyte Group alleging a violation of any Person's privacy or personal information or data rights and the consummation of the transactions contemplated hereby will not breach or otherwise cause any violation of any Law or rule, policy, or procedure related to privacy, data protection, or the collection and use of personal information collected, used, or held for use by the Amorcyte Group in the conduct of the Amorcyte Business. Each Person in the Amorcyte Group takes reasonable measures to ensure that such information is protected against unauthorized access, use, modification, or other misuse.

Section 4.16 *Material Contracts*.

(a) **Schedule 4.16(a)** sets forth all of the following Contracts to which any of the Persons in the Amorcyte Group is a party or by which any of them or their respective assets or properties are bound (collectively, the "Material Contracts"):

(i) Contracts with any current or former officer, director, partner, Amorcyte Stockholder, manager, stockholder or other equityholder or Affiliate of any Person in the Amorcyte Group;

(ii) Contracts for the sale of any of the assets of any of the Persons in the Amorcyte Group other than in the Ordinary Course of Amorcyte's Business;

(iii) Contracts for joint ventures, strategic alliances, partnerships, licensing arrangements or sharing of profits or proprietary information;

(iv) Contracts containing covenants of any Person in the Amorcyte Group not to compete in any line of business or with any Person in any geographical area or not to solicit or hire any individual with respect to employment or covenants of any other Person not to compete with any of the Persons in the Amorcyte Group in any line of business or in any geographical area or not to solicit or hire any Person with respect to employment;

(v) Contracts relating to the acquisition (by merger, purchase of stock or assets or otherwise) by any Person in the Amorcyte Group of any operating business or material assets or the capital stock or other equity interests of any other Person;

(vi) Contracts relating to the incurrence, assumption or guarantee of any Indebtedness or imposing a Lien on any assets of the Amorcyte Group, including indentures, guarantees, loan or credit agreements, purchase money obligations incurred in connection with the acquisition of property, pledge agreements and security agreements;

(vii) Contracts entered into outside of the Ordinary Course of Amorcyte's Business providing for the license of the Amorcyte Group Products or the provision of services by any Person in the Amorcyte Group;

(viii) Contracts providing for severance, retention, change in control or other similar payments;

(ix) Contracts for the employment of any individual on a full-time, part-time or consulting or other basis;

(x) outstanding agreements of guaranty or surety, direct or indirect, by any of the Persons in the Amorcyte Group;

(xi) Contracts providing for indemnification by any of the Persons in the Amorcyte Group arising out of or in connection with any Amorcyte Product or service provided by any of the Persons in the Amorcyte Group;

(xii) Contracts (or group of related contracts) which involve the expenditure or receipt of more than $25,000 annually or which require performance by any party more than one year from the date hereof;

(xiii) Contracts for the lease of Leased Property, including, without limitation, the Real Property Leases;

(xiv) Contracts pursuant to which any Person in the Amorcyte Group provides services to any third party related to the conduct of the Amorcyte Business, including all customer or client Contracts;

(xv) Contracts and agreements related to obtaining materials and services used in the manufacture of Cell Therapy Products and other material supplier Contracts;

(xvi) Contracts with any Person that require Amorcyte to deal exclusively with such Person or that require Amorcyte to transact a minimum amount of business with such Person (or provide for negative consequences if Amorcyte fails to do either of the foregoing) or that give any Person "most favored nations" treatment;

(xvii) powers of attorney given by any Person within the Amorcyte Group;

(xviii) confidentiality agreements, assignments of invention and non-compete or non-solicitation agreements signed by employees of or consultants to any Person in the Amorcyte Group;

(xix) Contracts involving licenses of any Intellectual Property; and

(xx) Contracts that are otherwise material to any of the Persons in the Amorcyte Group.

(b) Each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Person in the Amorcyte Group signatory thereto, enforceable against them in accordance with its terms, subject to the Bankruptcy/Equity Exception. None of the Persons in the Amorcyte Group is in material default under any Material Contract, nor, to the Knowledge of Amorcyte, is any other party to any Material Contract in material default thereunder, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a material default thereunder. No party to any of the Material Contracts has exercised any termination rights with respect thereto, and, to Amorcyte's Knowledge, no party has given notice of any significant dispute with respect to any Material Contract. Amorcyte has delivered to the Parent true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto. If consent is required for the transfer of any Material Contract, Amorcyte has no Knowledge that any counterparty will not or can not provide such a consent.

Section 4.17 *Employee Benefits Plans*.

(a) Amorcyte has no employees, and no employee benefit plans. Amorcyte has no responsibilities with respect to any employee benefit plan currently or previously maintained for the benefit of any person providing services to Amorcyte. Amorcyte has no plan or commitment to hire any employees or establish any benefit plan for employees, consultants or otherwise.

(b) Neither Amorcyte nor any of its ERISA Affiliates has or has ever contributed to, sponsored, or maintained (i) a pension plan (within the meaning of Section 3(2) of ERISA) subject to Section 412 of the Code or Title IV of ERISA, (ii) a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA or the comparable provisions of any other applicable Law) (a "Multiemployer Plan") or (iii) a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA).

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) result in any payment or benefit becoming due, or increase the amount of any compensation due, to any employee, consultant or other person, or (ii) result in the acceleration of the time of payment or vesting of any such compensation or benefits to any person. Except as set forth on **Schedule 4.17(c)**, Amorcyte owes no back pay or accrued compensation to any Person. Amorcyte is not a party to any contract, arrangement or plan pursuant to which it is bound to compensate any Person for any excise or other additional taxes under Section 409A or 4999 of the Code or any similar provision of state, local or foreign law.

(d) Amorcyte has no obligations or potential liability for health, life or similar welfare benefits to any person.

(e) No "service provider" (within the meaning of Section 409A) of Amorcyte has any equity-based right or incentive (such as a stock option, stock appreciation right, phantom stock, restricted stock or restricted stock unit) that is either subject to Section 409A or in violation of Section 409A. Amorcyte has no commitment to compensate or reimburse any individual for penalty taxes imposed under Section 409A.

Section 4.18 *Labor*.

(a) Except as set forth on **Schedule 4.18(a)**, Amorcyte has no employees. All services provided to Amorcyte have been provided by PCT. To the Knowledge of Amorcyte, no employee of PCT who provides services to Amorcyte ("Business Employee") has any plans to terminate employment with PCT or any Person in the Amorcyte Group.

(b) **Schedule 4.18(b)** contains an accurate and complete list of the names of each consultant or independent contractor who currently provides, or who has within the prior twelve month period provided, services to the Amorcyte Business (each, a "Business Consultant").

(c) All Business Employees are actively at work (or on vacation) and no Business Employee is currently on a leave of absence, layoff, suspension, sick leave, workers compensation, short or long term disability, family leave, military leave, or otherwise not actively performing his or her work during all normally scheduled business hours (other than vacation).

(d) All Business Employees and Business Consultants are subject to confidentiality and assignment of inventions agreements with Amorcyte.

(e) With respect to current and former Business Employees, consultants and service providers of the Amorcyte Business (each a "Service Provider"):

(i) the Amorcyte Group is and has been in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including any Laws respecting minimum wage and overtime payments, employment discrimination, workers' compensation, family and medical leave, immigration, and occupational safety and health requirements, affirmative action requirements and has not and is not engaged in any unfair labor practice;

(ii) there is not now, nor within the past six years has there been, any actions, suits, claims, labor disputes or grievances pending, or, to Amorcyte's Knowledge, threatened or reasonably anticipated relating to any labor, safety or discrimination matters involving any Service Provider, including charges of unfair labor practices or discrimination complaints;

(iii) the Amorcyte Group does not have any liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for Service Providers (other than routine payments to be made in the normal course of business and consistent with past practice).

(f) The Amorcyte Group does not have any contracts to render services to any Government Authority.

Section 4.19 *Litigation*. Except as set forth on **Schedule 4.19**, there is no Legal Proceeding pending or, to the Knowledge of Amorcyte, threatened against any of the Persons in the Amorcyte Group (or to the Knowledge of Amorcyte, pending or threatened against any employees of any of the Persons in the Amorcyte Group with respect to their business activities on behalf of the Amorcyte Group), or to which any of the Persons in the Amorcyte Group is otherwise a party, before any Governmental Authority; nor to the Knowledge of Amorcyte is there any reasonable basis for any such Legal Proceeding. None of the Persons in the Amorcyte Group is subject to any Order. There are no Legal Proceedings pending or, to the Knowledge of Amorcyte, threatened that are reasonably likely to prohibit or restrain the ability of Amorcyte or the Amorcyte Stockholders to perform their obligations under this Agreement or consummate the transactions contemplated hereby.

Section 4.20 *Compliance with Laws; Orders; Permits.*

(a) Each of the Persons in the Amorcyte Group is in compliance in all material respects with all Laws of each Governmental Authority applicable to its business, operations or assets, including without limitation all FDA rules and regulations, comparable state laws, regulations governing current Good Manufacturing Practice (cGMP) and current Good Tissue Practice (cGTP), the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the federal Clinical Laboratory Improvement Act of 1988, as amended (CLIA), Occupational Safety and Health requirements, the Stark Law and state equivalents, escheat laws, abandoned property laws, laws relating to employment and compensation and marketing laws and other laws relating to privacy and internet communications. Since January 1, 2005, none of the Persons in the Amorcyte Group has received any notice of or been charged with the violation of any material Law by any Governmental Authority. To the Knowledge of Amorcyte, none of the Persons in the Amorcyte Group is or since January 1, 2006, has been, under investigation with respect to the violation of any Law and to the Knowledge of Amorcyte, there are no facts or circumstances which could reasonably form the basis for any such violation other than violations which would have an immaterial effect upon the Amorcyte Business. Except as set forth in **Schedule 4.20(a)**, none of the Amorcyte Permits will be impaired or in any way affected by the First Merger.

(b) **Schedule 4.20(b)** is a true and complete listing of all Permits which are required for the operation of the Amorcyte Business as presently conducted ("Amorcyte Permits"). The Persons in the Amorcyte Group currently have all Permits which are required for the operation of their respective businesses as presently conducted. Each issued Permit currently is in full force and effect. None of the Persons in the Amorcyte Group is in default or violation, and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation, in any material respect of any term, condition or provision of any Amorcyte Permit, and to the Knowledge of Amorcyte, there are no facts or circumstances which form the basis for any such default or violation. No Person in the Amorcyte Group has received notification of any revocation or modification of any Permit. Amorcyte has completed all necessary registration of its establishments and facilities with all Governmental Authorities that are necessary for Amorcyte to conduct its business in the manner and to the extent now conducted. Each Amorcyte Permit is current and up to date. Except as set forth in **Schedule 4.20(a)**, none of the Amorcyte Permits will be impaired or in any way affected by the First Merger or the consummation of any other transaction contemplated by this Agreement.

(c) The drug or biological substances manufactured by Amorcyte on behalf of Amorcyte's clients and used in studies, tests, preclinical studies and clinical trials have been and, if still pending, are being manufactured, under current Good Manufacturing Practices. Amorcyte has not received any notices or correspondence from the FDA or any foreign, state or local governmental body exercising comparable authority requiring the termination, suspension or material modification of any studies, tests, preclinical studies or clinical trials conducted by or on behalf of Amorcyte's clients and to which Amorcyte was involved as either a contract manufacturer and/or product and/or process consultant. No filing or submission to the FDA or any other regulatory body, that was or is intended to be the basis for any approval of Amorcyte's client's products or product candidates, contains any material omission or material false information by Amorcyte.

(d) The consulting services and/or process development services that Amorcyte provides its clients or customers for the purpose of clinical trials for Investigational New Drug Applications, New Drug Applications, and/or Biologic License Application are conducted in accordance with good clinical practices and are in compliance with all applicable Laws and state and federal regulatory requirements. Amorcyte has not received any notices or other correspondence from the FDA or any other governmental agency requiring the termination, suspension or modification of any clinical trials.

(e) To Amorcyte's Knowledge, no Person in the Amorcyte Group, nor any manager, director, agent, employee or any other person acting for or on behalf of a Person in the Amorcyte Group, has directly or indirectly made any unlawful contribution, gift, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, property, or services to any person, including but not limited to any staff Amorcyte Stockholder at any hospital or any government officer (a) to obtain favorable treatment in securing business for Amorcyte, (b) to pay for favorable treatment for business secured, (c) to obtain special concessions or for special concessions already obtained, for or in respect of any Person in the Amorcyte Group, or (d) in violation of any applicable anti-corruption law.

(f) No Person in the Amorcyte Group nor, to Amorcyte's Knowledge, any manager, director, agent, employee or any other person acting for or on behalf of Amorcyte, has established or maintained any fund or assets in which Amorcyte has proprietary rights that have not been recorded in the books and records of Amorcyte. Each transaction is properly and accurately recorded in all material respects on the books and records of Amorcyte, and each document upon which entries such books and records are based is complete and accurate in all material respects. Amorcyte maintains a system of internal accounting controls reasonably designed to insure that there are no off-the-books accounts and its assets are used only in accordance with its corporate management directives.

(g) The FDA Package contains true and complete copies of all filings made by Amorcyte with the FDA and any state or third party regulatory authority (including but not limited to state regulatory authorities in New Jersey, New York, California and Maryland), all Permits obtained by Amorcyte from the FDA and any state or third party regulatory authority and all approvals and disapprovals, audit reports and correspondence from or with the FDA or such state regulatory authorities, including but not limited to an audit report received by Amorcyte from New York regulatory authorities for its Hackensack facility and follow up correspondence, a Amorcyte created chart of documents requested by the FDA during its inspection of its Mountain View, California facility, and Amorcyte created daily summaries of FDA inspections of Amorcyte and its clients. Amorcyte also represented to the Parent and its counsel that the FDA did not find any 483 observations and did not provide Amorcyte with a 483, Establishment Inspection Report or audit report at the close of any inspection conducted in 2010. To the Knowledge of Amorcyte and to the knowledge of any manager, officer, agent, or employee of Amorcyte, all information contained in such filings made by Amorcyte to any Governmental Authority is true and accurate.

(h) Neither Amorcyte nor, to the Knowledge of Amorcyte, any manager, officer, agent, employee, Amorcyte Stockholder or Affiliate of Amorcyte, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department.

(i) Neither the Amorcyte Group nor any of its officers, directors, employees has (i) been disqualified, debarred or voluntarily excluded by FDA or any other Governmental Authority for any purpose, or received notice of action or threat of action with respect to debarment under the provisions of 21 USC §§ 335a, 335b, or 335c as amended by the generic drug Enforcement Act of 1992, 42 USC § 1320a-7, 45 CFR Part 76 or any equivalent provisions in any other jurisdiction; (ii) been subject to any material enforcement action involving the FDA or similar Governmental Authority in any other jurisdiction, including any suspension, consent decree, notice of criminal investigation, indictment, sentencing, memorandum, plea agreement, court order or target or no target letter, and none of the foregoing is pending, asserted or threatened against same; or (iii) been charged with or convicted under United States federal law for conduct related to the development or approval or otherwise related to the regulation of any drug product under the Generic Drug Enforcement Act of 1992 or any other applicable Laws.

(j) The Amorcyte Group has taken reasonable measures to ensure that it has conducted and is conducting all pre-clinical and clinical trials in compliance in all material respects with (i) all work orders, protocols and specifications and approvals by institutional review boards and similar authorities (ii) procedures and controls pursuant to standards and controls generally accepted and observed in the pharmaceutical industry and (iii) all Laws, regulations, orders, guidances and policies including those implemented by FDA or any counterparty Governmental Authority in any other jurisdiction including regulations and guidances relating to the manufacture, distribution, clinical trial disclosure and clinical and non-clinical investigations and all other requirements, as applicable.

(k) Neither the Amorcyte Group nor any of its officers, directors or employees has made any false statements on or material omissions from, any representations, reports or other submissions, whether oral, written or electronically delivered in the FDA Package or otherwise or in or from any other records and documentation prepared or maintained to comply with the requirements of the FDA, any other Governmental Authority or applicable Law relating the Amorcyte Group, the Cell Therapy Product or any other activities. Neither the Amorcyte Group nor any of its officers, directors or employees has committed any act, made any statement or failed to make any statement that would breach the FDA's policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery or Illegal Gratuities" set forth in Fed. Reg. 46191(September 10, 1991) or any similar Laws, rules, regulations or policies whether under the jurisdiction of the FDA or any counterpart Governmental Authority in any other applicable jurisdiction, and any amendments or other modifications thereto. Neither the Amorcyte Group nor any of its officers, directors or employees has received, nor is aware of any basis for the issuance of, any notice to such effect.

Section 4.21 *Insurance*. The Amorcyte Group has insurance policies in full force and effect for such amounts as are sufficient for all requirements of Law and all agreements to which each of the Persons in the Amorcyte Group is a party or by which such Persons are bound and which provide commercially reasonable levels of insurance. No event has occurred, including, without limitation, the failure by any of the Persons in the Amorcyte Group to give any notice or information or any of the Persons in the Amorcyte Group giving any inaccurate or erroneous notice or information, which limits or impairs the rights of any Person in the Amorcyte Group under any such insurance policies.

Section 4.22 *Related Party Transactions*. (a) Except as set forth on **Schedule 4.22**, no employee, officer, director, shareholder, partner, manager, stockholder or other equityholder of any of the Persons in the Amorcyte Group, nor any Amorcyte Stockholder or his or her immediate family, nor any of their respective Affiliates ("Related Persons") (i) owes any amount to the Amorcyte Group and none of the Persons in the Amorcyte Group owe any amount to, nor have any of the Persons in the Amorcyte Group committed to make any loan or extend or guarantee credit to or for the benefit of, any Related Person, (ii) is involved in any business arrangement or other relationship (other than customary employment relationships) with any of the Persons in the Amorcyte Group (whether written or oral), (iii) owns any property or right, tangible or intangible, that is used by any of the Persons in the Amorcyte Group (other than rights arising out of employment arrangements), (iv) to the Knowledge of Amorcyte, has any claim or cause of action against any of the Persons in the Amorcyte Group or (v) is obligated to make any payment to any other Person in the Amorcyte Group or Related Person in connection with the transactions contemplated by this Agreement.

(b) There are no transactions, arrangements or other relationships between and/or among Amorcyte, any of its Affiliates and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect Amorcyte's liquidity or the availability of or requirements for its capital resources. There are no transactions, arrangements or other relationships between and/or among Amorcyte, any Person in the Amorcyte Group and any Amorcyte Stockholders or their Affiliates that are not on terms at least as favorable to Amorcyte as would be obtained in an arm's length, commercially reasonable transaction with an unrelated third party.

(c) No Person in the Amorcyte Group has, since January 1, 2002, extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of Amorcyte.

(d) All agreements, payment obligations, and other business relationships between Amorcyte or any other Person in the Amorcyte Group or their Affiliates, on the one hand, and Amorcyte, on the other hand, are commercially reasonable and on terms no less favorable to Amorcyte than would be available in an arm's length transaction with an unrelated third party. PCT provides Amorcyte with a $500,000 line of credit on terms no less favorable to Amorcyte or PCT than would be available in an arm's length transaction in an unrelated bank financing, and no borrowings are outstanding under that line of credit.

Section 4.23 *Suppliers*. **Schedule 4.23** sets forth a list identifying each supplier to the Amorcyte Group during Amorcyte's current fiscal year (through May 31, 2011). Since December 31, 2009, no supplier listed on **Schedule 4.23** has terminated its relationship with any of the Persons in the Amorcyte Group or materially increased, decreased or changed the pricing, the volume of business or other terms of its business with any of the Persons in the Amorcyte Group and, to the Knowledge of Amorcyte, no supplier listed on **Schedule 4.23** has notified any of the Persons in the Amorcyte Group that it intends to terminate or materially increase, decrease or change the pricing, the volume of business or other terms of its business with the Amorcyte Group.

Section 4.24 *Financial Advisors*. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Amorcyte Group or the Amorcyte Stockholders in connection with the transactions contemplated by this Agreement and no Person is or will be entitled to any fee or commission or like payment in respect thereof.

Section 4.25 *Environmental Matters*. Each Person in the Amorcyte Group is in compliance with all Environmental Laws and the requirements of all Permits issued under such Environmental Laws with respect to Amorcyte in all material respects. There are no pending or, to the Knowledge of Amorcyte, threatened Environmental Legal Proceedings against any Person in the Amorcyte Group.

Section 4.26 *Registration Statement; Prospectus/Joint Proxy Statement.* None of the information supplied or to be supplied by Amorcyte for inclusion in the Form 8-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the registration statement under the Securities Act registering the Parent Common Stock or other Parent securities as to be issued pursuant to this Agreement (such registration statement, as amended or supplemented by any amendments or supplements thereto, being referred to herein as the "Registration Statement") or the Prospectus/Joint Proxy Statement to be sent to the stockholders of Parent and the Amorcyte Stockholders in connection with the special meeting of stockholders of Parent at which such stockholders will be asked to approve the issuance of Parent Common Stock pursuant to this Agreement (the "NeoStem Meeting") and the special meeting of the Amorcyte Stockholders at which the Amorcyte Stockholders will be asked to approve the First Merger and this Agreement (the "Amorcyte Meeting") (such Prospectus/Joint Proxy Statement, as amended or supplemented by any amendments or supplements thereto, being referred to herein as the "Prospectus/Joint Proxy Statement"), including all amendments and supplements to the Registration Statement and Prospectus/Joint Proxy Statement, shall, in the case of the Registration Statement, at the time the Registration Statement becomes effective and, in the case of the Prospectus/Joint Proxy Statement, on the date or dates the Prospectus/Joint Proxy Statement is first mailed to the stockholders of the Parent and the Amorcyte Stockholders and on the date or dates of the NeoStem Meeting and the Amorcyte Meeting, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Amorcyte will supply NeoStem with all business, financial, accounting, legal, management and other information about Amorcyte, the Amorcyte Group, any Person in the Amorcyte Group, the Amorcyte Stockholders and the Amorcyte Business as is required to be disclosed in a Form S-4 under SEC rules.

Section 4.27 *FINRA.* To the Knowledge of Amorcyte, none of the Amorcyte Stockholders are a registered representative under the Financial Industry Regulatory Authority ("FINRA"), a member of FINRA or associated or affiliated with any member of FINRA, or a broker-dealer registered with the SEC under the Exchange Act or engaged in a business that would require it to be so registered, nor is it an affiliate of such a broker-dealer or any person engaged in a business that would require it to be registered as a broker-dealer.

Section 4.28 *Full Disclosure*. No representation or warranty, exhibit or schedule furnished by or on behalf of Amorcyte or any Person in the Amorcyte Group in this Agreement, the Company Disclosure Letter or any other Transaction Document contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. Neither Amorcyte nor any Person in the Amorcyte Group has any Knowledge of any facts pertaining to Amorcyte, any Person in the Amorcyte Group, the Amorcyte Business or its assets that has or could reasonably be expected to have a Material Adverse Effect and that have not been disclosed in this Agreement, the schedules and exhibits hereto and the Transaction Documents.

ARTICLE V

Representations and Warranties of the Parent and Subco

The Parent and Subco jointly and severally represent and warrant to Amorcyte as follows:

Section 5.1 *Organization and Good Standing*. The Parent is a corporation, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and to carry on its business. Subco is a corporation, validly existing and in good standing under the laws of the State of Delaware. Subco II is a limited liability company, validly existing and in good standing under the laws of the State of Delaware.

Section 5.2 *Authorization*. Each of the Parent, Subco, and Subco II has full power and authority to execute and deliver this Agreement and each other Purchaser Document, to the extent applicable, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each of the Parent, Subco, and Subco II of this Agreement and each other Purchaser Document, to the extent applicable, have been duly authorized by all necessary action on behalf of each of the Parent, Subco, and Subco II. This Agreement has been, and each other Purchaser Document will be at or prior to the Closing, duly executed and delivered by the Parent, Subco, and/or Subco II, to the extent applicable, and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each other Purchaser Document when so executed and delivered will constitute, the legal, valid and binding obligation of the Parent, Subco, and/or Subco II, to the extent applicable, enforceable against the Parent, Subco, or Subco II, to the extent applicable, in accordance with its respective terms, subject to the Bankruptcy/Equity Exception.

Section 5.3 *Conflicts; Consents of Third Parties*.

(a) Neither the execution or delivery by the Parent, Subco, or Subco II of this Agreement or any of the other Purchaser Documents, nor the performance by the Parent, Subco, or Subco II of its obligations hereunder and thereunder will (i) contravene any provision contained in the organizational documents of the Parent, Subco, or Subco II or (ii) violate or result in a breach (with or without the lapse of time, the giving of notice or both) of or constitute a default under any judgment, order, decree, law, rule or regulation or other restriction of any Governmental Authority, in each case to which the Parent, Subco, or Subco II is a party or by which the Parent, Subco, or Subco II is bound or to which any of its assets or properties are subject or (iii) violate or result in a breach (with or without the lapse of time, the giving of notice, or both) of or constitute a default under any material contract to which the Parent, Subco, or Subco II is a party where the breach or default would have a Material Adverse Effect on Parent.

(b) No notice to, filing with, or authorization, registration, consent or approval of, any Governmental Authority or other Person is necessary for the execution, delivery or performance of this Agreement or any other Purchaser Document or the consummation of the transactions contemplated hereby or thereby by the Parent, Subco, and Subco II other than (i) the Proxy Statement/Prospectus and Form S-4 of which it is a part and (ii) the additional listing application with the New York Stock Exchange-Amex.

Section 5.4 *Litigation*. There are no Legal Proceedings pending or, to the Knowledge of the Parent, threatened that are reasonably likely to prohibit or restrain the ability of the Parent to perform its obligations under this Agreement or consummate the transactions contemplated hereby.

Section 5.5 *Financial Advisors*. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Parent in connection with the transactions contemplated by this Agreement who is or will be entitled to any fee or commission or like payment in respect thereof other than those paid by Parent.

Section 5.6 *Registration Statement; Prospectus/Joint Proxy Statement.* None of the information supplied or to be supplied by Parent for inclusion in the Registration Statement under the Securities Act registering the Parent Common Stock to be issued pursuant to this Agreement or the Prospectus/Joint Proxy Statement to be sent to the stockholders of the Parent and the Amorcyte Stockholders in connection with the NeoStem Meeting and the Amorcyte Meeting, including all amendments and supplements to the Registration Statement and Prospectus/Joint Proxy Statement, shall, in the case of the Registration Statement, at the time the Registration Statement becomes effective and, in the case of the Prospectus/Joint Proxy Statement, on the date or dates the Prospectus/Joint Proxy Statement is first mailed to the stockholders of the Parent and the Amorcyte Stockholders and on the date or dates of the NeoStem Meeting and the Amorcyte Meeting, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Parent is not responsible for any information supplied by the Amorcyte Group.

ARTICLE VI

Covenants and Agreements

Section 6.1 *Meetings of Stockholders and Amorcyte Stockholders*.

(a) *NeoStem Meeting.* NeoStem will take all action in accordance with the federal securities law, the DGCL, the applicable rules of the Exchange on which the Parent Common Stock is listed or quoted, NeoStem's certificate of incorporation, as amended, and NeoStem's by-laws, as amended, necessary to convene the NeoStem Meeting on the earliest practical date as reasonably determined by NeoStem in light of the circumstances, and to obtain the consent and approval of NeoStem's stockholders with respect to the issuance of the Stock Consideration and the Warrants pursuant to this Agreement, including (in the absence of conditions that would justify the termination of this Agreement) recommending such approval to NeoStem's stockholders.

(b) *Amorcyte Meeting.* Amorcyte shall take all action in accordance with the federal securities laws, the DGCL, the Voting Agreement, and the Amorcyte certificate of incorporation and by-laws, necessary to give notice to the Amorcyte Stockholders and convene the Amorcyte Meeting to be held on the earliest practical date as reasonably determined by NeoStem in light of the circumstances, and to obtain the consent and approval of the Amorcyte Stockholders with respect to the Agreement and the transactions contemplated hereby, including recommending such approval to the Amorcyte Stockholders.

(c) Amorcyte will provide Subco, Subco II, Parent and its transfer agent with (a) a representation that the information provided by Amorcyte and contained in the Prospectus/Joint Proxy Statement and any other disclosure documents is true and accurate in all material respects and that there is no fact or matter which has not been disclosed in such disclosure documents which renders such information untrue or misleading and (b) appropriate other certifications, accountant consents and opinions of counsel with respect to the Securities Act registration of the issuance of the Stock Consideration and Warrants, compliance with the Amorcyte organizational documents and Law with respect to the transactions contemplated by this Agreement and the Intellectual Property. Amorcyte will also cause its attorneys and accountants at all other times to provide consents, comfort letters and opinion letters as may be required in connection with disclosure documents of NeoStem that contain information about Amorcyte or the Amorcyte Business.

(d) Parent, Subco, and Subco II will provide the Amorcyte Stockholders with a representation that the information provided by Parent, Subco, and Subco II and contained in the Prospectus/Joint Proxy Statement and any other disclosure documents is true and accurate in all material respects and that there is no fact or matter which has not been disclosed in such disclosure documents which renders such information untrue or misleading.

Section 6.2 *Preparation of the Prospectus/Joint Proxy Statement and the Registration Statement.*

(a) Parent and Amorcyte shall cooperate to prepare the Prospectus/Joint Proxy Statement to be included in the Registration Statement. Once Parent and Amorcyte consent to the filing of the Prospectus/Joint Proxy Statement with the SEC (which consent shall not be unreasonably withheld), Parent shall file the Registration Statement with the SEC. Consistent with the timing for the Amorcyte Meeting, NeoStem shall use reasonable efforts to have the Registration Statement declared effective by the SEC as promptly as practicable thereafter and to maintain the effectiveness of the Registration Statement through the First Effective Time. If, at any time prior to the First Effective Time, Parent or Amorcyte shall obtain knowledge of any information contained in or omitted from the Registration Statement that would require an amendment or supplement to the Registration Statement or the Prospectus/Joint Proxy Statement, the party obtaining such knowledge will promptly so advise the other parties in writing and each of Parent and Amorcyte will promptly take such action as shall be required to amend or supplement the Registration Statement and/or the Prospectus/Joint Proxy Statement. Amorcyte shall promptly furnish to Parent all financial and other information concerning it as may be required for the Prospectus/Joint Proxy Statement and any supplements or amendments thereto. Parent and Amorcyte shall cooperate in the preparation of the Prospectus/Joint Proxy Statement in a timely fashion and shall use all reasonable efforts to clear the Prospectus/Joint Proxy Statement and the Registration Statement with the staff of the SEC. After the Registration Statement is declared effective by the SEC, each of Parent and Amorcyte shall use reasonable efforts to mail as soon as reasonably practicable to the Amorcyte Stockholders the Prospectus/Joint Proxy Statement, which shall include all information required under applicable Law to be furnished to the Amorcyte Stockholders and NeoStem's stockholders in connection with this Agreement and the transactions contemplated hereby and shall include the recommendation of Amorcyte's Board of Directors in favor of the transactions contemplated hereby.

(b) Notwithstanding anything contained in this Agreement to the contrary, NeoStem shall not be obligated to take any action under this Section 6.2 unless and until the following conditions shall have been met: (i) NeoStem shall have received any audited financial statements of Amorcyte and any other financial information of Amorcyte required for inclusion in the Registration Statement as determined by NeoStem, (ii) NeoStem shall have received all information it needs to prepare pro forma financial statements if required to be included in the Registration Statement under SEC rules, and (iii) NeoStem shall have received such auditor consents from its, and Amorcyte's auditors, and legal opinions from Amorcyte's counsel as it deems necessary or desirable.

Section 6.3 *Financial Statements for NeoStem Current Report on Form 8-K.*

(a) Attached as **Schedule 4.9(a)**, Amorcyte has provided to NeoStem (i) audited consolidated balance sheets of Amorcyte as of December 31, 2010 and 2009, (ii) audited consolidated statements of income, cash flows and changes in shareholders' equity of Amorcyte for the years ended December 31, 2010, 2009 and 2008, (iii) an unqualified report with respect to such audited financial statements by EisnerAmper and a consent by EisnerAmper to have such audited financial statements incorporated by reference into NeoStem's Securities Act filings, which report and consent shall be in form and substance reasonably satisfactory to NeoStem, and (iv) unaudited consolidated statements of income, cash flows and changes in shareholders' equity of Amorcyte for the three months ended March 31, 2011 and 2010 and an unaudited balance sheet as of March 31, 2011. Amorcyte has also provided to NeoStem all other financial statements, business descriptions, risk factors, compensation data, ownership data and other information of Amorcyte required for any SEC filing to be filed by NeoStem or which needs to be incorporated in any existing NeoStem registration statement or other SEC filings to make the information therein complete, including, without limitation, pro forma financial statements that give effect to the transaction contemplated by this Agreement and a full description of the business of the Amorcyte Group. Such financial statements have been prepared in accordance with generally accepted accounting principles, so that such financial statements meet the requirements for filing by NeoStem with the SEC as required by the SEC's Current Report on Form 8-K and for incorporation into any Form S-3 or other registration statement on file or to be filed by NeoStem, all so that NeoStem's currently effective Form S-3 may immediately be used by NeoStem in a capital raising transaction.

(b) Amorcyte will provide Parent with a representation that the information provided by it for inclusion and/or incorporation into the Registration Statement and/or Form 8-K is true and accurate in all material respects and that there is no material fact or matter which has not been disclosed in the disclosure document which renders such information untrue or misleading in any material respect.

(c) Upon execution of this Agreement, Amorcyte shall cause EisnerAmper to deliver an executed consent, in form and substance reasonably satisfactory to NeoStem and suitable for filing by NeoStem with the SEC, which consent shall authorize NeoStem to file with the SEC the reports delivered pursuant to Section 6.3(a).

(d) Upon NeoStem's request, contemporaneous with the delivery of the consolidated financial statements described in Section 6.3(a), Amorcyte shall cause EisnerAmper to make available to NeoStem and its representatives the work papers generated in connection with such accounting firm's audit of the audited consolidated financial statements delivered pursuant to Section 6.3(a).

(e) Prior to the Closing, Amorcyte shall cooperate with NeoStem in providing to NeoStem such financial statements, financial data and accountants' reports as NeoStem shall reasonably request with respect to any filing that NeoStem shall make or be required to make under the Securities Act or the Exchange Act. Not in limitation of the foregoing, Amorcyte shall deliver to Parent the following financial information (the "Supplemental Financial Information"): (i) promptly after each fiscal quarter ending after the date hereof, the unaudited balance sheet of Amorcyte as of the end of such quarter and the unaudited statements of income, stockholders' equity and cash flows of Amorcyte for such quarter and for the portion of the fiscal year then ended prepared in accordance with GAAP, and (ii) promptly upon the reasonable request by Parent, such additional financial information as may be required in connection with any filing by Parent pursuant to the requirements of federal or state securities laws. Such Supplemental Financial Information shall present fairly, in all material respects, the financial position of Amorcyte as of the last day of the periods covered and the results of operations, cash flows and changes in stockholders' equity of Amorcyte for the periods covered, subject in the case of unaudited financials, to normal year-end adjustments.

(f) Notwithstanding anything in this Agreement to the contrary, any NeoStem Related Expenses incurred by Amorcyte shall be paid directly by NeoStem to Amorcyte's agents or to the parties to whom such obligations are owed, as applicable, as directed by the Amorcyte Representative.

Section 6.4 *Access and Information*.

(a) Prior to the Closing, and except for disclosures which would cause Amorcyte to waive the attorney-client privilege or otherwise violate applicable Law or any material confidentiality agreement, NeoStem shall be entitled to make or cause to be made such investigation of Amorcyte, and the financial and legal condition thereof, as NeoStem deems necessary or advisable, and Amorcyte shall cooperate with any such investigation. In furtherance of the foregoing, but not in limitation thereof, Amorcyte shall (a) permit NeoStem and its agents and representatives or cause them to be permitted to have full and complete access to the premises, operating systems, computer systems (hardware and software) and books and records of Amorcyte upon reasonable notice during regular business hours, (b) furnish or cause to be furnished to NeoStem such financial and operating data, projections, forecasts, business plans, strategic plans and other data relating to Amorcyte and their businesses as NeoStem shall request from time to time and (c) cause its accountants to furnish to NeoStem and its accountants access to all work papers relating to any of the periods covered by financial statements provided by Amorcyte to NeoStem hereunder.

(b) Prior to the Closing, NeoStem shall not use any information provided to it in confidence by Amorcyte for any purposes unrelated to this Agreement. Amorcyte shall not use any information provided to it in confidence by NeoStem for any purposes unrelated to this Agreement. Except with respect to publicly available documents, in the event that this Agreement is terminated, (a) NeoStem will return to Amorcyte all documents obtained by it from Amorcyte and any Person in the Amorcyte Group in confidence and any copies thereof in the possession of NeoStem or its agents and representatives or, at the option of NeoStem, NeoStem shall cause all of such documents and all of such copies to be destroyed and shall certify the destruction thereof to Amorcyte and (b) Amorcyte will return to NeoStem all documents obtained by it from NeoStem and its subsidiaries in confidence and any copies thereof in the possession of Amorcyte or its agents and representatives or, at the option of Amorcyte, Amorcyte shall cause all of such documents and all of such copies to be destroyed and shall certify the destruction thereof to NeoStem.

(c) No investigation of Amorcyte or the Amorcyte Business by the Parent heretofore shall modify or otherwise affect any representations and warranties of Amorcyte, which shall survive any such investigation, or the conditions to the obligation of the Parent, Subco, and Subco II to consummate the transactions contemplated hereby.

Section 6.5 *No Solicitation.* (a) Commencing on the date of this Agreement and continuing thereafter, unless and until this Agreement is terminated pursuant to Article IX, Amorcyte shall not, nor shall it authorize or permit any of its Affiliates or any Amorcyte Stockholder, officer, director, employee, investment banker, attorney or other adviser or representative of Amorcyte or any of its Affiliates to (i) solicit, initiate, or encourage the submission of, any Amorcyte Acquisition Proposal (as hereinafter defined), (ii) enter into any agreement or understanding with respect to any Amorcyte Acquisition Proposal or (iii) participate in any discussions or negotiations regarding, or furnish to any person any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be expected to lead to, any Amorcyte Acquisition Proposal. Without limiting the foregoing, it is understood that any violation, of which Amorcyte or any of its Affiliates had knowledge at the time of such violation, of the restrictions set forth in the immediately preceding sentence by any Amorcyte Stockholder, officer, director, employee, investment banker, attorney or other adviser or representative of Amorcyte or any of its Affiliates, whether or not such Person is purporting to act on behalf of Amorcyte or any of its Affiliates or otherwise, shall be deemed to be a breach of this Section 6.5 by Amorcyte and its Affiliates. Amorcyte shall notify Parent in accordance with the notice provisions of this Agreement in writing and orally within 24 hours after receipt of any Amorcyte Acquisition Proposal or receipt of any inquiries with respect to any Amorcyte Acquisition Proposal, such notice to include the identity of the Person making such proposal, offer, inquiry or contact, and the terms of such Amorcyte Acquisition Proposal. Amorcyte immediately shall cease and cause to be terminated in all respects all existing discussions or negotiations with any parties conducted heretofore with respect to an Amorcyte Acquisition Proposal. Amorcyte shall not release any third party from, or waive any provision of, any confidentiality or standstill agreement to which it is a party. "Amorcyte Acquisition Proposal" means any proposal for a merger or other business combination involving Amorcyte or any of its Affiliates or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in Amorcyte or any of its Affiliates, any voting securities of Amorcyte or any of its Affiliates or a substantial portion of the assets of Amorcyte or a license to its Intellectual Property.

(b) Amorcyte acknowledges that damages for any breach of the obligations in this Section will be difficult to measure and that Parent has the right to have the provisions of this Agreement, including this Section, specifically enforced pursuant to Section 10.3. If Amorcyte breaches the obligations set forth in this Section 6.5 and such obligations are not specifically enforced pursuant to Section 10.3, then, if Amorcyte consummates a transaction related to or arising out of an Amorcyte Acquisition Proposal, upon the closing of such transaction, Amorcyte shall pay to the Parent an amount equal to $1,500,000.

Section 6.6 *Commercially Reasonable Efforts; Further Assurances*. Subject to the terms and conditions herein provided, each of the parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Law to consummate and make effective the transactions contemplated by this Agreement. Each of the parties hereto will use their respective commercially reasonable efforts to obtain the consents of all Governmental Authorities and third parties necessary to the consummation of the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the parties will, as promptly as practicable, apply for and diligently prosecute all applications for, and will use their commercially reasonable efforts promptly to: (a) effect all necessary registrations and filings, (b) defend any lawsuits or other legal proceedings, whether judicial or administrative, whether brought derivatively or on behalf of third parties (including Governmental Authorities or officials), challenging this Agreement or the consummation of the transactions contemplated hereby and (c) furnish to each other such information and assistance and to consult with respect to the terms of any registration, filing, application or undertaking as reasonably may be requested in connection with the foregoing. Amorcyte will also furnish the Parent with all financial statements and other information required by the Parent to satisfy all regulatory requirements including its June 30, 2011 financial statements and all other information required to satisfy Parent's filing requirements with the SEC. The provisions of this Section 6.6 shall survive the Closing.

Section 6.7 *Employment Matters*. No employment agreements or other Benefit Arrangements for employees of or consultants to Amorcyte shall be in effect after the Closing.

Section 6.8 *Waiver and Release of Claims*.

(a) Effective as of the Closing, subject to the limitations set forth in Section 6.8(b), each of the Lock-Up Stockholders will agree as part of the Voting Agreement or otherwise, that, on behalf of himself or itself and his or its successors, assigns, representatives, administrators, executors and agents, and any other person or entity claiming by, through, or under any of the foregoing, he/it does hereby unconditionally and irrevocably release, waive and forever discharge the Parent, Subco, Subco II, Amorcyte and each of their past and present directors, officers, employees, agents, predecessors, successors, assigns, subsidiaries and Affiliates, from any and all claims, demands, damages, judgments, causes of action and liabilities of any nature whatsoever, whether or not known, suspected or claimed, arising directly or indirectly from any act, omission, event or transaction occurring (or any circumstances existing) with respect to Amorcyte on or prior to the Closing (collectively, "Amorcyte Claims"), including without limitation any and all Amorcyte Claims arising out of or relating to: (i) such individual's capacity as a current or former shareholder, officer or director, manager, employee or agent of Amorcyte or any of its predecessors or Affiliates (or his capacity as a current or former trustee, director, officer, manager, employee or agent of any other entity in which capacity he is or was serving at the request of Amorcyte); or (ii) any contract, agreement or other arrangement (whether written or verbal) with Amorcyte entered into or established prior to the Closing, including any shareholders agreements, equity purchase agreements, employment agreements or previous noncompetition agreements. The foregoing releases shall not release Amorcyte from obligations owed by Amorcyte to the extent such obligations are reflected in the Estimated Liabilities, as modified by the Adjusted Closing Liabilities (and thus are ultimately reflected on the Adjusted Closing Liabilities Statement).

(b) Amorcyte shall procure similar releases from all Amorcyte Service Stockholders at or prior to the Closing.

(c) Notwithstanding the foregoing Section 6.8(a), no Lock-Up Stockholder releases or discharges, and each Lock-Up Stockholder or Amorcyte Service Stockholder who executes a release as required pursuant to Section 6.8(a) expressly does not release or discharge any Amorcyte Claims which arise out of or are in connection with any conduct on the part of Amorcyte which arise under or are based upon the terms of this Agreement or any other agreement executed or delivered in connection herewith. For the avoidance of doubt, the release and discharge provided by the Lock-Up Stockholders and each other Person who executed a release as required pursuant to Section 6.8(a) shall be for the sole benefit of the parties set forth therein and their respective successors, assigns and legal representatives and is not intended, nor shall be construed, to give any Person, other than such parties and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim hereunder.

Section 6.9 *Permits.* To the extent required by applicable Law, each Person in the Amorcyte Group shall cooperate with Parent and use best efforts to assure that Amorcyte retains all Permits required by it to operate the Amorcyte Business, whether by way of renewal of Permits held by Persons in the Amorcyte Group or through obtaining new Permits.

Section 6.10 *Amorcyte's Affirmative Covenants.* Prior to the Closing, except as otherwise expressly provided herein, Amorcyte shall (and Amorcyte shall cause each Person in the Amorcyte Group to):

(a) conduct its business only in the Ordinary Course of Amorcyte's Business;

(b) use commercially reasonable efforts to keep in full force and effect its corporate existence and all material rights, franchises, Amorcyte Intellectual Property rights and goodwill relating or pertaining to its businesses;

(c) endeavor to retain its employees and preserve its present relationships with customers, suppliers, contractors, distributors and employees, and continue to compensate its employees consistent with past practices;

(d) use commercially reasonable efforts to maintain the Amorcyte Intellectual Property rights so as not to affect adversely the validity or enforcement thereof; maintain its other assets in customary repair, order and condition and maintain insurance reasonably comparable to that in effect on the date of this Agreement;

(e) maintain its books, accounts and records in accordance with generally accepted accounting principles;

(f) use commercially reasonable efforts to obtain all authorizations, consents, waivers, approvals or other actions and to make all filings and applications necessary or desirable to consummate the transactions contemplated hereby, and to cause the other conditions to NeoStem's obligation to close to be satisfied;

(g) promptly notify NeoStem in writing if, prior to the consummation of the Closing, to its Knowledge (a) any of the representations and warranties contained in Article IV cease to be accurate and complete in all material respects or (b) Amorcyte fails to comply with or satisfy any material covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.10 shall not limit or otherwise affect the remedies available hereunder to NeoStem; and

(h) promptly pay all amounts due to PCT.

Section 6.11 *NeoStem's Affirmative Covenants.* Prior to the Closing, except as otherwise expressly provided herein, each of Parent, Subco, and Subco II shall:

(a) conduct its business only in the ordinary and regular course of business consistent with past practices (it being understood that financing efforts are consistent with past practice);

(b) maintain its books, accounts and records in accordance with generally accepted accounting principles;

(c) use commercially reasonable efforts to obtain all authorizations, consents, waivers, approvals or other actions and to make all filings and applications necessary or desirable to consummate the transactions contemplated hereby and to cause the other conditions to Amorcyte's obligation to close to be satisfied;

(d) promptly notify Amorcyte in writing if, prior to the consummation of the Closing, to its Knowledge (i) any of the representations and warranties contained in Article V cease to be accurate and complete in all material respects or (ii) Parent fails to comply with or satisfy any material covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.11 shall not limit or otherwise affect the remedies available hereunder to Amorcyte; and

Section 6.12 *Amorcyte's Negative Covenants.* Prior to the Closing, without the prior written consent of NeoStem or as otherwise expressly provided herein, Amorcyte will not, and Amorcyte will cause each Person in the Amorcyte Group not to:

(a) take any action or omit to take any action which would result in Amorcyte's (i) incurring any trade accounts payable outside of the Ordinary Course of Business or making any commitment to purchase quantities of any item of inventory in excess of quantities normally purchased in the Ordinary Course of Amorcyte's Business; (ii) increasing any of its indebtedness for borrowed money; (iii) guaranteeing the obligations of any entity; (iv) merging or consolidating with, purchasing substantially all of the assets of, or otherwise acquiring any business or any proprietorship, firm, association, limited liability company, corporation or other business organization; (v) increasing the rate or type of compensation payable to any person; (vi) entering into any agreement related to employment (except as required by law), or creating any pension or profit-sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or any other employee benefit plan, or extending the exercisability of any outstanding stock option or increasing or decreasing any severance or termination pay benefit or any other fringe benefit; (vii) making any representation to anyone indicating any intention of NeoStem to retain, institute, or provide any employee benefit plans; (viii) declaring or paying any dividend or making any distribution with respect to, or purchasing or redeeming, equity interests of Amorcyte; (ix) selling or disposing or licensing of any assets otherwise than in the Ordinary Course of Amorcyte's Business; (x) making any capital expenditures other than in the Ordinary Course of Amorcyte's Business consistent with past practices and in no event in excess of $25,000 in the aggregate; (xi) after the Registration Statement and/or Proxy Statement is filed, issuing any equity interests of any kind of Amorcyte, except for stock issuable upon exercise of an Amorcyte Option or Amorcyte Warrant outstanding on the date hereof; (xii) issuing or granting any subscriptions, options, rights, warrants, convertible securities or other agreements or commitments to issue, or contracts or any other agreements obligating Amorcyte or any Person in the Amorcyte Group to issue, any equity, or securities convertible into any equity; (xiii) modifying, amending or terminating any Material Contract other than in the Ordinary Course of Amorcyte's Business that is consistent with past practices; or (xiv) entering into any other transaction outside of the Ordinary Course of Amorcyte's Business, provided that nothing in this Section 6.12 shall prohibit Amorcyte from modifying the Amorcyte Options and Amorcyte Warrants as contemplated by this Agreement;

(b) change any method or principle of accounting in a manner that is inconsistent with past practice, except to the extent required by generally accepted accounting principles as advised by Amorcyte's regular independent accountants;

(c) take any action that would likely result in the representations and warranties set forth in Article IV becoming false or inaccurate in any material respect (or, as to representations and warranties, which, by their terms, are qualified as to materiality, becoming false or inaccurate in any respect);

(d) incur any Indebtedness, or increase the outstanding amount of any existing Indebtedness; provided however that Amorcyte may issue its Series A Preferred Stock (or Convertible Debt or preferred stock with terms identical to the Series A Preferred Stock) in an amount up to $1,200,000 (the "Amorcyte Financing") so long as (i) all proceeds of such issuance are held by Amorcyte for use in the Ordinary Course of Amorcyte's Business or used only to pay accounts payable due in the Ordinary Course of Amorcyte's Business, (ii) such issuance is completed prior to the filing of the Registration Statement and the Prospectus/Joint Proxy Statement with the SEC (and Amorcyte is expressly permitted to amend its Certificate of Incorporation to the extent necessary to effect the Amorcyte Financing, including, without limitation, to the extent necessary to provide for a sufficient number of authorized Series A Preferred Stock to allow any Convertible Debt issued as part of the Amorcyte Financing to be exercised), (iii) following such Amorcyte Financing, the Lock-Up Stockholders continue to hold a sufficient number of Amorcyte Securities so as to have sufficient votes to approve the First Merger and this Agreement and continue to be bound to do so, and (iv) at or prior to Closing, Amorcyte causes any issued and outstanding Convertible Debt to either be (X) converted into shares of Amorcyte Series A Preferred Stock or (Y) satisfied on a non-cash basis as if so converted;

(e) incur or create any encumbrances, liens, pledges or security interests on assets;

(f) except as contemplated herein, take any action or omit to take any action which would materially interfere with NeoStem's rights to compel performance of each of the obligations of Amorcyte under this Agreement;

(g) take or omit to be taken any action, or permit any of its Affiliates to take or to omit to take any action, which would reasonably be expected to result in a Material Adverse Effect;

(h) grant or otherwise issue any option, warrant or other securities exercisable for or convertible into equity of Amorcyte; or

(i) agree or commit to take any action precluded by this Section 6.12.

Section 6.13 *NeoStem's Negative Covenants.* Prior to the Closing, without the prior written consent of Amorcyte or as otherwise expressly provided herein, NeoStem will not:

(a) take any action that would likely result in the representations and warranties set forth in Article V becoming false or inaccurate in any material respect (or, as to representations and warranties, which, by their terms, are qualified as to materiality, becoming false or inaccurate in any respect);

(b) except as contemplated herein, take any action or omit to take any action which would materially interfere with Amorcyte's rights to compel performance of each of the obligations of NeoStem under this Agreement; or

(c) agree or commit to take any action precluded by this Section 6.13.

Section 6.14 *Obligation to Develop.* NeoStem shall use commercially reasonable efforts to develop AMR-001, or NeoStem shall use commercially reasonable efforts to locate a partner to develop AMR-001, and if and only if commercially reasonable, file a New Drug Application (or its equivalent, i.e., BLA) with the FDA for marketing and sale of AMR-001 in the United States, obtain approval for such marketing and sale in the United States and in other territories to be agreed to by the parties (the "Additional Territories"), and commercialize or cause the commercialization of AMR-001 in the United States and in the Additional Territories, all in a timely fashion to the extent commercially reasonable.

Section 6.15 *Opinions*. Amorcyte shall deliver to Parent within 5 Business Days of the date of execution of this Agreement an opinion from its Intellectual Property counsel in form and substance satisfactory to the Parent and its counsel, which opinion shall cover matters reasonably satisfactory to Parent, including without limitation opinions with respect to the validity of the Patents and a freedom to operate opinion. Additionally, within 5 Business Days of the date of this Agreement, Amorcyte shall cause its corporate counsel and its Intellectual Property counsel to deliver to Parent opinions reasonably requested by Parent in connection with Parent's offering of securities.

ARTICLE VII

Conditions to Closing

Section 7.1 *Mutual Conditions*. The obligation of the Parent, Subco, and Subco II, and Amorcyte to consummate the transactions contemplated hereby is subject to the satisfaction as of the Closing of the following conditions unless waived (to the extent that such conditions can be waived) in writing by the Parent, Subco, Subco II, and Amorcyte:

(a) Laws. There shall not be any Law in effect that would prevent the consummation of the transactions contemplated by the Transaction Documents.

(b) Absence of Litigation. There shall not be (i) any Order of any nature issued by a Governmental Authority with competent jurisdiction directing that the transactions provided for in the Transaction Documents or any material aspect of them not be consummated as provided herein or therein, or (ii) any Legal Proceeding pending wherein an unfavorable Order would prevent the performance of any of the Transaction Documents or the consummation of any material aspect of the transactions contemplated hereby or thereby, declare unlawful any material aspect of the transactions contemplated by the Transaction Documents or cause any material aspect of the transactions contemplated by the Transaction Documents to be rescinded.

(c) Government Approvals. All authorizations, consents, Orders or approvals of, or declarations or filings with or expiration of waiting periods imposed by, applicable Law necessary for the consummation of the transactions contemplated hereby shall have been obtained or made or shall have occurred.

(d) Escrow Agreement. The Escrow Agent, Parent and Amorcyte shall have executed the Escrow Agreement.

(e) Stockholder Approval. The requisite percentage of Amorcyte Stockholders of Amorcyte and the stockholders of Parent shall have approved this Agreement and the Mergers and issuance of securities by Parent hereunder.

(f) Registration Statement. The SEC shall have declared the Registration Statement effective under the Securities Act, and no stop order or similar restraining order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC or any state securities administrator. The shares of Parent Common Stock required to be issued pursuant to this Agreement shall have been approved for listing on the NYSE-Amex or such other stock exchange (the "Exchange") on which the Parent Common Stock is listed or quoted, subject to official notice of issuance.

Section 7.2 *Conditions to the Obligations of the Parent and Subco*. The obligations of the Parent and Subco to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment prior to or at Closing of each of the following conditions:

(a) Representations and Warranties; Performance of Covenants. Except for those representations and warranties which are made as of a particular date, the representations and warranties of Amorcyte contained in this Agreement shall be true and correct in all material respects (except with respect to those representations and warranties which are qualified as to materiality, which shall be true and correct in all respects) on the Closing Date. The representations and warranties of Amorcyte contained in this Agreement which are made as of a particular date shall be true and correct in all material respects (except with respect to those representations and warranties which are qualified as to materiality, which shall be true and correct in all respects) as of such date. Amorcyte and the Lock-Up Stockholders shall have performed in all material respects the agreements, covenants and obligations to be performed by them prior to the consummation of the Closing.

(b) No Material Events. Since the date hereof, there shall have been (i) no material damage, destruction or loss to the Amorcyte Business, regardless of insurance coverage, and (ii) no other Material Adverse Effect.

(c) Consents. All authorizations, consents, waivers, approvals or other actions legally required in connection with the execution, delivery and performance by Amorcyte of this Agreement and the other Amorcyte Documents and the consummation by Amorcyte of the transactions contemplated hereby and thereby shall have been obtained and shall be in full force and effect; without limiting the foregoing, Amorcyte shall have obtained any authorizations, consents, waivers, approvals or other actions required to prevent a breach or default by any Person in the Amorcyte Group under any Contract to which any Person in the Amorcyte Group is a party or required for the continuation of any agreement or Permit to which any Person in the Amorcyte Group is a party and which relates to the Amorcyte Business, including without limitation all authorizations, consents, waivers, approvals, licenses, Amorcyte Permits or other actions necessary to permit the Surviving Company to operate the Amorcyte Business in compliance with all applicable Laws immediately after the Closing.

(d) Secretary's Certificate. Amorcyte shall have delivered to the Parent a certificate of the Secretary or Assistant Secretary of Amorcyte, in form and substance satisfactory to the Parent, certifying (i) resolutions of the Amorcyte directors and stockholders approving this Agreement, the other Amorcyte Documents and the transactions contemplated hereby and thereby and (ii) the Amorcyte certificate of incorporation, by-laws and other governing documents of Amorcyte, as amended, and setting forth (I) such good standing certificates as the Parent shall reasonably request, (II) a certified copy of Amorcyte's certificate of incorporation, as amended, and (III) an incumbency certificate with respect to all officers of Amorcyte executing this Agreement, the other Amorcyte Documents and/or any instrument or document contemplated hereby or thereby.

(e) Legal Opinion. The Parent and Subco shall have received an opinion or opinions from counsel to Amorcyte in form and substance satisfactory to the Parent and its counsel, including opinions with respect to the matters set forth in **Exhibit D**.

(f) Auditor Consent. The Parent and Subco shall have received a signed consent from Amorcyte's independent auditors permitting Parent to include the GAAP Financial Statements and its opinion with respect to such statements in Parent's filings with the SEC, as well as providing comfort as needed with respect to any subsequent securities offerings by Parent.

(g) Options and Warrants. The Parent and Subco shall have received proof reasonably satisfactory to them that Amorcyte Options and Amorcyte Warrants have been modified as contemplated by Section 3.1(d) of this Agreement.

(h) Non-Compete Agreements. Each person listed on **Schedule 7.2(h)** shall have executed a non-compete and non-solicitation agreement in the form of NeoStem's standard non-compete and non-solicitation agreement to be provided.

(i) Non-Disclosure Agreements. Each person designated by Subco, shall have executed a non-disclosure and confidentiality agreement and an assignment of inventions in form satisfactory to Parent and Subco.

(j) Due Diligence. The result of any and all regulatory and intellectual property due diligence shall be satisfactory to NeoStem, in its sole discretion.

(k) Dissenters' Rights. Amorcyte Stockholders entitled to 1% or more of the aggregate Stock Consideration shall not have voted against the First Merger or withheld their consent thereto in writing or otherwise remain eligible to perfect appraisal rights in accordance with the DGCL; and holders who represent more than 5% of the issued and outstanding Amorcyte Common Stock shall not have voted against the First Merger or withheld their consent thereto in writing or otherwise remain eligible to perfect appraisal rights in accordance with the DGCL.

(l) Baxter Agreement. The termination of the Baxter Agreement shall be effective in accordance with the terms of the Baxter Agreement with no liability to Parent or any of its Affiliates.

(m) Supplier Agreement. The Parent and Subco shall have received evidence reasonably satisfactory to them that Amorcyte has entered into an agreement with a supplier for cell sorting for the Phase 2 trial that is reasonably acceptable to the Parent and on terms and conditions reasonably acceptable to the Parent (the "Supplier Agreement"). It is understood that Amorcyte shall not order any supplies under the Supplier Agreement prior to Closing without the express written consent of Parent, but that so long as no supplies actually are ordered, the contingent liability of Amorcyte under the Supplier Agreement for future orders shall not be included when scheduling Estimated Liabilities or in preparing the Adjusted Closing Liabilities Schedule.

(n) Redemption Rights. No holders of the issued and outstanding Amorcyte Series A Preferred Stock shall have redeemed or requested Amorcyte to redeem any shares of Series A Preferred Stock.

(o) Estimated Liabilities. Estimated Liabilities shall not exceed $728,000.

(p) Amendment to Pecora Agreement. Parent and Subco shall have received an executed copy of an amendment to the Pecora Agreement, effective upon Closing, reflecting Andrew Pecora, M.D.'s additional duties as Chief Scientific Officer of Amorcyte for no additional consideration.

(q) Acknowledgement from Thomas Moss. Unless waived by Parent, Parent and Subco shall have received an executed copy of a written acknowledgement from Thomas Moss, M.D. providing for the continuation of the Moss Offer Letter and Dr. Moss' agreement to supervise the Phase II trial.

(r) Other Documents. Amorcyte and the Amorcyte Stockholders shall have executed and delivered to the Parent the documents set forth in Section 3.8(a) and such other documents or instruments as the Parent reasonably requests to effect the transactions contemplated by this Agreement and the other Amorcyte Documents.

Section 7.3 *Conditions to the Obligations of Amorcyte and the Amorcyte Stockholders*. The obligation of Amorcyte to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of each of the following conditions:

(a) Representations and Warranties; Performance of Covenants. Except for those representations and warranties which are made as of a particular date, the representations and warranties of the Parent and Subco contained in this Agreement shall be true and correct in all material respects (except with respect to those representations and warranties which are qualified as to materiality, which shall be true and correct in all respects) on the Closing Date. The representations and warranties of the Parent and Subco contained in this Agreement which are made as of a particular date shall be true and correct in all material respects (except with respect to those representations and warranties which are qualified as to materiality, which shall be true and correct in all respects) as of such date. The Parent and Subco shall have performed in all material respects the agreements, covenants and obligations to be performed by them prior to the consummation of the Closing.

(b) Consents. All authorizations, consents, waivers, approvals or other actions legally required in connection with the execution, delivery and performance by Parent and Subco of this Agreement and the other Purchaser Documents and the consummation by Parent and Subco of the transactions contemplated hereby and thereby shall have been obtained and shall be in full force and effect.

(c) Secretary's Certificates. Prior to or at the Closing, the Parent shall have delivered an executed certificate of the Secretary or Assistant Secretary of the Parent, in form and substance satisfactory to Amorcyte, certifying resolutions of the governing body of the Parent and Subco approving this Agreement and setting forth an incumbency certificate with respect to all officers of the Parent and Subco executing this Agreement and any other Purchaser Document and/or any instrument or document contemplated hereby or thereby.

(d) Other Documents. The Parent or Subco, as applicable, shall have executed and delivered to Amorcyte the documents set forth in Section 3.8(b) and such other documents or instruments as Amorcyte reasonably requests to effect the transactions contemplated by this Agreement or any other Purchaser Document.

ARTICLE VIII

Survival of Representations and Warranties; Survival of Covenants; Indemnification

Section 8.1 *Survival of Representations, Warranties and Covenants*.

(a) Except as set forth in the immediately succeeding sentences, the representations and warranties provided for in this Agreement shall survive the Closing until the date that is two (2) years after the Closing Date. The survival period of each representation or warranty as provided in this Section 8.1 is hereinafter referred to as the "Survival Period." Any claim in the nature of fraud, willful breach or intentional misconduct or intentional misrepresentation or similar claim may be made notwithstanding the end of the Survival Period so long as the statute of limitations has not expired.

(b) The covenants contained in this Agreement shall survive the Closing until they are otherwise terminated by their respective terms.

(c) Any representation, warranty, covenant or other agreement in respect of which indemnity may be sought under this Article VIII, and the indemnity with respect thereto, shall survive the time at which it would otherwise terminate pursuant to this Section 8.1 if written notice of the claim giving rise to such right or potential right of indemnity shall have been given to the Amorcyte Representative or the party against whom such indemnity may be sought prior to such time and, in any such case, such representation, warranty, covenant or other agreement shall survive until any claim for indemnity related to such inaccuracy or breach or potential inaccuracy or breach is settled or resolved, provided in each case that the claim is asserted in good faith.

(d) The representations, warranties and covenants contained in this Agreement or in any certificate or other writing delivered in connection with this Agreement shall survive for the periods set forth in this Section 8.1 and shall in no event be affected by any investigation, inquiry or examination made for or on behalf of any party, or the knowledge of any party's representatives or the acceptance by any party of any certificate or opinion hereunder.

Section 8.2 *Indemnification*.

(a) The Amorcyte Stockholders (to the extent of their collective interest in the Escrow Account) shall jointly and severally indemnify and hold harmless the Parent, Subco, their Affiliates, and their respective officers, directors, employees, agents and representatives, and any Person claiming by or through any of them (the "Parent Indemnified Parties"), against and in respect of any and all claims, costs, expenses, damages, liabilities, losses or deficiencies (including, without limitation, counsel's fees and other costs and expenses incident to any suit, action or proceeding) (the "Damages") arising out of, resulting from or incurred in connection with (i) any inaccuracy in any representation or the breach of any warranty made by Amorcyte in this Agreement (ignoring, for purposes of determining the existence of any such misrepresentation or breach or the amount of Damages with respect thereto, any "materiality", "Material Adverse Effect" or similar qualifier set forth in such representation or warranty), (ii) the breach by Amorcyte of any covenant or agreement to be performed by it hereunder, (iii) any Taxes relating to the Amorcyte Business with respect to any time prior to the Closing Date, (iv) any Indemnified Liabilities (unless such Indemnified Liabilities have been included in the Adjusted Closing Liabilities Statement), (v) except as contemplated by this Agreement, any liability arising from the operation of the Amorcyte Business or services provided by any Person in the Amorcyte Group with respect to any time prior to the Closing Date outside of the Ordinary Course of Amorcyte's Business, including but not limited to claims with respect to patent infringement or otherwise challenging Amorcyte's ownership of, or right to use, the Intellectual Property, (vi) any claim by any Person relating to any Indebtedness, equity interest, or option, warrant or other right exercisable, convertible or exchangeable into or for any equity interest of Amorcyte, and (vii) any product liability claim by any Person relating to the Amorcyte Business with respect to any time prior to the Closing Date (to the extent not covered by insurance). The Parent Indemnified Parties shall not be entitled to recover Damages from Amorcyte or the Amorcyte Stockholders for any claim for indemnification pursuant to this Section 8.2(a) first made after the expiration of the Survival Period nor from any other source other than the Escrow Account, except for claims in the nature of fraud, willful breach or intentional misconduct or intentional misrepresentation.

(b) The Parent shall indemnify and hold harmless the Amorcyte Stockholders (the "Amorcyte Indemnified Parties") against and in respect of any and all Damages arising out of, resulting from or incurred in connection with (i) any inaccuracy in any representation or the breach of any warranty made by the Parent and Subco in this Agreement, or (ii) the breach by the Parent or Subco of any covenant or agreement to be performed by such party hereunder. Amorcyte Indemnified Parties shall not be entitled to recover Damages from the Parent for any claim for indemnification pursuant to this Section 8.2(b) first made after the expiration of the Survival Period except for claims made against Parent or Subco for failure to pay any portion of, or deliver any portion of, the Base Stock Consideration, the Contingent Shares, the Warrants (including the failure to deliver shares of Parent Common Stock upon the exercise of any Warrants) or the Earn Out Payments (collectively, the "Excluded Payments") owed to the Amorcyte Securityholders.

(c) Any Person providing indemnification pursuant to the provisions of this Section 8.2 is hereinafter referred to as an "Indemnifying Party" and any Person entitled to be indemnified pursuant to the provisions of this Section 8.2 is hereinafter referred to as an "Indemnified Party."

(d) Notwithstanding anything to the contrary contained in this Agreement, the Parent may not seek indemnification with respect to any claim for Damages until the aggregate amount of all Damages for which the Parent is seeking indemnification under Section 8.2 equals or exceeds $25,000 (the "Threshold"), whereupon the Parent shall be entitled to seek indemnification with respect to all Damages exceeding the Threshold, provided that the Threshold shall not apply to Amorcyte's failure to pay any Indemnified Liabilities. Notwithstanding anything to the contrary contained in this Agreement, the Amorcyte Stockholders may not seek indemnification with respect to any claim for Damages until the aggregate amount of all Damages for which the Amorcyte Stockholders are seeking indemnification under Section 8.2 equals or exceeds the Threshold whereupon the Amorcyte Stockholders, through the Amorcyte Representative, shall be entitled to seek indemnification with respect to all such Damages exceeding the Threshold, provided that the Threshold shall not apply to Parent and/or Subco's failure to pay any Excluded Payments.

(e) The liability of the Amorcyte Stockholders or any Amorcyte Stockholder(s) of the Knowledge Group to the Parent for all Damages for which indemnification is provided hereunder shall not exceed the Escrow Account, except for any claims of fraud, willful breach, intentional misconduct or intentional misrepresentation. The liability of the Parent to the Amorcyte Stockholders for all Damages for which indemnification is provided hereunder shall not exceed $2,000,000, except for any claims of fraud, willful breach, intentional misconduct or intentional misrepresentation and except for any failure by Parent and/or Subco to pay any Excluded Payments. Any claim for fraud, willful breach, intentional misconduct or intentional misrepresentation, may be asserted only against the applicable Amorcyte Stockholder to which such claim relates. Notwithstanding any provision herein to the contrary, no limitation on a party's liability provided for herein shall apply in the event of the fraudulent conduct, willful breach, intentional misconduct, or intentional misrepresentation of such party.

(f) If and to the extent any provision of Section 8.2(a) is unenforceable for any reason, the Amorcyte Stockholders (to the extent of the Escrow Account other than in the case of fraud) shall make the maximum contribution to the payment and satisfaction of any Damages for which indemnification is provided for in Section 8.2(a) which is permissible under applicable Laws, such amount not to exceed the amount otherwise available under this Agreement if such provision were enforceable. If and to the extent any provision of Section 8.2(b) is unenforceable for any reason, the Parent hereby agrees to make the maximum contribution to the payment and satisfaction of any Damages for which indemnification is provided for in Section 8.2(b) which is permissible under applicable Laws, such amount not to exceed the amount otherwise available under this Agreement if such provision were enforceable.

(g) For the purposes of determining the amount of any Damages related to a breach of any representation or warranty, the representations and warranties set forth in this Agreement shall be considered without regard to any "material," "Material Adverse Effect", or similar qualifications set forth therein.

Section 8.3 *Procedures for Third Party Claims*. In the case of any claim for indemnification arising from a claim of a third party, an Indemnified Party shall give prompt written notice, following such Indemnified Party's receipt of such claim or demand, to the Indemnifying Party of any claim or demand of which such Indemnified Party has knowledge and as to which it may request indemnification hereunder; provided, however, that failure to give such notice will not affect such Indemnified Party's rights furnished hereunder unless, and then solely to the extent that, the rights of the parties from whom indemnity is sought are materially prejudiced as a result of such failure. The Indemnifying Party shall have the right to defend and to direct the defense against any such claim or demand, in its name or in the name of the Indemnified Party, as the case may be, at the expense of the Indemnifying Party, and with counsel selected by the Indemnifying Party provided that the Indemnifying Party shall have provided the Indemnified Party with the prior written assumption, in form and substance reasonably acceptable to the Indemnified Party, by the Indemnifying Party of any and all liability with respect to the matter in controversy, unless (i) such claim or demand seeks an order, injunction or other equitable relief against the Indemnified Party, or (ii) the Indemnified Party shall have reasonably concluded that (x) there is a conflict of interest between the Indemnified Party and the Indemnifying Party in the conduct of the defense of such claim or demand or (y) the Indemnified Party has one or more defenses not available to the Indemnifying Party. Notwithstanding anything in this Agreement to the contrary, the Indemnified Party shall, at the expense of the Indemnifying Party, cooperate with the Indemnifying Party, and keep the Indemnifying Party fully informed, in the defense of such claim or demand. The Indemnified Party shall have the right to participate in the defense of any claim or demand with counsel employed at its own expense; provided, however, that, in the case of any claim or demand described in clause (i) or (ii) of the second preceding sentence or as to which the Indemnifying Party shall not in fact have employed counsel to assume the defense of such claim or demand, the reasonable fees and disbursements of such counsel shall be at the expense of the Indemnifying Party. The Indemnifying Party shall have no indemnification obligations with respect to any such claim or demand which shall be settled by the Indemnified Party without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not settle any such claim without the prior written consent of the Indemnified Party, unless such claim solely involves a claim for monetary Damages and such settlement is accompanied by a document releasing the Indemnified Party from all liability with respect to the matter in controversy.

Section 8.4 *Escrow Account*. Upon approval of this Agreement the Amorcyte Stockholders shall be deemed to have consented to the right of Parent or any Parent Indemnified Party to collect from the Escrow Account the amount of any Damages payable to the Parent or any of the Parent Indemnified Parties in accordance with this Article VIII as and when the Parent or any of the Parent Indemnified Parties incurs or suffers such Damages.

(a) Escrow Period; Release of Escrow Account. The Escrow Account shall commence on the Closing Date and terminate on the date (the "Termination Date") which is two (2) years and one day after the Closing Date (the "Escrow Period").

(i) An aggregate of up to 20% of the Base Stock Consideration in the Escrow Account may be released from the Escrow Account and distributed to the Amorcyte Representative for distribution to the Amorcyte Securityholders in accordance with their proportional interests six (6) months after the Closing Date, provided, however, that the Parent shall not be required to release any shares of Parent Common Stock then being held with respect to pending claims. Shares subject to pending claims will be released to the Amorcyte Representative for distribution to the applicable Amorcyte Stockholders when the pending claim is finally resolved.

(ii) As soon as practicable after the one year anniversary of the Closing Date (the "One-Year Release Date"), the Parent shall direct the Escrow Agent to release and distribute to the Amorcyte Representative for distribution to the Amorcyte Securityholders in accordance with the terms of this Agreement all shares of Parent Common Stock then remaining in the Escrow Account except as follows: If no indemnification claims have been asserted by the Parent prior to the One-Year Release Date, then Parent Common Stock with a Current Value of $1,250,000 shall remain in the Escrow Account until the Termination Date. If any indemnification claims have been asserted by the Parent prior to the One-Year Release Date, then Parent Common Stock with a Current Value equal to the sum of (i) $2,500,000 plus (ii) the amount of any then pending indemnification claims shall remain in the Escrow Account until the Termination Date. For purposes of this paragraph, "Current Value" means the Parent Per Share Value.

(iii) As soon as practical after the Termination Date, the Parent shall direct the Escrow Agent to release and distribute to the Amorcyte Representative for distribution to the Amorcyte Securityholders in accordance with this Agreement all shares of Parent Common Stock then remaining in the Escrow Account; provided that Parent Common Stock representing 120% of the maximum amount of any claim made by the Parent pursuant to Article VIII during the Escrow Period shall be withheld and remain in the Escrow Account pending resolution of such claim; provided, further, that the Parent Common Stock in the Escrow Account which is necessary to satisfy any unsatisfied claims specified in any Parent Notice theretofore delivered to the Escrow Agent prior to the termination of the Escrow Period with respect to facts and circumstances existing prior to the expiration of the Escrow Period, shall remain in the Escrow Account until such claims have been resolved. Parent shall direct the Escrow Agent to promptly distribute to the Amorcyte Representative for distribution to Amorcyte's former Amorcyte Securityholders any portion of the Escrow Account at the Termination Date for which there is no claim pending or unsatisfied pursuant to this Article VIII. All shares of Parent Common Stock in the Escrow Account shall have been registered on the Form S-4.

(b) Claims Upon Escrow Account. Subject to the provisions of this Section 8.4, the Parent or Subco may make claims upon the Escrow Account by delivering to the Escrow Agent at any time on or before the last day of the Escrow Period a notice signed by a representative of Parent or Subco (a "Parent Notice") specifying in reasonable detail the individual items of Damages for which indemnification is being sought. Thirty (30) calendar days after receipt by the Escrow Agent of a Parent Notice, the Escrow Agent shall deliver to Parent, the number of shares of Parent Common Stock held in the Escrow Account having a Current Value equal to such Damages. Parent shall, concurrent with the sending of any Parent Notice to the Escrow Agent, provide a copy of such Parent Notice to the Amorcyte Representative. Any payments made to an Indemnified Person pursuant to this Article VIII or the Escrow Agreement shall be treated as an adjustment to the total consideration being paid hereunder for Tax purposes.

(c) Objections to Claims.

(i) If the Amorcyte Representative shall deliver a written objection to a Parent Notice to Parent and the Escrow Agent within thirty (30) calendar day period after Parent or Subco's delivery thereof, then Parent and the Amorcyte Representative shall use their good faith efforts to resolve such dispute. If Parent and the Amorcyte Representative resolve such dispute, the parties shall deliver a written notice to the Escrow Agent directing the delivery of the applicable portion of the Escrow Account based upon such resolution. In the event that no objection is made by the Amorcyte Representative as provided herein, the Amorcyte Representative, Amorcyte and the Amorcyte Stockholders shall have irrevocably waived any right to object to such Parent Notice.

(ii) If timely notice of such an objection is given and Parent and the Amorcyte Representative are unable to resolve the applicable dispute within thirty (30) days after the Amorcyte Representative objects to such Parent Notice, either Parent or the Amorcyte Representative may, by written notice to the other and the Escrow Agent, demand arbitration of such dispute. Any such arbitration shall be conducted by JAMS/Endispute, Inc. or such other alternative dispute service ("Arbitration Service") as shall be reasonably acceptable to Parent and the Amorcyte Representative. The Arbitration Service shall select one (1) arbitrator reasonably acceptable to both Parent and the Amorcyte Representative who shall be expert in the area in dispute. The decision by the arbitrator shall be binding and conclusive and, notwithstanding any other provisions of this Section 8.4, the Escrow Agent shall be entitled to act in accordance with such decisions and make delivery of the Escrow Account in accordance therewith. The arbitration shall be held in New York, New York. The costs of any such arbitration shall be borne one-half by the Parent and one-half by the Amorcyte Stockholders (out of the Escrow Account to the extent available after all claims have been satisfied and shares released). Judgment upon any award rendered by the arbitrator may be entered in any court of competent jurisdiction.

Section 8.5 *Amorcyte Representative*.

(a) By approval of the First Merger at the Amorcyte Meeting, each Amorcyte Stockholder shall be deemed to irrevocably constitute and appoint the Amorcyte Representative as such Amorcyte Stockholder's attorney-in-fact and agent in connection with the transactions contemplated by this Agreement and the Escrow Agreement. This power is irrevocable and coupled with an interest, and shall not be affected by the death, incapacity, illness or other inability to act of any Amorcyte Stockholder. Each Amorcyte Stockholder hereby irrevocably grants the Amorcyte Representative full power and authority on behalf of such Amorcyte Stockholder, including, but not limited, to:

(i) execute and deliver, and to accept delivery of, such documents as may be deemed by the Amorcyte Representative, in its sole discretion, to be appropriate to consummate the transactions contemplated by this Agreement or the Escrow Agreement;

(ii) certify as to the accuracy of the representations and warranties of the Company and of such Amorcyte Stockholder under, or pursuant to the terms of, this Agreement and to deliver such documents, instruments, certificates or agreements contemplated by this Agreement on behalf of such Amorcyte Stockholder;

(iii) (A) dispute or refrain from disputing any claim made by the Parent and Subco under this Agreement; (B) negotiate and compromise any dispute that may arise under, and to exercise or refrain from exercising any remedies available under, this Agreement and (C) execute any settlement agreement, release or other document with respect to such dispute or remedy;

(iv) waive any closing condition contained in Article VII and give or agree to any and all consents, waivers, amendments or modifications deemed by the Amorcyte Representative, in its sole discretion, to be necessary or appropriate under this Agreement or the Escrow Agreement, and, in each case, to execute and deliver any documents that may be necessary or appropriate in connection therewith.

(v) enforce any claim against the Parent and Subco arising under this Agreement;

(vi) engage attorneys, accountants and agents at the expense of the Amorcyte Stockholders;

(vii) exercise all rights of, and take all actions that may be taken by, the Amorcyte Stockholders or any of them hereunder or under the Escrow Agreement; and

(viii) give such instructions and to take such action or refrain from taking such action as the Amorcyte Representative deems, in his sole discretion, necessary or appropriate to carry out the provisions of, and to consummate the transactions contemplated by, this Agreement.

(b) The Amorcyte Representative shall not be liable for any act done or omitted hereunder as Amorcyte Representative while acting in good faith and in the exercise of reasonable judgment. The Amorcyte Securityholders shall indemnify the Amorcyte Representative and hold the Amorcyte Representative harmless against any loss, liability or expense incurred without gross negligence or willful misconduct on the part of the Amorcyte Representative and arising out of or in connection with the acceptance or administration of the Amorcyte Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Amorcyte Representative. This indemnification shall survive termination of this Agreement. A decision, act, consent or instruction of the Amorcyte Representative, including an amendment, extension or waiver of this Agreement, shall constitute a decision of the Amorcyte Stockholders and shall be final, binding and conclusive upon the Amorcyte Representative; and the Escrow Agent and Parent may rely upon any such decision, act, consent or instruction of the Amorcyte Representative as being the decision, act, consent or instruction of the Amorcyte Stockholders. The Amorcyte Representative may in all questions arising under this Agreement seek advice of legal counsel, and for anything done, omitted or suffered in good faith by the Amorcyte Representative in accordance with such advice, the Amorcyte Representative shall not be liable to any Amorcyte Securityholder. The Escrow Agent and Parent are hereby relieved from any liability to any person for any decision, act, consent or instruction of the Amorcyte Representative.

(c) In no event shall the Amorcyte Representative be liable hereunder or in connection herewith to any Amorcyte Stockholder for any indirect, punitive, special or consequential damages.

(d) Without limiting in any way any other provision of this Agreement, the Amorcyte Representative is authorized to, without limitation, engage counsel, and such accountants and other advisors and incur such other expenses in connection with this Agreement and the transactions contemplated hereby or thereby as the Amorcyte Representative may in his sole discretion deem appropriate. The Amorcyte Representative shall be entitled to reimbursement of all expenses incurred in connection with its duties as Amorcyte Representative hereunder from the Amorcyte Securityholders in proportion to the aggregate consideration received by each of the respective Amorcyte Securityholders from Parent. If an Amorcyte Securityholder shall default in his, her or its obligations to reimburse the Amorcyte Representative hereunder, the Amorcyte Representative shall be entitled to withhold from distribution to the defaulting Amorcyte Securityholder an amount equal to such defaulted obligation.

(e) In the performance of its duties hereunder, the Amorcyte Representative shall be entitled to (i) rely upon any document or instrument reasonably believed to be genuine, accurate as to content and signed by any Amorcyte Stockholder or any party hereunder and (ii) assume that any person purporting to give any notice in accordance with the provisions hereof has been duly authorized to do so.

(f) Notwithstanding any other provision herein to the contrary, the Parent and all of its Affiliates shall be able to rely conclusively on the instructions and decisions of the Amorcyte Representative as to any matter requiring action or decision by Amorcyte or the Amorcyte Securityholders under this Agreement or the Escrow Agreement, notwithstanding any dispute or disagreement among the Amorcyte Securityholders, without any liability to, or obligation to inquire of, any Amorcyte Securityholder, and notwithstanding any Knowledge on the part of the Parent and Subco of any such dispute or disagreement. Amorcyte and the Amorcyte Securityholders shall not have any cause of action against the Parent or any of its Affiliates for any action taken by the Parent in reliance upon the instructions or decisions of the Amorcyte Representative. All actions, decisions and instructions of the Amorcyte Representative shall be conclusive and binding upon Amorcyte and the Amorcyte Securityholders and, in the absence of fraud or intentional misconduct, neither Amorcyte nor the Amorcyte Securityholders shall have any right to object, dissent, protest or otherwise contest the same or have any cause of action against the Amorcyte Representative for any action taken, decision made or instruction given by the Amorcyte Representative under this Agreement, the Escrow Agreement or any other agreement contemplated hereby.

(g) By approval of the First Merger at the Amorcyte Meeting, each Amorcyte Securityholder shall be deemed to agree that:

(i) notice to the Amorcyte Representative, delivered in the manner provided herein, shall be deemed to be notice to each Amorcyte Securityholder for the purposes of this Agreement;

(ii) the authority of the Amorcyte Representative, as described in this Agreement and the Escrow Agreement, shall be effective until the rights and obligations of the Amorcyte Representative under this Agreement shall terminate by virtue of the termination of any and all rights and obligations of such Amorcyte Securityholder to the Parent and all of its Affiliates under this Agreement;

(iii) if the Amorcyte Representative is removed, resigns or otherwise ceases to function in his capacity as such for any reason whatsoever, and if no successor is appointed by a majority-in-interest of the Amorcyte Securityholders based on their proportional percentage of the Stock Consideration within thirty (30) days of such removal, resignation or otherwise, then the Parent and Subco shall have the right to appoint a Amorcyte Representative to serve as described in this Agreement (who shall be an Amorcyte Securityholder) and, under such circumstances, the Parent and Subco and the Escrow Agent shall be entitled to rely on all actions taken by such Amorcyte Representative; and

(iv) the Amorcyte Representative shall not be liable to any Amorcyte Securityholder for Damages with respect to any action taken or any omission by the Amorcyte Representative pursuant to this Section 8.5 or the Escrow Agreement, except to the extent such Damages are caused by the Amorcyte Representative's gross negligence or willful misconduct.

(h) Each Amorcyte Securityholder shall be deemed to have agreed that, notwithstanding the foregoing, at the request of the Parent and Subco, he/she/it shall take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement (including, without limitation, delivery of his/her/its shares of Amorcyte Securities and/or the Letter of Transmittal contemplated by this Agreement and acceptance of the consideration payable pursuant to this Agreement in escrow at Closing) individually on his/her/its own behalf. As a condition to receipt of each Amorcyte Securityholder's pro rata portion of the Warrants, the Adjusted Stock Consideration, the Contingent Shares, and the Earn Out Payments, if applicable, each Amorcyte Securityholder shall execute and deliver to the Parent and its transfer agent the Letter of Transmittal, duly endorsed (signature guaranteed by a commercial bank).

(i) Any claim, action, suit or other proceeding, whether at law or in equity, to enforce any right, benefit or remedy granted to Amorcyte Stockholders under this Agreement shall be asserted, brought, prosecuted, or maintained only by the Amorcyte Representative on behalf of the Amorcyte Stockholders. Any claim, action, suit or other proceedings, either at law or in equity, to enforce any right, benefit or remedy granted under this Agreement, including, without limitation, any right of indemnification provided in this Agreement, may be asserted, brought, prosecuted or maintained by the Parent or Subco against the Amorcyte Stockholder by service of process on the Amorcyte Representative and without the necessity of serving process on, or otherwise joining or naming any other Amorcyte Stockholder as a defendant in such action, suit or other proceeding. With respect to any matter contemplated by this Section, an Amorcyte Stockholder shall be bound by any determination in favor of or against the Amorcyte Representative or the terms of any settlement or release to which the Amorcyte Representative shall become a party.

ARTICLE IX

Termination

Section 9.1 *Termination.* This Agreement may be terminated and the Mergers may be abandoned at any time prior to the First Effective Time (notwithstanding any approval of this Agreement by Parent's stockholders and/or Amorcyte's Stockholders):

(a) by mutual written consent of Amorcyte and Parent;

(b) by either Amorcyte or Parent if there shall be any law or regulation that, as supported by the written opinion of outside legal counsel, makes consummation of either Merger illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a court or other competent Governmental Authority enjoining Amorcyte or Parent from consummating the Mergers shall have been entered and such judgment, injunction, order or decree shall have become final and non-appealable, provided that the party seeking to terminate this Agreement shall have used reasonable commercial efforts to remove or lift such injunction, order, decree or ruling;

(c) by either Amorcyte or Parent if the requisite vote (under all applicable Laws) of the Amorcyte Stockholders to approve the First Merger and the transactions contemplated hereby shall not have been obtained;

(d) by either Amorcyte or Parent if the Closing does not occur on or prior to January 31, 2012; provided that, in each case, the party seeking to terminate this Agreement is not then in material breach of any material representation or warranty contained in this Agreement.

(e) by either Amorcyte or Parent if any representation or warranty made in this Agreement (including without limitation the Company Disclosure Letter) for the benefit of the other party is untrue in any material respect (other than representations and warranties which are qualified as to materiality, which representations and warranties will give rise to a right to terminate if untrue in any respect); provided that, in each case, (i) the party seeking to terminate this Agreement is not then in material breach of any material representation or warranty contained in this Agreement, and (ii) such untrue representation or warranty cannot be or has not been cured within 30 days after receipt of written notice of such breach;

(f) by either Amorcyte or Parent if the other party shall have defaulted in the performance of any material covenant or agreement set forth in this Agreement; provided that, in each case, (i) the party seeking to terminate this Agreement has complied with its covenants and agreements under this Agreement in all material respects and (ii) such failure to comply cannot be or has not been cured within 30 days after receipt of written notice of such default;

(g) by Parent if any authorization, consent, waiver or approval required for the consummation of the transactions contemplated hereby shall impose any material condition or requirement, which condition or requirement, would be reasonably likely to have a Material Adverse Effect after the First Effective Time giving effect to consummation of the transactions contemplated by this Agreement;

(h) by Parent, in the event that the conditions to its obligations set forth in Article VII have not been satisfied or waived by the date set for the Closing, provided that Parent is not then in material breach of any material representation, warranty, covenant or other agreement contained in this Agreement; or

(i) by Amorcyte, in the event that the conditions to its obligations set forth in Article VII have not been satisfied or waived by the date set for the Closing, provided that Amorcyte is not then in material breach of any material representation, warranty, covenant or other agreement contained in this Agreement.

Section 9.2 *Effect of Termination*. In the event of the termination of this Agreement pursuant to Section 9.1, this Agreement, except for any provisions relating to the confidentiality obligations of the parties hereto to each other, the provisions of this Section 9.2, and the first sentence of Section 10.2, shall become void and have no effect, without any liability on the part of any party or its directors, officers, stockholders or Amorcyte Stockholders. Notwithstanding the foregoing, nothing in this Section 9.2 shall relieve any party to this Agreement of liability for a breach of any material representation or covenant expressly set forth herein.

ARTICLE X

Miscellaneous

Section 10.1 *Notices*. All notices and other communications hereunder will be in writing and will be deemed received (a) on the date of delivery if delivered personally or by telecopy or facsimile, (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder must be delivered as set forth below, or pursuant to instructions as may be designated in writing by the party to receive such notice:

If to the Parent: NeoStem, Inc.
420 Lexington Avenue, Suite 450
New York, NY 10107
Telephone: 212-584-4171
Facsimile: 646-514-7787
Attention: Catherine Vaczy, Esq.
Vice President - General Counsel

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

If to Amorcyte or the Amorcyte Representative: Amorcyte, Inc.
4 Pearl Court, Suite C
Allendale, New Jersey 07401

Telephone: (201) 883-1406
Facsimile: (201) 883-1406
Attention: Paul Schmitt

With a copy to: LeClair Ryan
One Riverfront Plaza
1037 Raymond Boulevard Sixteenth Floor
Newark, NJ 07102
Telephone: 973-491-3358
Facsimile: 973-491-3489
Attention: William Oberdorf, Esq.

If to the Escrow
Agent: Continental Stock Transfer
As provided in the Escrow Agreement

Section 10.2 *Expenses*. Unless the transactions provided for in this Agreement are consummated, each party hereto shall be responsible for its own expenses incident to this Agreement and the transactions contemplated hereby. To the extent that the Amorcyte Expenses cause the Liabilities to exceed the Target Liabilities, the Stock Consideration shall be reduced on a two dollar for one dollar basis by the excess over the Target Liabilities in accordance with Section 3.3 of this Agreement.

Section 10.3 *Governing Law; Consent to Jurisdiction; Injunctive Relief*.

(a) This Agreement will be governed in all respects, including but not limited to, as to validity, interpretation and effect, by the internal laws of the State of New York, without giving effect to its principles or rules of conflict of laws (to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction).

(b) Notwithstanding anything to the contrary set forth herein or elsewhere, the parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States of America or the State of New York sitting in New York City, this being in addition to any other remedy to which they are entitled at law or in equity. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby or for recognition or enforcement of any judgment relating thereto, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by Law.

Section 10.4 *Assignment; Successors and Assigns; No Third Party Rights*. Except as otherwise provided herein, this Agreement may not be assigned, and any attempted assignment shall be null and void. The Parent may assign all of its rights under this Agreement to any Affiliate of the Parent or any third party that acquires all or substantially all of the assets of the Parent, or more than 50% of the outstanding stock of the Parent, whether by sale, consolidation, merger or otherwise; provided that the assignee assumes all of the obligations of the Parent hereunder. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. This Agreement shall be for the sole benefit of the parties to this Agreement and their respective successors, assigns and legal representatives and is not intended, nor shall be construed, to give any Person, other than the parties hereto and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim hereunder; provided, however, that Article VIII shall also be for the benefit of the Parent Indemnified Parties and Amorcyte Indemnified Parties.

Section 10.5 *Counterparts; Facsimile*. This Agreement may be executed in one or more counterparts, by facsimile or otherwise. Each such counterpart shall be deemed an original agreement, but all of which together shall constitute one and the same instrument.

Section 10.6 *Headings*. The headings in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

Section 10.7 *Entire Agreement*. This Agreement, including the Schedules and Exhibits attached thereto, constitutes the entire agreement among the parties with respect to the matters covered hereby and supersedes all previous written, oral or implied understandings among them with respect to such matters.

Section 10.8 *Amendment and Modification*. This Agreement may only be amended or modified in a writing signed by the party against whom enforcement of such amendment or modification is sought.

Section 10.9 *Public Announcement*. Except for the current report on Form 8-K that the Parent will file with the SEC within four business days following the date of this Agreement and except as may otherwise be required by Law or requirements of any national securities exchange on which the Parent Common Stock is quoted or listed, prior to the Closing, neither the Parent, Amorcyte nor the Amorcyte Stockholders shall issue any press release or otherwise make any public disclosures regarding this Agreement or the transactions contemplated hereby or any dealings between or among the parties in connection with the subject matter hereof without the prior written approval of the other party. In the event that any such press release or other public disclosure shall be required by Law or applicable Exchange requirements, Amorcyte shall consult in good faith with the Parent with respect to the form and substance of such release or other disclosure prior to the public dissemination thereof if time permits and if such consultation is permitted by Law.

Section 10.10 *Waiver*. Any of the terms or conditions of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof, but only by a writing signed by the party or parties waiving such terms or conditions.

Section 10.11 *Severability*. The invalidity of any portion hereof shall not affect the validity, force or effect of the remaining portions hereof. If it is ever held that any restriction hereunder is too broad to permit enforcement of such restriction to its fullest extent, such restriction shall be enforced to the maximum extent permitted by Law.

Section 10.12 *Joint Negotiation and Drafting*. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the agreements ancillary hereto and, in the event that an ambiguity or question of intent or interpretation arises, this Agreement and the agreements ancillary hereto shall be construed as jointly drafted by the parties hereto or thereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement or of any of the agreements ancillary hereto.

Section 10.13 *Risk of Loss*. Prior to the consummation of the Closing, the risk of loss with respect to the Amorcyte Business shall remain with Amorcyte. In the event that any casualty that results in a Material Adverse Effect occurs with respect to a party prior to the consummation of the Closing, in addition to any other rights the other party may have hereunder, the other party shall have the right to terminate this Agreement upon giving written notice of its election to terminate to such party.

Section 10.14 *Schedules*. All references herein to Schedules refer to the disclosure schedules delivered by Amorcyte to the Parent contemporaneous with the execution of this Agreement.

Section 10.15 *Waiver of Trial by Jury.* EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT OR ANY AGREEMENT EXECUTED PURSUANT TO THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT EXECUTED PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (iii) IT MAKES SUCH WAIVER VOLUNTARILY, AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.15.

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

NEOSTEM, INC.

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

AMORCYTE, INC.

By: /s/ Paul J. Schmitt
Name: Paul J. Schmitt
Title: Chief Executive Officer

AMO ACQUISITION COMPANY I, INC.

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

AMO ACQUISITION COMPANY II, LLC

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

EXHIBIT A

VOTING AND LOCK-UP AGREEMENT

See attached.

VOTING AND LOCK UP AGREEMENT

VOTING AND LOCK UP AGREEMENT dated July 13, 2011 (the "Lock Up Agreement") by and between NEOSTEM, INC., a Delaware corporation (the "Parent"), AMORCYTE, INC., a Delaware corporation (the "Company"), and the individuals or entities listed on Schedule A annexed hereto (collectively, the "Lock Up Stockholders" and each individually, a "Lock Up Stockholder"). Capitalized terms used but not defined herein shall have the meanings given to those terms in the Merger Agreement.

RECITALS

WHEREAS, concurrent with the execution of this Lock Up Agreement, the Company, Parent, AMO Acquisition Company I, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Subco"), and AMO Acquisition Company II, LLC, a Delaware limited liability company and wholly owned subsidiary of Parent ("Subco II"), have entered into an Agreement and Plan of Merger dated of even date herewith (as amended from time to time, the "Merger Agreement") pursuant to which (i) Subco will be merged with and into the Company with the Company continuing as the surviving company and as a direct wholly owned subsidiary of Parent (the "First Merger") and (ii) within ninety (90) days thereafter, the Company will be merged with and into Subco II (the "Second Merger" and together with the First Merger, the "Mergers"), with Subco II surviving the Second Merger, in each case on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, the Lock Up Stockholders are the record and beneficial owners of certain equity securities of the Company (the "Shares"), in the classes, amounts and percentages set forth opposite each Lock Up Stockholder's name on Schedule A hereto; and

WHEREAS, as an inducement and a condition to entering into the Merger Agreement, Parent desires that each of the Lock Up Stockholders agree, and each of the Lock Up Stockholders is willing to agree, to enter into this Lock Up Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parent, the Company and each of the Lock Up Stockholders, intending to be legally bound, hereby agree as follows:

1. *Certain Definitions.* In addition to the terms defined elsewhere herein, capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. For purposes of this Lock Up Agreement:

(a) *"Beneficially Own"* or *"Beneficial Ownership"* with respect to any securities means having "beneficial ownership" of such securities as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d)(3) of the Exchange Act.

(b) *"Person"* means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

2. *Disclosure*. Each of the Lock Up Stockholders hereby agrees to permit the Company and Parent to publish and disclose in the Prospecuts/Joint Proxy Statement, and any press release or other disclosure document which Parent and the Company reasonably determine to be necessary or desirable in connection with the Mergers and any transactions related thereto, each Lock Up Stockholder's identity and ownership of the Shares and the nature of each Lock Up Stockholder's commitments, arrangements and understandings under this Lock Up Agreement.

3. *Voting of Stockholdership Interests.*

(a) Each of the Lock Up Stockholders hereby consents to the Company's execution and delivery of the Merger Agreement and the taking of all actions by the Company to effect the Mergers.

(b) Each of the Lock Up Stockholders consents to the provisions in the Merger Agreement which provide for the creation of the Escrow Account and the terms of the Escrow Agreement annexed to the Merger Agreement.

(c) Each of the Lock Up Stockholders hereby agrees that, during the period commencing on the date hereof and continuing until the first to occur of (x) the First Effective Time or (y) the taking by the Board of Directors of the Company of any action permitted under the Merger Agreement properly to terminate the Merger Agreement in accordance with its terms (the "Termination Date"), at any meeting of the holders of the Shares, however called, or in connection with any written consent of the holders of the Shares, he shall vote (or cause to be voted) the Shares held of record or Beneficially Owned by the Lock Up Stockholder, whether now owned or hereafter acquired: (i) in favor of approval of the First Merger, adoption of the Merger Agreement and any actions required in furtherance thereof and hereof, (ii) against any action or agreement that would result in a breach in any respect of any covenant, representation or warranty, or any other obligation or agreement, of the Company under the Merger Agreement or any Lock Up Stockholder under this Lock Up Agreement and (iii) except as otherwise agreed to in writing in advance by Parent, against the following actions (other than the First Merger and the transactions contemplated by this Lock Up Agreement and the Merger Agreement): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company, (B) a sale, lease or transfer of a material amount of assets of the Company, or a reorganization, recapitalization, dissolution or liquidation of the Company; (C)(1) any change in a majority of the individuals who constitute the Company's board of directors; (2) any change in the present capitalization of the Company or any amendment of the Company's Certificate of Incorporation or By-laws; (3) any material change in the Company's corporate structure or business; or (4) any other action which, in the case of each of the matters referred to in clauses (C)(1), (2) or (3), is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, or materially and adversely affect the Mergers and the transactions contemplated by this Lock Up Agreement and the Merger Agreement.

(d) To the extent that any Lock Up Stockholder holds any Options, Warrants or other rights to acquire securities of the Company, the Lock Up Stockholder hereby consents and agrees to the treatment of such Options, Warrants and any other rights to acquire securities of the Company as provided in the Merger Agreement.

(e) Each of the Lock Up Stockholders agrees that notwithstanding anything else in any agreement to the contrary, (i) no further consent of or notice to the Lock Up Stockholders shall be required in connection with the Company's execution of the Merger Agreement or consummation of the transactions contemplated thereby, including, without limitation, the First Merger and (ii) neither the Company's execution of the Merger Agreement or consummation of the transactions contemplated thereby, including, without limitation, the First Merger, shall trigger, or give any legal rights except as contemplated by the Merger Agreement. Upon request of the Company or the Parent, each Lock Up Stockholder agrees to execute a form of proxy in favor of the Company.

4. *Covenants, Representations and Warranties of the Company and each Lock Up Stockholder.* The Company represents and warrants to Parent, and each Lock Up Stockholder represents and warrants to Parent severally with respect to the securities held by it, (a) that to the best of its knowledge, the signatories to this Agreement, as listed on Schedule A, (i) constitute the holders of at least 51% of each class of equity securities of the Company, which percentage is and will be at the record date for any shareholders meeting or consent with respect to the Merger, sufficient to constitute all shareholders' consents or votes needed to approve the Merger Agreement and the First Merger and (ii) constitute all of the directors of the Company, and (b) that there are no other classes of equity or persons with voting, consent or approval rights with respect to the First Merger under the certificate of incorporation or by-laws of the Company, or under any investor rights agreement, subscription agreement, voting trust, trust or other agreement or understanding, so that the First Merger and all matters related thereto will have received all requisite approvals under any law, organizational document or agreement upon approval by the signatories hereto at the Amorcyte Special Meeting. Each of the Lock Up Stockholders hereby severally represents and warrants (with respect to such Lock Up Stockholder only and not with respect to each other Lock Up Stockholder) to, and agrees with, Parent as follows:

(a) *Ownership of Securities.* Such Lock Up Stockholder is the sole record and Beneficial Owner of the class and number of Shares set forth opposite such Lock Up Stockholder's name on Schedule A hereto. On the date hereof, the Shares set forth opposite the Lock Up Stockholder's name on Schedule A hereto constitute all of the shares or other securities of the Company owned of record or Beneficially Owned by such Lock Up Stockholder or with respect to which such Lock Up Stockholder has voting power by proxy, voting agreement, voting trust or other similar instrument. Such Lock Up Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Section 3 hereof, sole power of disposition, sole power of conversion, sole power to demand and waive appraisal rights and sole power to agree to all of the matters set forth in this Lock Up Agreement, in each case with respect to all of the Shares set forth opposite such Lock Up Stockholder's name on the signature page hereof, with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws, and the terms of this Lock Up Agreement.

(b) *Authorization.* Such Lock Up Stockholder has the legal capacity, power and authority to enter into and perform all of such Lock Up Stockholder's obligations under this Lock Up Agreement. The execution, delivery and performance of this Lock Up Agreement by such Lock Up Stockholder will not violate any other agreement to which such Lock Up Stockholder is a party including, without limitation, any voting agreement, stockholders agreement, voting trust, trust or similar agreement. This Lock Up Agreement has been duly and validly executed and delivered by such Lock Up Stockholder and constitutes a valid and binding agreement enforceable against such Lock Up Stockholder in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of any trust of which such Lock Up Stockholder is a trustee whose consent is required for the execution and delivery of this Lock Up Agreement or the consummation by such Lock Up Stockholder of the transactions contemplated hereby. If such Lock Up Stockholder is married and such Lock Up Stockholder's Shares constitute community property, this Lock Up Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding agreement of, such Lock Up Stockholder's spouse, enforceable against such person in accordance with its terms.

(c) *No Conflicts.* (i) Except as may be required under Section 13 of the Exchange Act, no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Lock Up Agreement by such Lock Up Stockholder and the consummation by such Lock Up Stockholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Lock Up Agreement by such Lock Up Stockholder, the consummation by such Lock Up Stockholder of the transactions contemplated hereby or compliance by such Lock Up Stockholder with any of the provisions hereof shall (A) conflict with or result in any breach of the organizational documents of such Lock Up Stockholder (if applicable), (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which such Lock Up Stockholder is a party or by which such Lock Up Stockholder or any of its properties or assets may be bound, or (C) violate any order, writ injunction, decree, judgment, order, statute, rule or regulation applicable to such Lock Up Stockholder or any of its properties or assets.

(d) *No Encumbrances.* Such Lock Up Stockholder's Shares at all times during the term hereof will be Beneficially Owned by such Lock Up Stockholder, free and clear of all liens, claims, security interests, proxies, voting trusts or agreements, understandings or arrangements or any other encumbrances whatsoever.

(e) *No Solicitation.* Such Lock Up Stockholder agrees not to take any action inconsistent with or in violation of the Merger Agreement.

(f) *Restriction on Transfer; Restriction on Redemption; Proxies and Non-interference.* At any time during the period from the date hereof until the Termination Date (the "Lock Up Period"), such Lock Up Stockholder shall not, directly or indirectly, (i) except for a Permitted Transfer (as defined below) and except as contemplated by the Merger Agreement, offer for sale, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to or consent to the offer for sale, sale, transfer, tender, pledge, encumbrance, assignment or other disposition of, any or all of such Lock Up Stockholder's Shares, or any interest therein, whether such Shares are held by such Lock Up Stockholder as of the date hereof or are acquired by such Lock Up Stockholder from and after the date hereof, (ii) except as contemplated by this Lock Up Agreement, grant any proxies or powers of attorney, deposit any Shares into a voting trust or enter into any other lockup agreement with respect to the Shares, (iii) to the extent such Lock Up Stockholder owns any shares of the Company's Series A Preferred Stock, redeem or request the Company to redeem any shares of such Lock Up Stockholder's Series A Preferred Stock or (iv) take any action that would make any representation or warranty of such Lock Up Stockholder contained herein untrue or incorrect or have the effect of preventing or disabling such Lock Up Stockholder from performing such Lock Up Stockholder's obligations under this Lock Up Agreement.

(g) *Reliance by Parent.* Such Lock Up Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Lock Up Stockholder's execution and delivery of this Lock Up Agreement.

(h) *Permitted Transfer.* Notwithstanding the foregoing or any other provision of this Lock-Up Agreement to the contrary, any Lock Up Stockholder may sell or transfer any Shares to any Lock Up Stockholder or any other Person who executes and delivers to Parent an agreement, in form and substance acceptable to Parent, to be bound by the terms of this Lock-Up Agreement to the same extent as the transferring Lock Up Stockholder (any such transfer, a "Permitted Transfer").

(i) *Diligence; Confidentiality.* Each of the Lock Up Stockholders acknowledges that it has been afforded a reasonable opportunity to review information and ask questions regarding Parent, the Merger Agreement and the Mergers. Each Lock Up Stockholder agrees to keep such information and all information about this transaction confidential, not to disclose it to any third party and not to trade in the securities of the Parent until after such time as a Form 8-K with respect to the transactions contemplated by the Merger Agreement has been on file for at least 72 hours.

(j) *Non-Disclosure.* Each of the Lock Up Stockholders agrees not to make any public disclosure with respect to the Merger Agreement or this Lock-Up Agreement without the consent of the Parent and the Company.

5. *Stop Transfer.*

(a) Each of the Lock Up Stockholders agrees and covenants to Parent that such Lock Up Stockholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of such Lock Up Stockholder's Shares, unless such transfer is made in compliance with this Lock Up Agreement.

(b) Without limiting the covenants set forth in paragraph (a) above, in the event of a stock dividend or distribution, or any change in Shares by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, other than pursuant to the Merger Agreement, the term "Shares" shall be deemed to refer to and include any and all shares into which or for which any or all of the Shares may be changed or exchanged, including, without limitation, shares of NeoStem Common Stock issued in respect thereof in connection with the Merger Agreement or otherwise, and appropriate adjustments shall be made to the terms and provisions of this Lock Up Agreement.

6. *Further Assurances.* From time to time until the expiration of the Lock Up Period, at Parent's request and without further consideration, each Lock Up Stockholder shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Lock Up Agreement.

7. *Lock Up Stockholder Capacity.* If any Lock Up Stockholder is or becomes during the term hereof a director or an officer of the Company, such Lock Up Stockholder makes no agreement or understanding herein in his capacity as such manager or officer. Each of the Lock Up Stockholders signs solely in his or her capacity as the record and Beneficial Owner of the Lock Up Stockholder's Shares.

8. *Termination.* Except as otherwise provided herein, the covenants and agreements contained herein with respect to the Shares shall terminate upon the Termination Date.

9. *Miscellaneous.*

(a) *Entire Agreement.* This Lock Up Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) *Certain Events.* Each of the Lock Up Stockholders agrees that this Lock Up Agreement and the obligations hereunder shall attach to each such Lock Up Stockholder's Shares and shall be binding upon any Person to which legal or Beneficial Ownership of such Shares shall pass, whether by operation of law or otherwise, including without limitation, each Lock Up Stockholder's heirs, guardians, administrators or successors. Notwithstanding any such transfer of Shares, the transferor shall remain liable for the performance of all obligations under this Lock Up Agreement.

(c) *Assignment.* This Lock Up Agreement shall not be assigned by operation of law or otherwise without the prior written consent of Parent in the case of an assignment by any Lock Up Stockholder and each Lock Up Stockholder in the case of any assignment by Parent; provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(d) *Amendment and Modification.* This Lock Up Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto affected by such amendment.

(e) *Notices.* Any notice or other communication required or which may be given hereunder shall be in writing and delivered (i) personally, (ii) via telecopy, (iii) via overnight courier (providing proof of delivery) or (iv) via registered or certified mail (return receipt requested). Such notice shall be deemed to be given, dated and received (i) when so delivered personally, via telecopy upon confirmation, or via overnight courier upon actual delivery or (ii) two days after the date of mailing, if mailed by registered or certified mail. Any notice pursuant to this section shall be delivered as follows:

If to the Lock Up Stockholder, to the address set forth for the Lock Up Stockholder on Schedule A to this Lock Up Agreement.

If to Parent:

NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attn: Catherine Vaczy, Esq.
Facsimile: (646) 514-7787

with copies to:

Lowenstein Sandler, PC
65 Livingston Avenue
Roseland, NJ 07078
Attention: Alan Wovsaniker, Esq.
Fax: 973-597-2565

(f) *Severability.* Whenever possible, each provision or portion of any provision of this Lock Up Agreement will be interpreted in such a manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Lock Up Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision of this Lock Up Agreement in such jurisdiction, and this Lock Up Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(g) *Specific Performance*. Each of the parties hereto agrees, recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Lock Up Agreement will cause the other parties to sustain damages for which they would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach any aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements (without any requirement to post bond or other security and without having to prove actual damages) and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(h) *Remedies Cumulative.* All rights, powers and remedies provided under this Lock Up Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any such rights, powers or remedies by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

(i) *No Waiver.* The failure of any party hereto to exercise any right, power or remedy provided under this Lock Up Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, will not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) *No Third Party Beneficiaries.* This Lock Up Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(k) *Governing Law.* This Lock Up Agreement will be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

(1) *Submission to Jurisdiction.* Each party to this Lock Up Agreement irrevocably consents and agrees that any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgment in respect thereof will be brought in the state or federal courts located within the jurisdiction of the United States District Court for the Southern District of New York, and, by execution and delivery of this Lock Up Agreement, each party to this Lock Up Agreement hereby irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each party to this Lock Up Agreement further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof in the manner set forth in Section 9(e). Each party to this Lock Up Agreement hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Lock Up Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(m) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY ACTION, SUIT OR PROCEEDING IN CONNECTION WITH THIS LOCK UP AGREEMENT.

(n) *Description Headings.* The description headings used herein are for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Lock Up Agreement.

(o) *Counterparts.* This Lock Up Agreement may be executed in counterparts, each of which will be considered one and the same Lock Up Agreement and will become effective when such counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

(p) *No Survival.* No representations, warranties and covenants of any Lock Up Stockholder in this Lock Up Agreement shall survive the First Merger.

IN WITNESS WHEREOF, Parent, the Company and each of the Lock Up Stockholders have caused this Lock Up Agreement to be duly executed as of the day and year first above written.

NEOSTEM, INC.

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

AMORCYTE, INC.

By: /s/ Paul J. Schmitt
Name: Paul J. Schmitt
Title: President / CEO

/s/ Andrew L. Pecora
Andrew L. Pecora

/s/ Robert A. Preti
Robert A. Preti

/s/ George S. Goldberger
George S. Goldberger

/s Paul Schmitt
Paul Schmitt

/s/ Hans Mueller
Hans Mueller

/s/ Darren Blanton
Darren Blanton

Desmond O'Connell

Michael D. Starcher

/s/ Thomas J. Moss
Thomas J. Moss

/s/ Andrew L. Pecora
Andrew L. Pecora

HACKENSACK UNIVERSITY MEDICAL CENTER

By:
Name:
Title:

CCP-AMORC, L.P.,

By: /s/ Michael Starcher
Name: Michael Starcher
Title: President, CCP-AMORC GP, LLC
its General Partner

COLT VENTURES, LTD.

By: /s/ Darren Blanton
Name: Darren Blanton
Title: Managing Partner

NOVITAS CAPITAL III, L.P.

By: /s/ Paul J. Schmitt
Name: Paul J. Schmitt
Title: Managing Director

NOVITAS CAPITAL III, L.P.
(Ex PA Early Stage Partners III, L.P.)

By: /s/ Paul J. Schmitt
Name: Paul J. Schmitt
Title: Managing Director

/s/ Andrew L. Pecora

Dr. and Mrs. Andrew L. Pecora

/s/ Robert A. Preti

Dr. and Mrs. Robert A. Preti

DARREN & JULIE BLANTON
CHILDREN'S TRUST

By: /s/ Brett Blanton

Name: Brett Blanton

Title: Trustee

DARREN & JULIE BLANON 2001
DESCENDANTS TRUST

By: /s/ Brett Blanton

Name: Brett Blanton

Title: Trustee

/s/ Desmond H. O'Connell Jr.

Desmond H. O'Connell Jr. (f/b/o Desmond H. O'Connell Jr. IRA Rollover @ Newberger Berman LLC)

[Signature Page to Lock Up Agreement]

Schedule A

Name o f Stockholder	Common Shares Held	Series A Preferred Stock	Voting Percantage (as converted basis)	Address
Dr. & Mrs. Andrew L. Pecora	1,219.7	58.8	6.94%	486 Carlton Road Wyckoff, NJ 07481
Dr. & Mrs. Robert A. Preti	1,219.7	27.5	6.77%	80 Nursery Road Ridgefield, Ct 06877
George Goldberger	177.1	38.8	1.18%	200 Central Park South, Apt. 12Q New York, New York 10019
Darren & Julie Blanton Children's Trust	0.0	250.4	1.41%	Attn: Brett H. Blanton, Trustee 3505 Beverly Drive, Dallas, TX
Darren &Julie Blanton 2001 Descendants Trust	0.0	250.4	1.41%	Am: Brett H. Blanton, Trustee 3505 Beverly Drive. Dallas. TX
Desmond H. O'Connell, Jr. (f/b/o Desmond H. O'Connell Jr. IRA Rollover @ Newberger Berman LLC)	0.0	125.2	0.71%	(f/b/o Desmond H. O'Connell Jr. IRA Rollover @ Newberger Berman LLC) 971 Lagoon Lane South Mantoloking, NJ 08738
Thomas J. Moss	5.9	0.0	0.03%	10216 Melvin Avenue Northridge. CA 91324
CCP-AMOR L.P.	0.0	1,252.1	7.07%	CCP-AMORC GP. L.L.C., General Partner c/o Michael D. Starcher, Manager 2311 Cedar Springs Road Suite 100 Dallas, TX 75201
Colt Ventures, Ltd.	0.0	939.7	5.30%	3505 Beverly Drive Dallas, TX 75205
Novitas Capital Ill. L.P	0.0	3,631.5	20.49%	Attn: Dean E. Miller 435 Devon Park Drive Suite 801 Wayne. PA 19087
	2,622.4	6,574.4	51.31%	

EXHIBIT B

FORM OF ESCROW AGREEMENT

See attached.

Exhibit B

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made and entered into as of _____, 2011, by and among NeoStem, Inc., a Delaware corporation ("Parent"), Amorcyte, Inc., a Delaware corporation (the "Company"), Paul Schmitt (the "Amorcyte Representative"), as representative of the stockholders of the Company identified from time to time on Schedule 1 hereto, and Continental Stock Transfer & Trust Company, a New York corporation (the "Escrow Agent").

RECITALS

WHEREAS, Parent, AMO Acquisition Company, I, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Subco"), AMO Acquisition Company II, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent ("Subco II"), and the Company have entered into an Agreement and Plan of Merger dated as of July 13, 2011 (the "Merger Agreement"), pursuant to which, among other things, (i) Subco is merging with and into the Company, with the Company surviving the merger (the "First Merger"), (ii) within ninety (90) days after the First Merger, the Company, as the surviving company of the First Merger, is merging with and into Subco II, with Subco II surviving the merger as the Surviving Company (the "Second Merger" and together with the First Merger, the "Mergers"), and (iii) certain issuances of Parent Common Stock are to be made by Parent to the Amorcyte Representative on behalf of the Amorcyte Stockholders. A copy of the Merger Agreement is attached hereto as Exhibit A;

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

WHEREAS, pursuant to Section 8.5 of the Merger Agreement, Paul Schmitt has been irrevocably appointed by the Amorcyte Stockholders to serve as the Amorcyte Representative in connection with all matters under this Agreement and the resolution of all claims for Damages under the Merger Agreement.

AGREEMENT

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

Section 1. Defined Terms.

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

1.2 As used in this Agreement, the term "Amorcyte Stockholders" refers to the Persons who were stockholders of the Company immediately prior to the First Effective Time or to which the rights under this Agreement have been assigned as set forth herein. "Escrowed Shares" refers to the 6,821,283 shares of Parent Common Stock being issued as the Base Stock Consideration under the Merger Agreement.

Section 2. Escrow and Indemnification.

2.1 Appointment of Escrow Agent; Shares and Stock Powers Placed in Escrow. Continental Stock Transfer & Trust Company is hereby appointed to serve as Escrow Agent hereunder, and Continental Stock Transfer & Trust Company hereby agrees to serve as Escrow Agent hereunder. In accordance with the Merger Agreement, promptly following the First Effective Time, (a) Parent shall issue certificates for the Escrowed Shares registered in the name of the Escrow Agent evidencing 6,821,283 shares of Parent Common Stock to be held in escrow under this Agreement, and shall cause such certificates to be delivered to the Escrow Agent, and (b) the Amorcyte Representative shall deliver to the Escrow Agent an "assignment separate from certificate" ("Stock Power") endorsed by him in blank. Such endorsement by the Amorcyte Representative shall have been guaranteed by a national bank or an NYSE-Amex member firm.

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

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

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

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

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

2.7 Trust Fund. The Escrow Account shall be held as trust funds and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of Escrow Agent, any Amorcyte Stockholder or Parent, respectively, or of any party hereto. The Escrow Agent shall hold and safeguard the Escrow Account until the Escrow Termination Date (as defined in Section 3.3) or earlier distribution in accordance with this Agreement.

Section 3. Release of Escrow Shares.

3.1 General. (X) Within ten (10) calendar days after receiving either (a) written instructions from the Parent (a "Parent Notice") which have not been objected to by the Amorcyte Representative within thirty (30) calendar days after the Parent's delivery of such Parent Notice to the Amorcyte Representative, (b) joint written instructions from Parent and the Amorcyte Representative ("Joint Instructions"), (c) a decision and/or award from the Arbitrator (an "Arbitration Award") or (d) an order issued by a court of competent jurisdiction (a "Court Order") relating to the release of any Escrowed Shares from the Escrow Account or (Y) in accordance with Section 3.3 hereof, the Escrow Agent shall release or cause to be released any such Escrowed Shares and any other amounts from the Escrow Account, in the amounts, to the Persons and in the manner set forth in such Parent Notice, Joint Instructions, Arbitration Award, Court Order or as provided in Section 3.3, as applicable. If a Parent Notice is sent under Section 8.4 of the Merger Agreement and such Parent Notice is not disputed as provided in Section 8.4 within thirty (30) calendar days, the Escrow Agent shall make the distribution requested by the Parent Notice without action by the Amorcyte Representative.

3.2 Pro Rata Distributions. For purposes of this Agreement, all distributions to the Amorcyte Stockholders shall be pro rata distributions made based on the percentages set forth on Schedule 1, as may be amended from time to time pursuant to Section 9.8 of this Agreement, except that no fractional shares shall be issued, and all amounts released from the Escrow Account and distributed to the Amorcyte Representative on behalf of the Amorcyte Stockholders shall be rounded up or down pursuant to Section 3.4(e) of the Merger Agreement.

The Company and the Amorcyte Representative represent and warrant that Schedule 1 attached hereto (the "Percentage Certification") accurately reflects each Amorcyte Stockholder's percentage ownership interest in the Company immediately prior to the consummation of the First Merger.

3.3 Release of the Escrowed Shares.

(a) Within ten (10) Business Days following the six (6) month anniversary of the Closing Date (the "Six-Month Release Date"), the Escrow Agent shall deliver to the Amorcyte Representative for distribution to the Amorcyte Stockholders in accordance with the Percentage Certification as of the Six-Month Release Date an aggregate of up to 20% of the Base Stock Consideration in the Escrow Account (the "Six-Month Release Amount"), provided, however, that if there are claims for Damages against the Escrow Account that have not been finally resolved and paid as of the Six-Month Release Date, the Escrow Agent shall release and deliver to the Amorcyte Representative for distribution to the Amorcyte Stockholders only a number of Escrowed Shares equal to the positive difference, if any, between (i) the Six-Month Release Amount and (ii) the number of Escrowed Shares then being held with respect to pending claims against the Escrow Account. The Escrow Agent shall deliver Escrowed Shares subject to pending claims that would have otherwise been released and delivered to the Amorcyte Representative pursuant to this Section 3.3(a) when the pending claims are finally resolved.

(b) Within ten (10) Business Days following the one year anniversary of the Closing Date (the "One-Year Release Date"), the Escrow Agent shall deliver to the Amorcyte Representative for distribution to the Amorcyte Stockholders in accordance with the Percentage Certification as of the One-Year Release Date the balance of shares of Parent Common Stock then held in the Escrow Account at such time except as follows: If no claims for Damages have been asserted against the Escrow Account by the Parent prior to the One-Year Release Date, then the Escrow Agent shall retain in the Escrow Account Parent Common Stock with a Current Value of $1,000,000 until the date that is two (2) years and one day after the Closing Date (the "Escrow Termination Date"). If any claims for Damages have been asserted against the Escrow Account by the Parent prior to the One-Year Release Date, then the Escrow Agent shall retain in the Escrow Account Parent Common Stock with a Current Value equal to the sum of (i) $2,000,000 plus (ii) the amount of any then pending and unresolved claims until the Escrow Termination Date.

(c) Within ten (10) Business Days following the Escrow Termination Date, if there are no claims for Damages pending against the Escrow Account, the Escrow Agent shall deliver to the Amorcyte Representative for distribution to the Amorcyte Stockholders in accordance with the Percentage Certification as of the Escrow Termination Date the balance of shares of Parent Common Stock and other property held in the Escrow Account at such time. If, on the Escrow Termination Date, there are claims for Damages against the Escrow Account that have not been finally resolved, then, within ten (10) Business Days of the Escrow Termination Date, the Escrow Agent shall deliver to the Amorcyte Representative for distribution to the Amorcyte Stockholders the excess, if any, by which the value of the amounts held in the Escrow Account exceed an amount equal to 120% of the maximum amount of any claims for Damages against the Escrow Account that have not been finally resolved and paid at such time. Thereafter, final distributions of the Escrow Account shall be made in accordance with Section 3.1(X)(a), (b), (c) or (d), as applicable.

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

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

Section 4. Fees and Expenses.

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

Section 5. Limitation of Escrow Agent's Liability.

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

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

Section 6. Termination.

This Agreement shall terminate upon the release by the Escrow Agent of the final amounts held in the Escrow Account in accordance with Section 3.

Section 7. Successor Escrow Agent.

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

Section 8. Amorcyte Representative.

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

Section 9. Miscellaneous.

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

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

if to Parent:

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

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

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

if to the Amorcyte Representative :

Amorcyte, Inc.
4 Pearl Court, Suite C
Allendale, NJ 07401
Attention: Paul Schmitt
Facsimile: (201) 883-1406

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

LeClair Ryan
One Riverfront Plaza
1037 Raymond Boulevard, Sixteenth Floor
Newark, NJ 07102
Attention: William Oberdorf, Esq.
Facsimile: (973) 491-3489

if to the Escrow Agent:

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

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

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

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

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

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

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

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

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

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

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

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

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

9.14 Construction.

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

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

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

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

[Remainder of page intentionally left blank]

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

NEOSTEM, INC., a Delaware corporation

By: _____
Name: Robin L. Smith
Title: Chief Executive Officer

AMORCYTE, INC.

By: _____
Name: Paul Schmitt
Title: Chief Executive Officer

_____
Paul Schmitt, as Amorcyte Representative

_____

CONTINENTAL STOCK TRANSFER & TRUST COMPANY, a New York corporation

By: _____
Name:
Title:

[Escrow Agreement Signature Page]

SCHEDULE 1

AMORCYTE STOCKHOLDERS

Percentage Certification Attached.

SCHEDULE 2

ESCROWED SHARES

Number of Escrowed Shares:	6,821,283
Address for distributions to Parent:	NeoStem Inc. Suite 450 420 Lexington Avenue New York, New York 10170 Attention: Catherine M. Vaczy, Esq.

SCHEDULE 3

ESCROW AGENT'S FEES AND EXPENSES

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

EXHIBIT A

MERGER AGREEMENT

EXHIBIT C

FORM OF WARRANTS

See attached.

Exhibit C

AMORCYTE WARRANT AGREEMENT

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

WHEREAS, on _____, 2011, NeoStem consummated a merger (the "**Merger**") of its wholly-owned subsidiary, AMO Acquisition Company, Inc. ("**Subco**"), with and into Amorcyte, Inc., a Delaware corporation ("**Amorcyte**"), pursuant to an Agreement and Plan of Merger, dated as of July 13, 2011 (as such agreement may be amended from time to time, the "**Merger Agreement**"), by and among NeoStem, Amorcyte, Subco and AMO Acquisition Company II, LLC, a wholly-owned subsidiary of NeoStem;

WHEREAS, the Merger Agreement provides that the Company will issue warrants to purchase One Million Eight Hundred Eighty-One Thousand Eight (1,881,008) shares of the Company's common stock, par value $0.001 per share, (the "**NeoStem Common Stock**") exercisable over a seven year period at an exercise price of $1.466 per share (the "**Warrants**" or the "**Amorcyte Warrants**");

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

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

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

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

2. Warrants.

2.1 Issuance of Warrants. Each Amorcyte Warrant shall be (a) issued by book-entry registration only and (b) evidenced by the Global Warrant, substantially in the form of Exhibit A, hereto (individually a "**Global Warrant**" and together, the "**Global Warrants**"), respectively, the provisions of which are incorporated herein.

2.2 Execution and Delivery of the Global Warrants.

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

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

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

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

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

3. Terms and Exercise of Warrants.

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

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

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

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

3.3.2 Procedures and Validity.

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

(b) The Warrant Agent shall:

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

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

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

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

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

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

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

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

4. Adjustments.

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

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

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

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

5. Transfer and Exchange of Warrants.

5.1 Exchange and Transfer.

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

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

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

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

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

5.3 Restrictions on Transfers. Notwithstanding anything in this Agreement to the contrary, in no event may any Holder transfer any NeoStem Common Stock received upon the exercise of a Warrant until after the one year anniversary of the date of issuance of the Global Warrant.

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

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

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

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

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

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

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

8. Concerning the Warrant Agent and Other Matters.

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

8.2 Resignation, Consolidation, or Merger of Warrant Agent.

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

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

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

8.3 Fees and Expenses of Warrant Agent.

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

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

8.4 Liability of Warrant Agent.

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

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

with a copy in each case to:

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

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

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

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

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

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

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

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

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

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

[Signature page follows]

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

NEOSTEM, INC.

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

CONTINENTAL STOCK TRANSFER & TRUST COMPANY

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

[Signature Page to Warrant Agency Agreement]

EXHIBIT A

FORM OF GLOBAL WARRANT CERTIFICATE FOR AMORCYTE WARRANTS

EXERCISABLE ONLY IF AUTHENTICATED BY THE
WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON _____, 2018

NEOSTEM, INC.

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

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

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

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

2. Exercise of Warrants. Each Holder may, at any time on or after the Vesting Date and prior to the Termination Date, exercise his, her or its Warrant in whole or in part at an exercise price per share equal to $1.466 per share, subject to adjustment as provided herein (the "*Exercise Price*"), by the delivery of the Warrant Exercise Form annexed hereto duly completed and executed to the Warrant Agent at the Warrant Agent Office or at such other agency or office of the Corporation in the United States of America as the Corporation may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Corporation, and by payment to the Corporation of the Exercise Price in lawful money of the United States by certified check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of a Warrant, the Warrant Agent shall make an appropriate adjustment to the account of the Holder to reflect a number of warrants for the account of the Holder equal (without giving effect to any adjustment thereof) to the number of shares called for by such Holder's Warrants prior to such exercise, minus the number of shares designated by the Holder upon such exercise. In the event of the exercise of the rights represented by any Warrant, a certificate or certificates for the Warrant Shares so purchased, as applicable, registered in the name of the Holder, shall be delivered to the Holder hereof as soon as practicable after the rights represented by such Warrant shall have been so exercised.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NEOSTEM, INC.

Robin L. Smith
Chairman & Chief Executive Officer

Certificate of Authentication

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

CONTINENTAL STOCK TRANSFER
& TRUST COMPANY, As Warrant Agent

By: _____
Authorized Signature

[TO BE ATTACHED TO GLOBAL WARRANT CERTIFICATE]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL WARRANT CERTIFICATE

AMORCYTE WARRANT

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

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

FORM OF EXERCISE FORM

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

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

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

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

and be delivered as follows:

_____

_____
(please print or type name and address)

_____
(please insert social security or other identifying number)

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

_____
Signature of Holder

SIGNATURE GUARANTEE:

_____

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

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

[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE WARRANT)

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

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

Dated: _____

_____

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

Signature Guarantee:

_____

EXHIBIT D

FORM OF COUNSEL OPINION

See attached.

Exhibit D

FORM OF OPINION FROM AMORCYTE COUNSEL

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

Re: NeoStem Agreement and Plan of Merger

Dear Ladies and Gentlemen:

We have acted as legal counsel to Amorcyte, Inc., a Delaware corporation (the "**Company**") in connection with the execution and delivery of the Agreement and Plan of Merger by and among the Company, NeoStem, Inc. ("**NeoStem**"), AMO Acquisition Company I, Inc., and AMO Acquisition Company II, LLC (the "**Agreement**"). This opinion is being delivered to the parent pursuant to Article 7.2(e) of the Agreement. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings ascribed to them in the Agreement.

In rendering the following opinions, we have made such inquiries and examined such documents as we have considered necessary or appropriate for the purpose of rendering the opinions herein set forth. As to various questions of fact material to this opinion, we have relied, without independent verification, upon representations and warranties of the Company contained in the Agreement and upon public records. We have not undertaken any special or independent examination or investigation to determine the existence of, or absence of, facts or circumstances not otherwise expressly disclosed to us, and no inference as to our knowledge of the existence of, or absence of, such facts or circumstances should be drawn merely from our representation of the Company. In our examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity and completeness of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as copies and the authenticity of the originals of such documents. Further, in rendering the following opinion, we note that we have not conducted a docket search in any jurisdiction with respect to litigation that may be pending against the Company or any of its officers or directors. However, to our knowledge, except as disclosed in the disclosure schedules to the Agreement, we know of no facts or circumstances that are contrary to the opinions expressed herein.

Based upon such examination and in reliance thereon and having regard for legal considerations which we deem relevant, subject to the assumptions set forth herein and the limitations and qualifications set forth herein, we are of the following opinions:

The opinion of counsel to Amorcyte, Inc. (the “Company”) shall be to the effect that:

1. The Company is a Delaware corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified and in good standing to do business as a foreign corporation in the State of New Jersey.

2. The Company has the requisite power and authority to own its assets and conduct its business as presently conducted and to execute, deliver and perform its obligations under the Merger Agreement and the Escrow Agreement, and to consummate the transactions contemplated thereby.

3. The Company’s board of directors and stockholders have taken all action necessary for the authorization, execution and delivery of the Merger Agreement and the Escrow Agreement by the Company and the performance by the Company of its obligations under the Merger Agreement and the Escrow Agreement.

4. The Merger Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the Company and such agreements constitute valid and binding obligations of the Company enforceable against it in accordance with their terms.

5. The execution and delivery of the Merger Agreement and Escrow Agreement and the Company's performance of its obligations thereunder do not and will not (i) contravene any provision contained in the Certificate of Incorporation of the Company, as amended or amended and restated as of the date hereof, the bylaws of the Company, as amended or amended and restated as of the date hereof, or other organizational documents of the Company, (ii) violate the provisions of any law, rule or regulation applicable to the Company; (iii) to our knowledge violate or result in a breach (with or without the lapse of time, the giving of notice or both) of or constitute a default under any Material Contract known to us, (iv) to our knowledge violate any judgment, decree, order or award of any government entity naming the Company, (v) to our knowledge result in the creation or imposition of any lien, claim, charge, encumbrance, equity, restriction or right on any of the assets or properties of the Company or any Person in the Amorcyte Group, or (vi) result in the acceleration of, or permit any Person to accelerate or declare due and payable prior to its stated maturity, any Liability known to us of the Company or any Person in the Amorcyte Group (except where the result of such acceleration would not cause a Material Adverse Effect).

6. The authorized capital stock of the Company consists of: (i) 31,000 shares of Amorcyte Common Stock, of which 7,821.5 shares are issued and outstanding and (ii) 11,000 shares of Amorcyte Series A Preferred Stock, of which [ ] shares are issued and outstanding. The Company has issued (i) Warrants to purchase an aggregate of 0 shares of Amorcyte Common Stock, all of which Warrants are issued and outstanding and (ii) Options to purchase an aggregate of 3,972 shares Amorcyte Common Stock, all of which Options are issued and outstanding. All of the securities which are issued and outstanding on the date hereof have been duly authorized and validly issued, are fully paid and non-assessable and were not issued in violation of any preemptive or similar rights. None of the securities issued by the Company since January 1, 2007 were issued in violation of any registration requirements under federal securities laws. Immediately prior to the First Effective Time, the Company validly modified in accordance with their terms and the terms of the Merger Agreement, and without liability to the Company, all outstanding Warrants and Options. Immediately prior to the First Effective Time, the Company validly cancelled in accordance with their terms and without liability to the Company all outstanding other rights, agreements, or commitments known to us or listed in the schedules to the Merger Agreement to which the Company or any Amorcyte Securityholder is a party or by which any such party is bound obligating the Company or the Amorcyte Securityholder to grant, issue, or sell any capital stock or any other security in the Company.

7. Except for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, no consent, approval or authorization of or designation, declaration, filing with any Governmental Authority or other action on the part of the Company is required in connection with the consummation of the transactions contemplated by the Merger Agreement and the Escrow Agreement.

8. Assuming that all necessary action in respect of the First Merger has been duly taken by the Parent and Subco, upon the filing of the First Certificate of Merger in the office of the Secretary of State of the State of Delaware (and the acceptance of such filings by such offices) and the payment of all applicable filing fees with respect thereto, the First Merger will be effective at the First Effective Time under the DGCL.

9. To our knowledge, except as disclosed in the disclosure schedules to the Agreement, there are no civil, criminal or administrative actions, suits or proceedings which are pending or have been threatened in writing against the Company or any Person in the Amorcyte Group which (a) seek either damages in excess of $25,000 or equitable relief or (b) in any manner challenge or seek to prevent, enjoin, alter or delay the transactions contemplated by the Merger Agreement.

We express no opinion herein as to laws other than the laws of the State of Delaware and the federal law of the United States of America. All opinions are rendered as of the date of this opinion unless otherwise expressly indicated.

The opinions expressed herein are subject to the following qualifications, limitations, and assumptions:

(a) No opinion is given, either express or implied, as to any document, agreement, instrument or certificate delivered or to be delivered in connection with the Agreement other than the documents attached as schedules or exhibits to the Agreement and, with respect to those schedules or documents, only as expressly set forth and qualified and limited herein.

(b) No opinion is given with respect to the effect of rules of law governing specific performance, injunctive relief and other equitable remedies.

(c) No opinion is given with respect to any income, sales, transfer, withholding, personal property or other tax, assessment, penalty, charge or levy that may result from the transactions contemplated by the Agreement or from the payment of any sum, or from the performance of any obligation of the Company, or any other person under the Agreement and the exhibits or schedules thereto.

(d) No opinion is given with respect to the following miscellaneous provisions in the Agreement, the exhibits or schedules thereto: notice requirements, merger provisions, and choice of law and whether provisions for waiver or modification may be limited by general contract principles and rules of construction.

(e) No opinion is given with respect to the enforceability of provisions that may purport to restrict access to legal or equitable remedies or provisions that may purport to impose liquidated damages, penalties, set-offs or forfeitures.

(f) We express no opinion as to whether a Court in any jurisdiction will find that any provisions relating to a covenant not to compete contained in the Agreement the exhibits or schedules thereto are valid or enforceable.

(g) No opinion is given, either express or implied, with respect to any requirement that provisions of the Agreement, the exhibits or schedules thereto, may only be waived in writing, to the extent an oral agreement has been consummated modifying provisions of the Agreement, the exhibits or schedules thereto, and other schedules or documents.

(h) No opinion is given, either express or implied, with respect to the effect of judicial decisions that may permit the introduction of extrinsic evidence to modify the terms or the interpretation of the Agreement the exhibits or schedules thereto.

(i) No opinion is given, either express or implied, with respect to the enforceability of provisions of the Agreement, the exhibits or schedules thereto, that purport to establish evidentiary standards or to make determinations conclusive.

(j) No opinion is given, either express or implied, with respect to the enforceability of provisions of the Agreement, the exhibits or schedules thereto, that purport to establish particular courts as the forum for the adjudication of any controversy relating to the Agreement, and other schedules or documents.

(k) No opinion is given, either express or implied, with respect to the enforceability of provisions of the Agreement, the exhibits or schedules thereto, providing that rights or remedies are not exclusive, that every right or remedy is cumulative, or that the election of a particular remedy or remedies does not preclude recourse to one or more other remedies.

(l) No opinion is given with respect to the enforceability of any provision of the Agreement that would result in the forfeiture of any rights of any Amorcyte Securityholder if such Amorcyte Securityholder does not deliver an executed Letter of Transmittal within certain time periods set forth in the Agreement.

(m) No opinion is given as to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent transfer, moratorium, or similar laws relating to or affecting the rights of creditors.

(n) No opinion is given as to federal laws and judicial decisions concerning the enforceability of contractual provisions which were unconscionable at the time the contract was made.

(o) With respect to the opinion expressed in paragraph 1 above, as it relates to the good standing of the Company, we have relied solely upon a Certificate of Good Standing issued by the Secretary of State of Delaware dated [_____].

(p) The words "to our knowledge" or the like used in this letter refer only to items of which we have current actual knowledge. The words "our knowledge" or the like used in this letter signify that, in the course of our representation of the Company, no information has come to our attention that would give us current actual knowledge that any statements, opinions or other matters so qualified are not accurate. We have undertaken no independent investigation or verification of such matters, and no inference as to our knowledge of the existence or absence of facts; documents or instruments should be drawn from the fact of our representation of the Company. Further, the words "our knowledge", "to our knowledge" or the like as used in this letter are intended to be limited to the actual knowledge of the attorneys within our firm who have been directly involved in representing the Company.

The opinions contained herein address only the facts in existence and the laws in effect on the date hereof and we have no obligation to update our opinions for changes in such laws or other events occurring after the date hereof. Without our written consent and except as may be required by applicable law: (i) no person other than NeoStem, Subco, and Subco II, their successors and assigns and the affiliates may rely on this letter for any purpose; (ii) this letter may not be cited or quoted in any financial statement, prospectus, private placement memorandum, or other similar document; (iii) this letter may not be cited or quoted in any other document or communication which might encourage reliance upon this letter by any person or for any purpose excluded by the restrictions in this paragraph; and (iv) copies of this letter may not be furnished to anyone for purposes of encouraging such reliance.

Sincerely,

LECLAIRRYAN, a Professional Corporation

By: _____
Name:
Title:

SECOND AMENDMENT OF LEASE
(Progenitor Cell Therapy — Building F, 291 North Bernardo Ave.)

This Agreement is made effective as of July 1, 2011 (the **"Effective Date"**), by and between the Vanni Business Park, LLC, a Delaware limited liability company (**"Lessor"**), and Progenitor Cell Therapy, LLC, a Delaware limited liability company (**"Lessee"**).

RECITALS:

A. By lease dated for reference purposes September 1, 2005, Lessee leased from Lessor certain premises (the **"Premises"**) consisting of the entire building commonly known as Building F located at 291 North Bernardo Avenue in the City of Mountain View, County of Santa Clara, State of California (the **"Building"**) and containing approximately 25,024 rentable square feet of floor space. Said lease was amended by that certain First Amendment of Lease dated July 1, 2006 (said lease, as so amended, herein called the **"Lease"**). Unless extended by Lessee pursuant to Section 21 of the Lease, the term of the Lease is scheduled to expire on June 30, 2012.

B. Lessor and Lessee now desire to extend the Lease term to June 30, 2017, and to make certain other changes to the Lease as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties agree as follows:

AGREEMENT:

1. Term. Section 3.01 of the Lease is hereby amended such that the term of the Lease is extended to June 30, 2017.

2. Rent.

   (a) Section 4.01 of the Lease is hereby amended such that the monthly rent for the Premises from and after July 1, 2012 shall be equal to Forty One Thousand Two Hundred Eighty Nine Dollars and Sixty Cents ($41,289.60).

(b) The monthly Base Rent payable hereunder shall be adjusted as of July 1, 2013 and each annual anniversary of such date (each such date herein called a **"Rental Adjustment Date"**) during the term of this Lease to reflect any changes in the cost of living. The adjustment or adjustments, if any, shall be calculated upon the basis of the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, for San Francisco-Oakland-San Jose (1982-84=100). hereafter referred to as the **"Index."** The Index for said subgroup most recently published as of the July 1, 2012 shall be considered the **"base."** On the first Rental Adjustment Date, the monthly rent shall be adjusted by the percentage increase, if any, in the most recent and available Index as of the first Rental Adjustment Date over the base. On each subsequent Rental Adjustment Date, if any, the monthly rent (as previously adjusted) shall be further adjusted by the percentage increase, if any, in the most recent and available Index as of the then applicable Rental Adjustment Date over the Index as of the preceding Rental Adjustment Date. Notwithstanding the preceding two sentences, the monthly Base Rent shall not be increased on any Rental Adjustment Date by an amount which is less than three percent (3%) or which is more than seven percent (7%) of the rent payable for the calendar month immediately preceding such Rental Adjustment Date. When the Base Rent is determined upon the Rental Adjustment Date, Lessor shall give Lessee written notice to that effect indicating how the new monthly rent figure was computed in accordance with this paragraph. If the Index does not exist on any Rental Adjustment Date in the same format as referred to in this paragraph, Lessor shall substitute in lieu thereof an index reasonably comparable to the Index referred to above which is then published by the Bureau of Labor Statistics, or by a successor or similar governmental agency, or, if no governmental agency then publishes an index, Lessor shall substitute therefor any commonly accepted index designed to reflect changes in the cost of living which is published by a reputable private organization.

3. Extended Term Rent.

(a) The fourth sentence of the second paragraph of Section 21.2 of the Lease is hereby amended in its entirety to read as follows:

"Such brokers so appointed shall each determine the fair market monthly base rent for the Premises s of the commencement of the Extended Term, taking into account the value of the Premises and prevailing comparable rentals in the area including the value of any improvements in the Premises as of July 1, 2011 (**"Existing Improvements"**) and any "Lessee Improvements" (as that term is defined in the Second Amendment to Lease (the **"Second Amendment"**) executed by Lessor and Lessee amending this Lease) installed and/or constructed in accordance with the Second Amendment, but disregarding any demolition or other changes to Existing Improvements subsequent to July 1, 2011, and disregarding any demolition or other changes to Lessee Improvements once such Lessee Improvements are first completed, and further disregarding any additional improvements installed in the Premises by Lessee at Lessee's sole cost after July 1, 2011 that are not Lessee Improvements.

(b) The penultimate sentence of Section 21.2 of the Lease as amended by this Agreement is hereby amended in its entirety to read as follows:

"Notwithstanding anything to the contrary contained in this Section 21.2, in no event shall the beginning monthly base rent for the Extended Term be less than the monthly base rent payable hereunder for the last full month of the term of this Lease immediately preceding commencement of the Extended Term multiplied by 1.03."

4. Construction of Lessee Improvements. Lessee shall be entitled to make such improvements, additions and alterations to the Premises (subject to the provisions of Section 8.03 of the Lease regarding alterations) as Lessee may desire after the Effective Date (such improvements, additions and alterations herein called the **"Lessee Improvements"**). Construction and payment for the Lessee Improvements shall be subject to the following provisions:

(a) The Lessee Improvements shall be constructed by Lessee within the Premises at Lessee's sole cost and without cost or expense to Lessor, subject to the Improvement Allowance referred to in Paragraph 3(e) below. Lessor shall not be obligated to perform any work or provide any improvements whatsoever to the Premises in connection with the Lessee Improvements.

(b) The Lessee Improvements shall consist of such work as is reflected in one or more sets of plans and specifications therefor caused to be prepared by Lessee. Lessee may construct and install Lessee Improvements in stages as Lessee in its sole discretion determines, provided that (i) each such stage is constructed pursuant to a separate Lessor Approved Plan in accordance with this Agreement, (ii) no work for any separate stage commences before occurrence of the Completion of Construction (as defined below) respecting construction work for all stages for which an Approved Plan has previously been agreed by Lessor and Lessee, and (iii) no demolition of then existing improvements occurs except that which is specified in such Lessor Approved Plan, Lessee shall not request approval of any demolition of then existing improvements in any particular proposed plans and specifications submitted to Lessor beyond demolition reasonably necessary to construct and install Lessee Improvements specified in such plans and specifications (i.e., Lessee will not specify demolition for later stages of construction of Lessee Improvements until seeking approval of plans and specifications for such later stages of Lessee Improvements). Each such set of plans and specifications for Lessee Improvements shall be submitted to Lessor for its approval thereof, and approved (if at all) by Lessor within fifteen (15) business days following Lessor's receipt of such plans and specifications and Lessee's request for approval thereof. If Lessor does not expressly approve any proposed plans and specifications within said fifteen (15) business days period of time, then such proposed plans and specifications shall be deemed disapproved. The Lessee Improvements shall be deemed alterations to the Premises and subject to the provisions of Section 8.03 of the Lease as amended by this Agreement; provided that, any conflict between the provisions of said Section 8.03 and this Paragraph 4 shall be governed by the provisions of this Paragraph 4. Lessee advises Lessor that the Lessee Improvements will be comprised of 1, 2 or 3 clean rooms, laboratory space and office space that are generally consistent in size and type with the 5 clean rooms, laboratory space and offices installed by Lessee in the Premises prior to the Effective Date. Notwithstanding language in Section 8.03 of the Lease that gives Lessor the right to disapprove installation of interior walls, improvements affecting Building systems, and roof penetrations, Lessor will not have the right to disapprove such clean room, laboratory space or office space Lessee Improvements based solely on the fact that they entail interior walls, affect Building systems, or require roof penetrations so long as such interior clean room, laboratory space or office space walls, their effect on Building systems, and the scope and type of roof penetrations entailed are generally consistent with those made for the existing clean rooms, laboratory space or office space in the Building installed by Lessee prior to the Effective Date. Further notwithstanding anything to the contrary in Section 8.03 of the Lease, Lessor's right to require a lien and completion bond shall be limited so that as a condition to giving Lessor's consent to requested Lessee Improvements, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, with a lien and completion bond in an amount equal to one and one-half (1-1/2) times the amount by which the aggregate estimated cost of all Lessee Improvements constructed after the Effective Date exceeds the Improvement Allowance (as defined below), to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work in excess of the Improvement Allowance. Once final detailed plans and specifications for any phase or portion of the Lessee Improvements have been approved by Lessor (if at all), Lessee shall not make any changes to such plans and specifications (including without limitation any changes that may be required by applicable law) without first obtaining the prior written consent of Lessor; provided that, Lessee shall be entitled to make changes thereto without first obtaining Lessor's further approval but only with respect to nonstructural changes that do not affect any of the Building systems the aggregate cost of which for all the Lessee Improvements does not exceed Fifteen Thousand Dollars ($15,000) for clean room and/or laboratory space improvements, and One Thousand Dollars ($1,000) for office space improvements, and provided that either prior to or within one (1) business day after making any such changes Lessee delivers to Lessor and Lessor receives notice and a detailed description of such changes. Such final detailed plans and specifications approved by Lessor in writing, and any changes thereto approved by Lessor in writing as well as the non-material changes made within the scope of the preceding sentence, are herein called the **"Approved Plans."** Lessee at its expense shall obtain all approvals and permits required by applicable governmental authority to perform the Lessee Improvements work, and Lessor shall have no responsibility or liability for obtaining the same. Lessor shall be entitled to charge Lessee up to One Thousand Dollars ($1,000) for each set of schematic plans and specifications and each set of detailed plans and specifications that Lessee submits to Lessor for Lessor's review and approval. Lessor shall not be obligated to supervise or monitor construction of the Lessee Improvements and shall not charge any supervisory fee in connection with construction of the Lessee Improvements; provided that, Lessor shall be entitled to charge a supervisory fee up to fifteen percent (15%) of the costs relating to (i) any Lessee Improvements that Lessee in writing requests Lessor to monitor construction of and that Lessor agrees in writing to monitor construction of, (ii) any Lessee Improvements the construction of which Lessor is required to monitor by applicable law, ordinance, code or other promulgation of lawful governmental authority, (iii) any Lessee Improvements that affect the structure, exterior, or life safety systems (e.g. fire sprinklers and water supply systems) of the Building that Lessor in its sole and reasonable discretion determines should be monitored by Lessor and that Lessor actually monitors or causes to be monitored for the benefit of Lessor. In the event Lessor monitors or supervises construction of any Lessee Improvements pursuant to the preceding sentence, such monitoring or supervision shall not imply or create on the part of Lessor any liability or responsibility for conformance of the Approved Plans with applicable requirements of law or with the Approved Plans, and such monitoring or supervision shall be solely for the benefit of Lessor.

(c) All Lessee Improvements work shall be performed by a licensed California general contractor with experience in performing tenant improvements of the type set forth in the Approved Plans in first class office buildings similar to the Building and who does not have any mechanics' liens filed of public record in connection with work it has performed in the immediately preceding one year. Lessee shall not hire any general contractor to perform such work unless Lessor has first approved such contractor in writing, which approval shall not be unreasonably withheld, conditioned or delayed for more than ten (10) days. Lessee shall take all reasonable measures to ensure that no other tenants in the Vanni Business Park are in any way disrupted or inconvenienced by the Lessee Improvement work; provided that, if Lessee anticipates minor disruptions and/or inconveniences to other tenants in the Vanni Business Park as a consequence of specific actions relating to construction of the Lessee Improvements, then provided that Lessee advises Lessor in writing that such actions may cause minor disruptions and/or inconveniences to other tenants in the Vanni Business Park and obtains Lessor's written consent to such actions in advance of taking any such actions, then Lessee may cause such actions to be performed even though such actions may cause minor disruptions and/or inconveniences to other tenants in the Vanni Business Park. Nothing in the preceding sentence in any way modifies Lessee's indemnification obligations to Lessor under the Lease. Subject to the foregoing, Lessee shall ensure that no unreasonable levels of noise and no odors emanate from the Premises in connection with such work. Without first obtaining Lessor's written approval, Lessee shall prevent its contractors, employees and suppliers from blocking parking and traffic circulation in the roadways and parking areas serving the Vanni Business Park. Lessee shall not commence construction of the Lessee Improvements unless and until all of the following have occurred: (1) the Approved Plans exist, and (2) all required governmental approvals and permits to construct the Lessee Improvements have been obtained by Lessee (Lessor shall have no obligation to obtain any of same) and Lessee has delivered to Lessor (and Lessor has received) a copy thereof. Once Lessee has commenced construction of the Lessee Improvements, Lessee thereafter shall diligently and continuously prosecute such construction to completion. The Lessee Improvements shall be constructed by Lessee (i) using only new materials of first class quality, (ii) in a first class workmanlike manner, (iii) in strict accordance with the Approved Plans, and (iv) in compliance with all applicable laws, codes, ordinances and regulations of lawful governmental authority, including without limitation any requirements of the Americans with Disabilities Act. Lessee shall comply with all conditions of said permits in a prompt and expeditious manner. All installation of air conditioning equipment and duct work requiring penetration of the roof of the Building shall be properly flashed and caulked, and, unless Lessor waives such requirement in writing, shall be coordinated with and performed by the roofing contractor who installed the Building roof in order to prevent any warranty respecting the roof obtained by Lessor from being rendered void. Any electrical or refrigeration conduits or other piping or materials installed in the Building shall be installed beneath the surface of the roof (and not on the surface of the roof), and Lessee shall thereafter repair and re-roof the affected portions of the roof surface (again using such roofing contractor who installed the roof so as not to void any roof warranties). Any equipment placed on the roof shall be elevated and supported so as not to inhibit drainage or any repair work on the roof. Lessee hereby indemnifies Lessor from and against all claims, liability, cost, and expenses incurred by Lessor in connection with the Lessee Improvements work (subject to Lessor's obligation to pay the Improvement Allowance as provided below). The parties understand and agree that Lessor has no obligation to install or provide telephone equipment and wiring and office equipment wiring, any cubicles, or any other improvements or alterations in connection with the Lessee Improvements, all of which shall be provided and installed, if at all, by Lessee. Lessee shall pay for any upgrades to the Premises and/or the Building and the parking areas serving the Building required by applicable governmental code, regulation, or other law necessitated as a consequence of installing or constructing the Lessee Improvements, including without limitation, improvements and alterations required to comply with the Americans With Disabilities Act, earthquake codes, and "green" energy or environmental codes and statutes. Such obligation in the preceding sentence shall not require Lessee to make or pay for changes to the Building and such parking area to the extent Lessor's failure to make the same prior to Lessee's application to install or construct the Lessee Improvements constitutes a violation of such applicable governmental code, regulation, or other law. The intent of the parties with respect to the preceding two sentences is to ensure that if governmental requirements mandate changes to the Building and such parking area, and the need to make such changes has not yet been triggered prior to Lessee's application to construct the Lessee Improvements but is triggered by Lessee's applying for, installing, or constructing the Lessee Improvements, then Lessee and not Lessor will pay for same. Upon completion of the Lessee Improvements, Lessee shall deliver to Lessor, at Lessee's cost, "as-built" plans and specifications therefor.

(d) Lessee shall secure, pay for, and maintain, or cause its general contractor performing the Lessee Improvements work and all subcontractors to secure, pay for, and maintain, during the continuance of all Lessee Improvements work, all of the insurance policies required in the amounts set forth below, together with such insurance as may from time to time be required by applicable law and any permits and approvals obtained from lawful governmental authorities. Lessee shall not permit any Lessee Improvements work to commence until all required insurance to be maintained by Lessee or, if maintained by Lessee's general contractor, the general contractor, has been obtained and certificates of such insurance have been delivered to Lessor. All such insurance policies shall name Lessor as an additional insured. Certificates of insurance shall provide that there shall be no change or cancellation of such insurance until after notice thereof has been delivered to Lessor and passage of thirty (30) days after delivery of such notice. Lessor shall have the right to require Lessee, and Lessee shall have the duty, to stop work in the Premises immediately if any of the coverages required herein lapses during the course of the work, in which event Lessee shall not resume any such work until the required insurance is obtained and satisfactory evidence thereof is delivered to Lessor. The insurance, minimum amounts of coverage and minimum limits of liability required at a minimum are:

i) Worker's Compensation with limits no less than the minimum statutory amounts as required by California law and any insurance required by any employee benefit act or similar statute applicable in California, as will protect the contractor and subcontractors from any and all liability under such laws.

ii) Commercial general liability insurance coverage (including contractor's protective liability) in the minimum amounts of $1,000,000 per occurrence, $2,000,000 aggregate, including property damage, personal and bodily injury liability.

iii) Comprehensive automotive liability insurance, for the ownership, maintenance, or operation of any automotive equipment, whether owned, leased, or otherwise held, including employer's nonownership and hired car liability endorsements, in an amount not less than $2,000,000 per occurrence and $2,000,000 aggregate, combined single limit bodily injury and property damage liability.

All such insurance shall insure such general contractor and all subcontractors against any and all claims for personal injury, death, and damage to the property of others arising from its operations under its construction contract in connection with construction of the Lessee Improvements, whether such operations are performed by the general contractor, any subcontractors, or subsubcontractors, or by anyone directly or indirectly employed by any of them. The insurance required in this Paragraph 4(d) shall be in addition to any and all insurance required to be procured and maintained by Lessee under any other provisions of the Lease.

(e) Lessee shall pay all costs relating to the Lessee Improvements except as otherwise provided in this paragraph. As provided below, Lessor shall pay to Lessee all Reimbursable Costs (as defined below) in an amount not to exceed the Improvement Allowance. **"Reimbursable Costs"** shall mean only the following costs and no other costs whatsoever: (i) the cost of labor by the general contractor(s) approved by Lessor constructing the Lessee Improvements and the subcontractors thereof; (ii) the cost of materials incorporated in the Lessee Improvements; (iii) the cost of demolition of existing improvements specified in the Approved Plans, (iv) fees for building permits, occupancy permits, use permits and other governmental permits, inspections and approvals required to construct and occupy the Lessee Improvements; (v) architect and engineering fees incurred to design and monitor construction of the Lessee Improvements from schematic to project completion; (vi) any charges by Lessor for monitoring or supervising construction of the Lessee Improvements, and (vii) costs of removing debris, construction materials, rubbish, rubble, and unused materials from the Premises resulting from the installation and construction of the Lessee Improvements. Reimbursable Costs specifically shall not include (i) any administrative or overhead costs of Lessee in any way relating to the Lessee Improvements, (ii) the cost of consultants (such as Scherer & Associates, Inc.), and (iii) the costs of any furniture or other movable personal property. No more often than once per calendar month starting July 1, 2012, Lessee may deliver to Lessor (i) a certificate in form reasonably satisfactory to Lessor from Lessee's project architect and general contractor specifying in reasonable detail the Lessee Improvement work that has been performed since the Effective Date, or in the event a prior certificate has been issued by such project architect and general contractor, as applicable, regarding Lessee Improvement work, then since the date of issuance of the most recently issued certificate, as well as specifying the amount of Reimbursable Costs that have been incurred in connection with performance of such work (the **"Progress Payment Amount**"), and certifying that the Lessee Improvement work so specified has in fact been performed in strict accordance with the Approved Plan relating to such Lessee Improvement work, and (ii) copies of all invoices for such work and unconditional lien releases from each contractor performing work or supplying materials covered by such invoices. With respect to each Progress Payment Amount after Lessor pays the first Progress Payment Amount, Lessor shall have no obligation to pay such Progress Payment Amount unless Lessee delivers to Lessor, in addition to the items specified in the prior sentence, reasonable evidence that all sums paid by Lessor in the immediately prior Progress Payment Amount were in fact paid by Lessee to the entities set forth in the invoices submitted to Lessor pursuant to the prior sentence respecting such immediately prior Progress Payment Amount. Within twenty (20) days after receipt thereof, Lessor shall pay to Lessee, in immediately available funds, the Progress Payment Amount, less a 10% retention (**"Lessor Retention"**) subject to the following. In no event shall Lessor be required to pay any Reimbursable Costs relating to Lessee Improvements in excess of the Improvement Allowance; and prior to Completion of Construction (as defined below) of all Lessee Improvements relating to any particular Approved Plan, Lessor shall not be required to pay any amount in excess of the Improvement Allowance minus the Lessor Retention then maintained by Lessor. The **"Improvement Allowance"** shall mean the lesser of: (i) Five Hundred Thousand Dollars ($500,000), or (ii) the aggregate amount of Reimbursable Costs. For purposes of this paragraph, the amount of invoiced amounts submitted by Lessee to Lessor in connection with any request for payment by Lessor of any Progress Payment Amount shall not include the amount of any retention therefrom pending completion of the Lessee Improvements unless and until such retention is paid by Lessee. **"Completion of Construction"** of Lessee Improvements work specified in any particular Approved Plan shall be deemed to have occurred when (if ever) all Lessee Improvements specified in such Approved Plan has been constructed, and Lessee and its project architect and general contractor, have certified to Lessor in writing that such construction is complete in strict accordance with the Approved Plans with no defects or incomplete items of any sort. Lessor shall be entitled to inspect such work to ascertain whether the Lessee Improvements as set forth in such Approved Plan is complete which determination will not be unreasonably withheld, delayed or conditioned. Lessor shall pay to Lessee the Lessor Retention portion of the Improvement Allowance for any particular stage of Lessee Improvements with respect to which an Approved Plan exists within twenty (20) days after occurrence of all of the following: (i) Completion of Construction of all Lessee Improvements specified in such Approved Plan; and (ii) receipt by Lessor from Lessee of all invoices for Reimbursable Costs relating to such Lessee Improvements and copies of unconditional lien releases covering all such Reimbursable Costs. Notwithstanding anything to the contrary in this Paragraph 4(e), Lessor shall have no obligation to pay any portion of the Improvement Allowance that has not already been paid to Lessee with respect to any Reimbursable Costs the invoices for which are first submitted to Lessor after June 30, 2014. Notwithstanding anything to the contrary herein contained, Lessee shall be entitled to incur Reimbursable Costs after the Effective Date and prior to July 1, 2012 only if the Reimburseable Costs relate to Lessee Improvements which are installed and constructed in the Premises from and after July 1, 2012.

5. No Brokers. Lessor and Lessee each represent and warrant to the other that it has not dealt with any broker in connection with the extension of the Lease term or any other aspect of this Agreement and that no real estate broker, salesperson or finder has the right to claim a real estate brokerage, salesperson's commission or finder's fee by reason of contact between the parties brought about by such broker, salesperson or finder. Each party shall hold and save the other harmless of and from any and all liability, loss, cost, damage, injury or expense arising out of or in any way related to claims for real estate broker's, salesperson's or finder's commissions or fees based upon allegations made by the claimant that it is entitled to such a fee from the indemnified party.

6. Lessee Estoppel. Lessee acknowledges to Lessor that as of the Effective Date, (i) Lessor is not in default under the Lease, and (ii) Lessor has taken any action or made any omission which with the passage of time or the giving of notice, or both, would be a default by Lessor under the Lease as amended by this Agreement.

7. Ratification of Lease. Lessor and Lessee hereby ratify the Lease as modified by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove set forth.

LESSOR:

VANNI BUSINESS PARK, LLC,
a Delaware limited liability company

By: /s/ Christopher Vanni
Name: Christopher Vanni
Title: Manager

LESSEE:

PROGENITOR CELL THERAPY, LLC,
a Delaware limited liability company

By: /s/ George S. Goldberger
Name: George S. Goldberger
Title: VP Business Development

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (the **"Guaranty"** or **"Guaranty of Lease")** is made as of July 1, 2011, by NeoStem, Inc., a Delaware corporation **("Guarantor"),** for the benefit of Vanni Business Park, LLC, a Delaware limited liability company **("Lessor").**

RECITALS:

A. Progenitor Cell Therapy, LLC, a Delaware limited liability company, is the named Lessee **("Lessee")** under that certain lease with Lessor dated for reference purposes September 1, 2005, as amended by that certain First Amendment thereto dated July 1, 2006, and as further amended by that certain Second Amendment thereto of even date herewith (said lease as so amended is herein called the **"Lease"),** respecting certain premises (the **"Premises")** comprised of the entire building commonly known as Building F located at 291 North Bernardo Avenue in the City of Mountain View, County of Santa Clara, State of California (the **"Building")** and more particularly described in the Lease.

B. Guarantor is the sole member of Lessee and materially benefits by Lessor agreeing to enter into the Second Amendment of the Lease with Lessee.

NOW, THEREFORE, in furtherance of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor covenants and agrees as follows:

AGREEMENT:

1. Guarantee. Guarantor hereby absolutely and unconditionally guarantees (a) the full and faithful performance of all of the covenants, conditions, agreements and undertakings of Lessee to be kept and performed by Lessee under the Lease including, but not limited to, the payment when due of all rent, additional rent, property taxes, insurance, and other sums payable by Lessee to Lessor under the Lease and (b) the payment of all damages owing to Lessor by Lessee after the termination of the Lease or the exercise by Lessor of any other right or remedy of Lessor following a default by Lessee under the Lease (collectively the **"Obligations").** Guarantor understands and agrees that this Guaranty is unconditional and continuing and is a guaranty of payment and performance and not of collection,

2. Independent Obligation. The liability of Guarantor hereunder is independent of the obligations of Lessee under the Lease and a separate action or separate actions may be brought and prosecuted against Guarantor whether or not any action is brought or prosecuted against Lessee under the Lease.

3. Modifications to Lease. Guarantor's obligations under this Guaranty shall not be extinguished, discharged, diminished or reduced in any way by any modification or amendment of the Lease including, but not limited to, any modification of payment dates or amounts, or any subsequent sublease or assignment of the Lease made with or without the consent of Lessor or of Guarantor. Guarantor hereby waives any right to approve any modification or amendment of the Lease.

4. Obligations of Guarantor Upon Default by Lessee. In the event that Lessee shall fail to pay when due rent, additional rent, property taxes, insurance premiums, or any other monetary sum or charge, or any portion thereof, accrued or due pursuant to the terms of the Lease, then, upon written notice to Guarantor by Lessor delivered as provided herein, Guarantor shall pay to Lessor any and all such amounts as may be due and owing from Lessee to Lessor by reason of Lessee's failure to perform. If Lessee shall fail to perform any covenant, term or condition of the Lease as required to be performed by Lessee other than as provided for in the preceding sentence, then upon written notice to Guarantor by Lessor given as provided herein, Guarantor shall commence and complete performance of such condition, covenant or term within five (5) days after Lessor's delivery to Guarantor of notice of such failure by Lessee to so perform, and in the event such performance by Guarantor cannot be completed within such five (5) days, Guarantor shall commence performance within such time and diligently pursue completion thereof within a reasonable time thereafter, not to exceed sixty (60) days from the date of Lessor's notice.

5. Remedies. If Guarantor fails to perform any obligation under this Guaranty of Lease, then Lessor shall have, in addition to all other remedies provided at law or in equity, the following remedies:

(a) At Lessor's sole option, and without any obligation to do so, Lessor may proceed to perform on behalf of Guarantor any or all of the obligations of Guarantor under this Guaranty, and Guarantor, on written demand, shall pay to Lessor all reasonable out of pocket sums expended by Lessor in the performance of the obligations of Guarantor under this Guaranty of Lease, together with interest at the rate specified in Paragraph 14 of this Guaranty of Lease from the date expended until paid; and

(b) From time to time and without first requiring performance on the part of Lessee, and without being required to exhaust or proceed against the security deposit or any or all other security held by Lessor for the performance of Lessee under the Lease, Lessor may enforce its rights to require performance by Guarantor or any or all of the obligations on the part of Guarantor to be performed under this Guaranty of Lease by action at law or in equity, or both.

6. No Waiver. No failure on the part of Lessor to pursue any remedy under this Guaranty of Lease or under the Lease shall constitute a waiver on the part of Lessor of its right to pursue such remedy on the basis of the same or a subsequent default.

7. Waiver of Exoneration. Guarantor waives any right to require Lessor to (a) proceed against Lessee, (b) proceed against or exhaust any security held from Lessee, or (c) pursue any other right or remedy available to Lessor, or (d) have the property of Lessee first applied to the discharge of the Obligations. Guarantor further waives any defense it may acquire by reason of Lessor's election of any remedy against Guarantor or Lessee, or both.

8. Waiver of Subrogation. Until the obligations of Lessee under the Lease have been performed in full, Guarantor shall have no right of subrogation against Lessee and Guarantor hereby expressly waives any right to enforce any remedy which Lessor now has or may hereafter acquire against Lessee. Until the obligations of Lessee under the Lease have been performed in full, Guarantor hereby waives the benefit of, and any right to participate in, any security now or hereafter held by Lessor for the performance of the obligations of Lessee under the Lease.

9. Waiver of Presentments. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and, except for the notices required under Paragraph 4 of this Guaranty, waives all notices of the existence, creation, or incurring of new or additional obligations by Lessee under the Lease.

10. Other Guarantor Waivers. Without limiting the generality of the preceding paragraphs, Guarantor hereby waives:

(a) All defenses by reason of any lack of authority of Lessee, or based on any statute of limitations respecting obligations accruing under the Lease or this Guaranty;

(b) Any and all rights Guarantor may have now or in the future to require or demand that Lessor pursue any right or remedy Lessor may have against Lessee or any other third party;

(c) Any defense arising as a result of Guarantor's election of the application of Section 1111 (b)(2) of the Bankruptcy Code or based on any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code;

(d) Any defense as a surety, including, without limitation, California Civil Code Sections 2819 (alteration of the obligation without the surety's consent), 2825 (discharge of the debtor), 2809 (guarantor's obligation may not be larger than the principal's obligation), 2810 (a guarantor's liability ceases if the principal is not liable), and 2846 (equity of exoneration);

(e) Any duty or obligation of Lessor to disclose to Guarantor any facts Lessor may now or hereafter know about Lessee, regardless or whether Lessor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Lessee and of any and all circumstances bearing on the risk of nonperformance of any Obligation; and

(f) Any defense based upon an election of remedies by Lessor, including any election which destroys or impairs any right of subrogation, reimbursement or contribution which Guarantor may have, or any rights or benefits under any provisions of California law in any way qualifying, conditioning or limiting the obligations of Guarantor based on any steps or procedures that Lessors should take before proceeding against Guarantor.

11. Bankruptcy. This Guaranty will continue unchanged by any bankruptcy, reorganization or insolvency of Lessee, or any successor or assignee thereof, or by any disaffirmance or abandonment by a trustee of Lessee. Notwithstanding any modification, discharge or extension of the indebtedness or any amendment, modification, stay or cure of Lessor's rights which may occur in any bankruptcy or reorganization case or proceeding concerning Lessee whether permanent or temporary, and whether assented to by Lessor, Guarantor hereby agrees that it shall be obligated hereunder to pay and perform the Obligations in accordance with the terms of the Lease and the terms of this Guaranty. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or proceeding with respect to Lessee.

12. Assignment of Lease. As used herein, the term "Lessor" shall include any successor, assignee or transferee of Lessor. Guarantor agrees that Lessor may, without notice to Guarantor, assign the Lease and this Guaranty of Lease in whole or in part and that no such assignment or transfer of the Lease and/or this Guaranty of Lease shall operate to extinguish or diminish the liability of Guarantor under this Guaranty of Lease.

13. Obligations of Guarantor Are Primary. Guarantor agrees that the liability of Guarantor under this Guaranty of Lease shall be primary and that in any cause or right of action that shall accrue to Lessor under this Guaranty of Lease, Lessor may, at its sole option, proceed against Guarantor without having commenced any action, or having obtained any judgment, against Lessee. If Lessor has any enforceable rights against Lessee upon termination of the Lease, Lessor shall be entitled to enforce those rights against Guarantor without giving prior notice to Lessee or Guarantor, and without making any demand on either of them.

14. Interest. Any sum required to be paid by Guarantor to Lessor pursuant to the terms of this Guaranty of Lease shall bear interest at the lower of ten percent (10%) or the prime commercial lending rate then in effect at Bank of America (or if Bank of America no longer exists, then ten percent (10%)), from the date due until paid in full.

15. Attorneys' Fees. Guarantor agrees to pay Lessor's reasonable out of pocket attorneys' fees and all costs and other expenses reasonably incurred in any collection or attempted collection, or in any negotiations relative to the obligations hereby guaranteed, or incurred enforcing this Guaranty against the Guarantor. In addition, in the event of any dispute between the parties arising under this Guaranty of Lease, or the breach of any covenant or condition under this Guaranty of Lease, then the prevailing party shall be entitled to have and recover from the party not so prevailing the attorneys' fees and costs incurred by the prevailing party, whether such fees and costs are incurred in taking any action under this Guaranty of Lease, or in any judicial proceeding (including appellate proceeding). "Prevailing party" for the purposes of this Paragraph 15 shall include, without limitation, the party who receives from the other party the sums allegedly due, performance of the covenants allegedly breached, consideration substantially equal to that which was demanded, or substantially the relief or consideration sought in any judicial proceeding whether or not such proceeding is prosecuted to final judgment, or a party who dismisses a judicial action in return for substantially the performance or relief sought or the payment of the sums allegedly due.

16. Time of the Essence. Time is of the essence with respect to the performance of each and every provision of this Guaranty of Lease.

17. Governing Law. This Guaranty of Lease shall be construed and interpreted in accordance with the laws of the State of California.

18. Captions. The captions and paragraph numbers appearing in this Guaranty of Lease are inserted only as a matter of convenience and are not to be used to interpret this Guaranty of Lease.

19. Notices. All notices required hereunder between Guarantor and Lessor shall be in writing, shall be delivered personally or sent by registered or certified mail, return receipt requested, or by nationally recognized overnight carrier providing for receipted delivery and shall be deemed to have been given or made when received (or upon attempted delivery if the person to whose attention the notice is directed is absent at the time of attempted delivery or if the delivery is refused), in the case of the Guarantor at NeoStem, Inc., 420 Lexington Avenue, Suite 450, New York City, New York 10170, Attention: General Counsel and in the case of the Lessor, at Vanni Business Park, LLC, c/o Chris Vanni, 8080 Santa Teresa Blvd., Suite 210, Gilroy, CA 95020. Either address may be changed on ten (10) days notice, given to the other as above provided.

20. Examination of Lease. Guarantor acknowledges that it has (a) received a copy of the Lease, (b) read and understood the terms and provisions of the Lease including, but not limited to, the covenants, conditions, agreements and undertakings of Lessee to be kept and performed by Lessee under the Lease, (c) read and understood the provisions of this Guaranty of Lease, and (d) understood the obligations of Guarantor under this Guaranty of Lease, including the legal effect of such obligations and has been advised by legal counsel respecting such obligations.

21. Binding on Successors. Guarantor shall not assign any of its obligations hereunder by operation of law or otherwise, and any attempted assignment shall, at Lessor's sole option, be void. Subject to the foregoing, the obligations of Guarantor under this Guaranty shall be binding on Guarantor's successors.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty of Lease as of the date first hereinabove set forth.

GUARANTOR

NEOSTEM, INC.,
a Delaware corporation

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

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

NeoStem, Inc.
New York, New York

We hereby consent to the incorporation by reference in the Registration Statements of NeoStem, Inc. on Form S-8 (Registration No. 333-107438, Registration No. 333-144265, Registration No. 333-159282, Registration No. 333-162733 and Registration No. 333-173854) and in the Registration Statements on Form S-3 (Registration No. 333-145988, Registration No. 333-166169, Registration No. 333-173853 and Registration No. 333-173855) 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 Report on Form 8-K dated July 11, 2011. 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
July 14, 2011