

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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): May 20, 2008

NEOSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other
Jurisdiction of
Incorporation)

0-10909

(Commission
File Number)

22-2343568

(IRS Employer
Identification No.)

420 Lexington Avenue, Suite 450
New York, New York

(Address of principal executive offices)

10170

(Zip Code)

Registrant's telephone number, including area code: (212) 584-4180

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Form 8-K of NeoStem, Inc. (the "Company") constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that relate to future events or conditions, including without limitation, statements regarding our financial position, potential, business strategy, efforts, plans and objectives for future operations and potential acquisitions and funding, may be deemed to be forward-looking statements. All such statements, which are all statements other than of historical fact, involve risks and uncertainties. These statements are commonly identified by the use of such terms and phrases as "intends," "expects," "anticipates," "estimates," "seeks" and "believes." Our ability to enter the adult stem cell arena, expand our operations and future operating results are dependent upon many factors, including but not limited to: (i) our ability to obtain sufficient capital or a strategic business arrangement to fund our expansion plans; (ii) our ability to build the management and human resources and infrastructure necessary to support the growth of our business; (iii) competitive factors and developments beyond our control; (iv) scientific and medical developments beyond our control; (v) our inability to obtain appropriate governmental licenses or any other adverse effect or limitations caused by government regulation of the business; (vi) whether any of the Company's current or future patent applications result in issued patents; and (vii) other risk factors discussed in the Company's periodic filings with the Securities and Exchange Commission which are available for review at www.sec.gov under "Search for Company Filings." We cannot guarantee future results or achievements, and readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3.02. Unregistered Sales of Equity Securities.

On May 21, 2008, the Company completed a private placement of securities pursuant to which \$900,000 in gross proceeds were raised (the "May 2008 private placement"). On May 20 and May 21, 2008, the Company entered into Subscription Agreements (the "Subscription Agreements") with 16 accredited investors listed therein (the "Investors"). Pursuant to the Subscription Agreements, the Company issued to each Investor units (the "Units") comprised of one share of its common stock, par value \$.001 per share (the "Common Stock") and one redeemable five-year warrant to purchase one share of Common Stock at a purchase price of \$1.75 per share (the "Warrants"), at a per-Unit price of \$1.20. The Warrants are not exercisable for a period of six months and are redeemable by the Company if the Common Stock trades at a price equal to or in excess of \$2.40 for a specified period of time. In the May 2008 private placement, the Company issued an aggregate of 750,006 Units to Investors consisting of 750,006 shares of Common Stock and 750,006 redeemable Warrants, for an aggregate purchase price of \$900,000. Dr. Robin L. Smith, the Company's Chairman and Chief Executive Officer, purchased 16,667 Units for a purchase price of \$20,000 and Catherine M. Vaczy, the Company's Vice President and General Counsel, purchased 7,500 Units for a purchase price of \$9,000. New England Cryogenic Center, Inc. ("NECC"), one of the largest full-service cryogenic laboratories in the world and a strategic partner of the Company since October 2007, also participated in the offering.

Pursuant to the terms of the Subscription Agreements, the Company is required to prepare and file no later than forty-five days (with certain exceptions) after the closing of the May 2008 private placement, a Registration Statement with the SEC to register the shares of Common Stock issued to Investors and the shares of Common Stock underlying the Warrants.

In connection with the May 2008 private placement, the Company paid as finders' fees to accredited investors, cash in the amount of \$3,240 and issued five year warrants to purchase an aggregate of 35,703 shares of Common Stock. Such warrants contain generally the same terms as those sold to the Investors, except they contain a cashless exercise feature and piggyback registration rights. Cash in the amount of 4% of the proceeds received by the Company from the future exercise of 30,000 of the Investor Warrants is also payable to one of the finders.

On April 3, 2008, the Company entered into a one month non-exclusive investment banking agreement in connection with the possible issuances by the Company of equity, debt and/or convertible securities. In partial consideration for such services, the Company agreed to issue 9,146 shares of common stock as a retainer. The term of this agreement was extended. The issuance of the securities under this agreement was subject to the approval of the American Stock Exchange, which approval was obtained and on May 21, 2008 the 9,146 retainer shares were issued. This bank participated in the May 2008 private placement.

The offer and sale by the Company of the securities described above were made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (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 "accredited investors," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

Item 8.01. Other Events.

On May 9, 2008, NECC was granted a license from the State of New York to process, store and use for research adult hematopoietic stem cells collected from New York residents. NECC's New York licensure will provide NeoStem with greatly expanded storage capacity for one of its largest potential markets and facilitate expanded relationships with leading physician practices.

On May 21, 2008, the Company issued a press release announcing the Company's completion of the May 2008 private placement described in Item 3.02 as well as matters relating to moving forward its strategic relationship with NECC. A copy of the press release is attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 Form of Subscription Agreement among NeoStem, Inc. and certain investors listed therein.

Exhibit 10.2 Form of Redeemable Warrant to Purchase Shares of Common Stock of NeoStem, Inc.

Exhibit 99.1 Press Release dated May 21, 2008

SIGNATURE

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

NEOSTEM, INC.

By: /s/ Catherine M. Vaczy

Catherine M. Vaczy
Vice President and General Counsel

Dated: May 22, 2008

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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Exhibit 99.1	Press Release dated May 21, 2008

SUBSCRIPTION AGREEMENT

NeoStem, Inc.
420 Lexington Avenue
Suite 450
New York, New York 10170
Attention: Chief Executive Officer

Ladies and Gentlemen:

The undersigned investor (the “Investor”) under the following terms and conditions, offers to subscribe (the “Offer”) for the securities of NeoStem, Inc., a Delaware corporation. (the “Company” or “NeoStem”). The Company is issuing units (“Units”) at a per Unit price of \$1.20 with each Unit consisting of (a) one share (the “Common Shares”) of common stock, \$.001 par value (the “Common Stock”) and (b) one accompanying warrant (each, a “Warrant” and together the “Warrants”) for the purchase of one share of Common Stock at an exercise price equal to \$1.75, subject to adjustment, expiring five years from the date of issuance (the “Warrant Shares”). The form of Warrant is attached hereto as Exhibits A. The Company is issuing up to 1,000,000 Units.

The Investor understands that the Units are being issued pursuant to one or more exemptions from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act” or the “Act”), in a private placement pursuant to an exemption from registration under Regulation D promulgated under Section 4(2) and Rule 506 of the Act. As such, the Common Stock, the Warrants and the Warrant Shares each are “restricted securities” and may not be sold or transferred absent a registration statement declared effective under the Act or an exemption from the registration requirements of the Act.

1. Subscription.

The closing (the “Closing”) of the transactions hereunder shall take place at the offices of the Company or at such other location as the Company may determine after the receipt by the Company of subscriptions for Units from Investors from time to time and after it has been determined that all conditions in this Agreement have been met. At each Closing, funds equal to the Subscription Amount of each Investor shall be delivered to the Company and the Company shall promptly thereafter deliver to each such Investor his, her or its respective Shares and Warrants as provided herein.

Subject to the terms and conditions hereinafter set forth in this Subscription Agreement, the Investor hereby offers to subscribe for Units as set forth in the Investor Signature Page attached hereto and contemporaneously herewith makes payment for the purchase of the Units by wire transfer or check.

2. Conditions.

The Offer is made subject to the following conditions: (i) that the Company, acting in good faith, shall have the right to accept or reject this Offer, in whole or in part, for any reason; (ii) that the Investor agrees to comply with the terms of this Subscription Agreement; and (iii) the American Stock Exchange shall have approved the Offering.

Acceptance of this Offer shall be deemed given by the countersigning of this Subscription Agreement by the Company. In the event the Company does not accept the Offer, any and all proceeds for the purchase of the Units by the Investor shall be returned to Investor.

3. Representations and Warranties of the Investor.

The Investor, in order to induce the Company to accept this Offer, hereby warrants and represents as follows:

(a) Organization; Authority. The Investor, if not an individual, is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite power and authority to enter into and to consummate the transactions contemplated by this Subscription Agreement and otherwise to carry out its obligations hereunder. The purchase by Investor of the Units hereunder has been duly authorized by all necessary action on the part of Investor. This Subscription Agreement has been duly executed by Investor, and when delivered by Investor in accordance with the terms hereof, will constitute the valid and legally binding obligation of Investor, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(b) Investor Representation. Investor understands that the Units, Common Shares, Warrants and Warrant Shares are each "restricted securities" and have not been registered under the Securities Act or qualified under any applicable state securities law by reason of their issuance in a transaction that does not require registration or qualification (based in part on the accuracy of the representations and warranties of the Investor contained herein), and that such securities must be held indefinitely unless a subsequent disposition is registered under the Securities Act or any applicable state securities laws or is exempt from such registration. The Investor hereby agrees that the Company may insert the following or similar legend on the face of the certificates evidencing the Units, Common Shares, Warrants and Warrant Shares, if required in compliance with federal and state securities laws:

"These securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act") nor under the securities laws of any state. They may not be sold, offered for sale, or hypothecated in the absence of a registration statement in effect with respect to the securities under such act or an opinion of counsel reasonably satisfactory to the company that such registration is not required pursuant to a valid exemption therefrom under the Securities Act."

The Investor understands and acknowledges that the Commission currently takes the position that coverage of short sales of shares of the Common Stock "against the box" prior to the effective date of a registration statement registering the re-sale of the Common Shares and the Warrant Shares is a violation of Section 5 of the Securities Act, as set forth in Item 65, Section 5 under Section A, of the Manual of Publicly Available Telephone Interpretations, dated July 1997, compiled by the Office of Chief Counsel, Division of Corporation Finance. Accordingly, the Investor agrees not to use any of the Common Shares or Warrant Shares to cover any short sales made prior to the effective date of such registration statement.

(c) No Distribution. Investor is acquiring the Units as principal for its own account, in the ordinary course of its business, and not with a view to or for distributing or reselling such Units or any part thereof. Investor has no present intention of distributing any of such Common Shares, Warrants or Warrant Shares and has no agreement or understanding, directly or indirectly, with any other individual, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof), or other entity of any kind (each, a "Person") regarding the distribution of such Common Shares, Warrants or Warrant Shares (this representation and warranty not limiting such Investor's right or intent to sell the Common Share, Warrants or Warrant Shares pursuant to a Registration Statement or otherwise in compliance with applicable federal and state securities laws).

(d)Investor Status. Investor is, and on each date on which it exercises any Warrants it will be an “Accredited Investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), or (a)(8) under the Securities Act. In general, an Accredited Investor is deemed to be an institution with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 jointly with their spouse.

(e)Experience of Investor. Investor, either alone or together with its representatives, has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Units, and has so evaluated the merits and risks of such investment. The Investor has not authorized any Person to act as his Purchaser Representative (as that term is defined in Regulation D of the General Rules and Regulations under the Act) in connection with this transaction. Investor is able to bear the economic risk of an investment in the Units and, at the present time, is able to afford a complete loss of such investment.

(f)General Solicitation. Investor is not purchasing the Units as a result of any advertisement, article, notice or other communication regarding the Units published in any newspaper, magazine, or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(g) Access to Information. The Investor has reviewed the SEC Reports (as that term is defined in Section 4(g)) and neither the Company nor any of its representatives have made any other representations or warranties to the Investor with respect to the Company except as contained herein or in the SEC Reports. Specifically, the Investor acknowledges that the SEC Reports disclose that the Company is actively exploring acquisition opportunities and that prior to the Closing the Company may enter into one or more letters of intent in connection with pursuing such an acquisition. The Investor has also been afforded the opportunity to ask questions of, and receive answers from, the officers and/or directors of the Company concerning the terms and conditions of the Offering and to obtain any additional information, to the extent that the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information furnished; and has availed himself of such opportunity to the extent he considers appropriate in order to permit him to evaluate the merits and risks of an investment in the Units. It is understood that all documents, records, and books pertaining to this investment have been made available for inspection by the Investor during reasonable business hours at the Company’s principal place of business. Notwithstanding the foregoing, it is understood that the Investor is purchasing the Units without being furnished any prospectus setting forth all of the information that would be required to be furnished under the Securities Act and this Offering has not been passed upon or the merits thereof endorsed or approved by any state or federal authorities.

(h) Placement Agent Fees. The Investor has been advised by any placement agent (the “Placement Agent”) through whom the Units have been purchased of the fees being paid to the Placement Agent in connection with its acting as Placement Agent in the Offering and Investor has no objections to the fees being paid.

4. Representations and Warranties of the Company.

The Company hereby makes the following representations and warranties to the Investor:

(a) Organization and Qualification. Each of the Company and its subsidiaries (each, a “Subsidiary”) is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of this Subscription Agreement, (ii) a material adverse effect on the results of operations, assets, business, prospects or financial condition of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company’s ability to perform in any material respect on a timely basis its obligations under this Subscription Agreement (any of (i), (ii), or (iii), a “*Material Adverse Effect*”) and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(b) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the Offering, to issue the Units and, upon due exercise of the Warrants, to duly issue the shares of Common Stock deliverable thereunder. The execution and delivery of this Subscription Agreement and the Units by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further consent or action is required by the Company, other than the Required Approvals (as defined below). This Subscription Agreement, when executed and delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(c) No Conflicts. The execution, delivery, and performance of this Subscription Agreement by the Company and the consummation by the Company of the Offering and issuance of the Units does not and will not: (i) conflict with or violate any provision of the Company’s or any Subsidiary’s certificate or articles of incorporation, bylaws or other organizational or charter documents or (ii) subject to obtaining the Required Approvals, conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of any agreement, credit facility, debt, or other instrument (evidencing the Company’s or a Subsidiaries’ debt or otherwise) or other understanding to which the Company or either of the Subsidiaries is a party or by which any property or asset of the Company or its Subsidiaries is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority as currently in effect to which the Company or any of the Subsidiaries is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or either of the Subsidiaries is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not, individually or in the aggregate have a Material Adverse Effect.

(d) Filings, Consents, and Approvals. Neither the Company nor any of the Subsidiaries is required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of this Subscription Agreement, other than: (i) the filing with the Securities and Exchange Commission (“*Commission*”) of the Registration Statement pursuant to Section 5, (ii) the filing with the Commission of a Form D pursuant to Commission Regulation D, and (iii) any applicable Blue Sky filings (collectively, the “*Required Approvals*”).

(e) Issuance of the Units. The Units, and each component or underlying security, are duly authorized and, when issued and paid for in accordance with this Subscription Agreement, will be duly and validly issued, fully paid and nonassessable, free and clear of all liens, and not subject to any preemptive rights. The Company will reserve from its duly authorized capital stock a number of shares of Common Stock required for issuance of the Warrant Shares.

(f) Capitalization. The number of shares and type of all authorized, issued, and outstanding capital stock of the Company is as set forth in the SEC Reports as of the respective dates set forth therein. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the Offering. No further approval or authorization of any stockholder, the Board of Directors of the Company, or others is required for the issuance and sale of the Units and the underlying Warrant Shares. Upon exercise of the Warrants in accordance with their terms, the Warrant Shares issuable thereby will be deemed duly authorized, validly issued, fully paid and non-accessible in all respects.

(g) SEC Reports; Financial Statements. The Company has filed all reports required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the one year preceding the date hereof (or such shorter period as the Company was required by law to file such material) (the foregoing materials being collectively referred to herein as the “SEC Reports”). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has advised Investor(s) that a copy of each of the SEC Reports (together with all exhibits and schedules thereto and as amended to date) is available at <http://www.sec.gov>, a website maintained by the Commission where Investor(s) may view the SEC Reports.

(h) Material Changes. Since the date of the latest audited financial statements included in the SEC Reports, except as specifically disclosed in the SEC Reports or referred to in this Subscription Agreement, (i) there has been no event, occurrence, or development that has had a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company’s financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting or the identity of its auditors, and (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders except in the ordinary course of business consistent with prior practice, or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock except consistent with prior practice or pursuant to existing Company stock option or similar plans.

(i) Litigation. Except as set forth in the SEC Reports and routine inquiries, there is no action, suit, inquiry, notice of violation, proceeding, or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, the Subsidiaries or any of its properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local, or foreign) (collectively, an “Action”) which: (i) adversely affects or challenges the legality, validity or enforceability of this Subscription Agreement or the Units or (ii) could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(j) Compliance. Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement, (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is in violation of any statute, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business except in each case as could not have a Material Adverse Effect.

(k) Regulatory Permits. The Company and the Subsidiaries possess the certificates, authorizations, and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct its business as described in the SEC Reports, except where the failure to possess such permits would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect (“Material Permits”).

(l) Title to Assets. Except as set forth in the SEC Reports, the Company and the Subsidiaries have good and marketable title in all real and personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of any liens, encumbrances or other restrictions.

(m) Patents and Trademarks. To the best of the Company’s knowledge, the Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, licenses, and other similar rights necessary or material for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could have a Material Adverse Effect (collectively, the “Intellectual Property Rights”). Neither the Company nor any Subsidiary has received a written notice that the Intellectual Property Rights used by the Company or any Subsidiary violates or infringes upon the rights of any Person. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights of others.

(n) Insurance. The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent in the Company’s reasonable discretion. The Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business.

(o) Private Placement. Assuming the accuracy of the Investor representations and warranties set forth in Section 3, no registration under the Securities Act is required for the offer and sale of the Units by the Company to the Investor as contemplated hereby or the exercise of the Warrants.

(p) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Units by any form of general solicitation or general advertising. The Company has offered the Units for sale only to each investor in the Offering and certain other “accredited investors” within the meaning of Rule 501 under the Securities Act.

(q) Foreign Corrupt Practices. The Company has not to its knowledge (i) directly or indirectly, used any corrupt funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended

(r) Accountants. The Company’s accountants are set forth in the SEC Reports. To the Company’s knowledge, such accountants, who the Company expects will express their opinion with respect to the financial statements to be included in the Company’s upcoming financial statements, are a registered public accounting firm as required by the Securities Act.

(s)Listing and Maintenance Requirements. The Company's Common Stock currently is quoted on the American Stock Exchange ("AMEX").

5. Registration Rights.

The Company grants registration rights to the Investor under the following terms and conditions:

(a) The Company will prepare and file (which may include the preparation and filing of one or more pre-effective amendments to any registration statements that relates to the Company's securities, which may be currently on file or may be subsequently filed with the Commission), at its own expense, a registration statement under the Securities Act (the "*Registration Statement*") with the Commission within forty five (45) days of the final closing of the offering for the non-underwritten public offering and resale of the Common Shares and the Warrant Shares (subject to adjustment as set forth in the Warrants) (the "*Registrable Securities*") through the facilities of all appropriate securities exchanges, if any, on which the Company's Common Stock is being sold or on the over-the-counter market if the Company's Common Stock is quoted thereon. Such registration statement may include securities required to be included by the Company pursuant to registration rights granted by the Company prior to the date of this Subscription Agreement. Notwithstanding anything in this Subscription Agreement to the contrary, if the Commission refuses to declare a Registration Statement filed pursuant to this Agreement effective as a valid secondary offering under Rule 415 due to the number of securities included in such Registration Statement relative to the outstanding number of shares of Common Stock, then, without any liability under Section 5(f) or any further obligation to register such excess Registrable Securities, the Company shall be permitted to reduce the number of Registrable Securities included in such Registration Statement to an amount such that the number of securities included in such Registration Statement does not exceed an amount that the Commission allows for the offering thereunder to qualify as a valid secondary offering under Rule 415. The Company shall not be liable for liquidated damages pursuant to Section 5(f) under this Agreement or otherwise as to any Registrable Securities which are not permitted by the Commission to be included in a Registration Statement due solely to SEC Guidance from the time that it is determined that securities are not permitted to be registered due to SEC Guidance or as to any delay occasioned by such SEC Guidance solely to the extent it relates to the time needed to reduce the amount of securities included in the Registration Statement. In such case, the liquidated damages shall be calculated to only apply to the percentage of Registrable Securities which are permitted in accordance with SEC Guidance to be included in such Registration Statement.

"*SEC Guidance*" means (i) any written or oral guidance, comments, requirements or requests of the Commission staff and (ii) the Securities Act.

(b)The Company will use its reasonable best efforts to cause such Registration Statement to become effective. Subject to Section 5(a), the number of shares designated in the Registration Statement to be registered shall include appropriate language regarding reliance upon Rule 416 to the extent permitted by the Commission.

(c) The Company will maintain the Registration Statement or post-effective amendment filed under the terms of this Subscription Agreement effective under the Securities Act until the earlier of (i) the date that all of the Registrable Securities have been sold pursuant to such Registration Statement, (ii) all Registrable Securities have been otherwise transferred to Persons who may trade such shares without restriction under the Securities Act, and the Company has delivered a new certificate or other evidence of ownership for such securities not bearing a restrictive legend, (iii) all Registrable Securities may be sold at any time, without volume or manner of sale limitations pursuant to Rule 144(k) or any similar provision then in effect under the Securities Act in the opinion of counsel to the Company, or (iv) one year from the effective date of the Registration Statement (the "Effectiveness Period").

(d) All fees, disbursements and out-of-pocket expenses and costs incurred by the Company in connection with the preparation and filing of the Registration Statement, in making filings with NASD (including, without limitation, pursuant to NASD Rule 2710), and in complying with applicable federal securities laws (including, without limitation, all attorneys' fees of the Company) shall be borne by the Company. The Investor shall bear any cost of underwriting and/or brokerage discounts, fees, and commissions, if any, applicable to the Registrable Securities being registered and sold by an underwriter for the Investor and the fees and expenses of their counsel. The Company shall use its reasonable best efforts to qualify the Common Shares and Warrant Shares in the State of residence of the Investor. However, the Company shall not be required to qualify in any state which will require an escrow or other restriction relating to the Company and/or the sellers, or which will require the Company to qualify to do business in such state or require the Company to file therein any general consent to service of process. The Company at its expense will supply the Investor with copies of the applicable Registration Statement and any prospectus included therein and other related documents in such quantities as may be reasonably requested by the Investor.

(e) Certificates evidencing the Registrable Securities shall not contain any legend: (i) following any sale of Common Shares or Warrant Shares pursuant to Rule 144, or (ii) if such Common Shares or Warrant Shares are eligible for sale under Rule 144(k); or (iii) following any sale of Common Shares or Warrant Shares pursuant to the Registration Statement; *provided, however*, in connection with the sale or transfer of the Common Shares or Warrant Shares, Investor hereby agrees to adhere to and abide by all prospectus delivery requirements under the Securities Act and rules and regulations of the Commission and provide the Company with customary documentation, as applicable. The Company shall cause its counsel to issue a legal opinion to the Company's transfer agent promptly upon request of the Investor if required by the Company's transfer agent to effect the removal of the legend hereunder.

(f) In the event that the Registration Statement is not filed as set forth in above, and the Company does not use its reasonable best efforts to respond to any comments of the SEC within twenty (20) business days following receipt thereof, then the Company will issue to each Investor one percent (1%) of the net proceeds received from such Investor in the Private Placement for no additional cost. Additionally, for every thirty (30) days that the Company continues to be delayed from filing the Registration Statement with the Commission or continues to fail to use its reasonable best efforts to respond to any comments from the Commission, the Company will issue to each Investor 1% of the net proceeds received from such Investor in the Private Placement for no additional cost. All additional amounts that may be issued as provided herein shall not exceed 5% of the net proceeds received in the Private Placement. Such amounts shall be as partial compensation for such failure and not as a penalty. The provisions of this paragraph 5(f) shall not apply in the event the Company does not file as set forth above the Registration Statement because the Company does not have available audited financial statements required by the SEC of a company with which the Company has signed a letter of intent to acquire.

(g) The Company will use its reasonable best efforts to prepare and make publicly available in accordance with Rule 144(c) such information as is required for Investor to sell the Registrable Securities under Rule 144 in the event the Registration Statement is unavailable. The Company further covenants that, in the event the Registration Statement is unavailable, it will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such Person to sell such Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

(h) In the case of each registration effected by the Company pursuant to any section herein, the Company will:

(i) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to a disposition of all securities covered by such registration statement;

(ii) Notify the Investor at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing, and at the request of the shareholders, prepare and furnish to them a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the Investor, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing; *provided that*, for not more than 120 consecutive business days (or a total of not more than 240 calendar days in any 12-month period), the Company may delay the disclosure of material non-public information concerning the Company the public disclosure of which at the time is not, in the good faith opinion of the Company in the best interests of the Company and which may, based on advice of outside counsel, be delayed under applicable law or regulation (an “*Allowed Delay*”); *provided, further*, that the Company shall promptly (a) notify each Investor in writing of the existence of (but in no event, without the prior written consent of such Investor, shall the Company disclose to such Investor any of the facts or circumstances regarding) material non-public information giving rise to an Allowed Delay and (b) advise each Investor in writing to cease all sales under such registration statement until the termination of the Allowed Delay;

(iii) Use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a registration statement, and, if such an order is issued, to obtain the withdrawal of such order at the earliest possible moment and to notify Investor (and, in the event of an underwritten offering, the managing underwriter) of the issuance of such order and the resolution thereof;

(iv) If NASD Rule 2710 requires any broker-dealer to make a filing prior to executing a sale of Registrable Securities by an Investor, make an Issuer Filing with the NASD Corporate Financing Department pursuant to NASD Rule 2710 and respond within five business days to any comments received from NASD in connection therewith.

(v) Otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission.

(i) To the extent Investor includes any Common Shares or Warrant Shares in a registration statement pursuant to the terms hereof, the Company will indemnify and hold harmless Investor, its directors and officers, and each Person, if any, who controls Investor within the meaning of the Securities Act, from and against, and will reimburse Investor, its directors and officers and each controlling Person with respect to, any and all loss, damage, liability, cost, and expense to which Investor or such controlling Person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs, or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in such registration statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; *provided, however*, that the Company will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by Investor or any such controlling Person in writing specifically for use in the preparation thereof.

(j) To the extent Investor includes any Common Shares or Warrant Shares in a registration statement pursuant to the terms hereof, Investor will indemnify and hold harmless the Company, its directors and officers and any controlling Person from and against, and will reimburse the Company, its directors and officers and any controlling Person with respect to, any and all loss, damage, liability, cost, or expense to which the Company, its directors and officers or such controlling Person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs, or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in such registration statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was so made in reliance upon and in conformity with written information furnished by or on behalf of the Investor specifically for use in the preparation thereof and provided further, that the maximum amount that may be recovered from Investor shall be limited to the amount of proceeds received by Investor from the sale of such shares of Common Stock.

(k) To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable hereunder to the extent permitted by law, provided that (i) no contribution shall be made under circumstances where the indemnifying party would not have been liable for indemnification pursuant to the provisions hereof, (ii) no seller of securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of securities who was not guilty of such fraudulent misrepresentation, and (iii) the amount of the contribution together with any other payments made in respect of such loss, damage, liability, or expense, by any seller of securities shall be limited to the net amount of proceeds received by such seller from the sale of such securities.

(l) The Investor will cooperate with the Company in connection with this Subscription Agreement, including timely supplying all information and executing and returning the Selling Securityholder Notice and Questionnaire attached hereto as Exhibit B, and any other documents requested by the Company that are required to enable the Company to perform its obligations to register the Common Shares and Warrant Shares.

6. Other Agreements of the Company and the Investor.

(a)Acknowledgment of Dilution. The Company and Investor acknowledge that the issuance of the Common Shares and the Warrant Shares will result in dilution of the outstanding shares of Common Stock, which dilution may be substantial.

(b)Exercise Procedures. The form of Notice of Exercise included in the Warrants sets forth the totality of the procedures required of the Investor in order to exercise the Warrants.

(c)Use of Proceeds. The Company shall use the net proceeds from the sale of the Units hereunder for general working capital purposes.

(d) Press Releases. The Company shall issue a press release or file a Current Report on Form 8-K as required disclosing all material terms of the transactions contemplated hereby upon the final closing of the offering and in its reasonable discretion.

(e) Confidentiality. Each Investor agrees that he, she or it will keep confidential and will not disclose, divulge or use for any purpose other than to monitor his, her or its investment in the Company any confidential, proprietary or secret information which such Investor may obtain from the Company pursuant to financial statements, reports and other materials or information submitted by the Company to such Investor pursuant to this Agreement or otherwise (but not including the SEC Reports) (“Confidential Information”), unless such Confidential Information is known, or until such Confidential Information becomes known, to the public (other than as a result of a breach of this section by such Investor); provided, however, that an Investor may disclose Confidential Information (i) to his, her or its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring his, her or its investment in the Company, or (ii) as may otherwise be required by law, provided that the Investor takes reasonable steps to minimize the extent of any such required disclosure and promptly notifies the Company when it becomes aware of such legal requirement .

7. Miscellaneous.

(a) Termination. The Investor agrees that he shall not cancel, terminate, or revoke this Subscription Agreement or any agreement of the Investor made hereunder other than as set forth herein, and that this Subscription Agreement shall survive the death or disability of the Investor. If the Company elects to cancel this Subscription Agreement, provided that it returns to the Investor, without interest and without deduction, all sums paid by the Investor, this Offer shall be null and void and of no further force and effect, and no party shall have any rights against any other party hereunder.

(b)Entire Agreement. This Subscription Agreement, together with the exhibits hereto, contains the entire understanding of the Company and the Investor with respect to the subject matter hereof.

(c) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (b) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be to the Investor at his address set forth on the Investor Signature Page, and to the Company at the addresses set forth in the SEC Reports.

(d) Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, or in the case of a waiver, by the Company and the individual Investor. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

(e)Construction. The headings herein are for convenience only, do not constitute a part of this Subscription Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(f)Successors and Assigns. This Subscription Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Subscription Agreement or any rights or obligations hereunder without the prior written consent of each Investor in the Offering. Investor may assign any or all of its rights under this Agreement to any Person to whom Investor assigns or transfers any of the Common Shares or Warrant Shares.

(g)No Third-Party Beneficiaries. This Subscription Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

(h)Governing Law. All questions concerning the construction, validity, enforcement, and interpretation of this Subscription Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Subscription Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees, or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Subscription Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provisions of this Subscription Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred with the investigation, preparation, and prosecution of such action or proceeding.

(i)Survival. The representations and warranties contained herein shall survive the closing of the transaction hereunder.

(j)Execution. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof. This Agreement may be executed in two or more counterparts each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

(k)Severability. If any provision of this Subscription Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Subscription Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Subscription Agreement.

(l)Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of Investor and the Company will be entitled to specific performance under this Subscription Agreement. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

(m) Fees and Expenses. Except as provided in writing, the parties hereto shall be responsible for their own legal and other expenses, if any, in connection with this transaction.

INVESTOR SIGNATURE PAGE FOR NEOSTEM, INC. SUBSCRIPTION AGREEMENT
Please print or type, Use ink only. (All Parties Must Sign)

The undersigned Investor hereby certifies that he (i) has received and relied solely upon the SEC Reports, this Subscription Agreement and their respective exhibits and schedules, (ii) agrees to all the terms and conditions of this Subscription Agreement, (iii) meets the suitability standards set forth herein and (iv) is a resident of the state or foreign jurisdiction indicated below.

Dollar Amount of Units Subscribed for: \$ _____

Name of Investor (Print)

Name of Joint Investor (if any) (Print)

Signature of Investor

Signature of Joint Investor (if any)

Capacity of Signatory (if applicable)

Social Security or Taxpayer Identification Number

Investor Address:

Street Address

City State Zip Code

Telephone:(_____)_____

Fax: (_____)_____

E-mail:_____

Address for Delivery of Units (if different from above):

City State Zip Code

If other than individual check one and indicate capacity of signatory under the signature:

- Trust
- Estate
- Uniform Gifts to Minors Act
State of _____
- Attorney-in-fact
- Corporation
- Other

If Joint Ownership, Check one:

- Joint Tenants with Right of Survivorship
- Tenants in Common
- Tenants by the Entirety
- Community Property

Backup Withholding Statement:

- Please check this box only if the investor is subject to backup withholding

Foreign Person:

- Please check this box only if the investor is a nonresident alien, foreign foreign partnership, foreign trust, corporation, or foreign estate

Country _____

Passport # _____

ID # _____

ID Type _____

THE SUBSCRIPTION FOR UNITS OF NEOSTEM, INC. BY THE ABOVE NAMED INVESTOR(S) IS ACCEPTED THIS _____ DAY OF _____, 2008.

NEOSTEM, INC.

By: _____

Name: Robin L. Smith

Title: Chairman and CEO

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

Warrant No. _____

WARRANT TO PURCHASE SHARES OF COMMON STOCK

OF

NEOSTEM, INC.

THIS CERTIFIES that, for value received, _____ is entitled to purchase from NEOSTEM, INC., a Delaware corporation (the "Corporation"), subject to the terms and conditions hereof, _____ (_____) shares (the "Warrant Shares") of common stock, \$.001 par value (the "Common Stock"). This warrant, together with all warrants hereafter issued in exchange or substitution for this warrant, is referred to as the "Warrant" and the holder of this Warrant is referred to as the "Holder." The number of Warrant Shares is subject to adjustment as hereinafter provided. Notwithstanding anything to the contrary contained herein, this Warrant shall expire at 5:00 p.m. (Eastern Time) on _____, 2013 (the "Termination Date").

1. Exercise of Warrants. The Holder may, at any time six months after the date of issuance (i.e. on _____, 2008) and prior to the Termination Date, exercise this Warrant in whole or in part at an exercise price per share equal to \$1.75 per share, subject to adjustment as provided herein (the "Exercise Price"), by the surrender of this Warrant (properly endorsed) at the principal office of the Corporation, or at such other agency or office of the Corporation in the United States of America as the Corporation may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Corporation, and by payment to the Corporation of the Exercise Price in lawful money of the United States by check or wire transfer for each share of Common Stock being purchased. Upon any partial exercise of this Warrant, there shall be executed and issued to the Holder a new Warrant in respect of the shares of Common Stock as to which this Warrant shall not have been exercised. In the event of the exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Shares so purchased, as applicable, registered in the name of the Holder, shall be delivered to the Holder hereof as soon as practicable after the rights represented by this Warrant shall have been so exercised.

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

3. No Stockholder Rights. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Corporation.

4. Transferability of Warrant. Prior to the Termination Date and subject to compliance with applicable Federal and State securities and other laws, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Company by the Holder in person or by duly authorized attorney, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed for transfer. Any registration rights to which this Warrant may then be subject shall be transferred together with the Warrant to the subsequent Investor.

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

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

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

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

6. Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act, upon exercise of any part of the Warrant, the Corporation shall instruct its transfer agent to enter stop transfer orders with respect to such Warrant Shares, and all certificates or instruments representing the Warrant Shares shall bear on the face thereof substantially the following legend:

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

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

(a) This Warrant may be redeemed, at the option of the Company, in whole and not in part, at a redemption price of \$.0001 per Warrant (the "Redemption Price"), provided (i) the average closing price of the Common Stock as quoted by Bloomberg, L.P., or the Principal Trading Market (as defined below) on which the Common Stock is included for quotation or trading, shall equal or exceed \$2.40 per share (taking into account all adjustments) for twenty (20) out of thirty (30) consecutive trading days.

(b) If the conditions set forth in Section 7(a) are met, and the Company desires to exercise its right to redeem this Warrant, it shall mail a notice (the "Redemption Notice") to the registered holder of this Warrant by first class mail, postage prepaid, at least ten (10) business days prior to the date fixed by the Company for redemption of the Warrants (the "Redemption Date").

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

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

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

8. Miscellaneous. This Warrant shall be governed by and construed in accordance with the laws of the State of New York. All the covenants and provisions of this Warrant by or for the benefit of the Corporation shall bind and inure to the benefit of its successors and assigns hereunder. Nothing in this Warrant shall be construed to give to any person or corporation other than the Corporation and the holder of this Warrant any legal or equitable right, remedy, or claim under this Warrant. This Warrant shall be for the sole and exclusive benefit of the Corporation and the Holder. The section headings herein are for convenience only and are not part of this Warrant and shall not affect the interpretation hereof. Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction, or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Corporation, if lost, stolen, or destroyed, and upon surrender and cancellation of this Warrant, if mutilated, the Corporation shall execute and deliver to the Holder a new Warrant of like date, tenor, and denomination.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by its duly authorized officers under its seal, this ____ day of _____ 2008.

NEOSTEM, INC.

Robin L. Smith, Chairman & Chief Executive Officer

WARRANT EXERCISE FORM

To Be Executed by the Holder in Order to Exercise Warrant

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

Dated: _____, 20__

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

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. Such payment takes the form of \$_____ in lawful money of the United States.

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

(please print or type name and address)

(please insert social security or other identifying number)

and be delivered as follows:

(please print or type name and address)

(please insert social security or other identifying number)

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

Signature of Holder

SIGNATURE GUARANTEE:

ASSIGNMENT FORM

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

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

whose address is

Dated: _____, 200_

Holder's Signature:

Holder's Address:

Signature Guaranteed:

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

**NeoStem Announces Private Placement Financing to Advance Marketing Campaign;
Financing Includes Investment from New England Cryogenic Center**

NEW YORK, May 21, 2008-- NeoStem, Inc. (AMEX:NBS), which is pioneering the pre-disease collection, processing and long-term storage of adult stem cells for future medical need, today announced a private placement financing in a total amount of \$900,000, which includes a strategic investment from the New England Cryogenic Center, Inc. (NECC), one of the largest full-service cryogenic laboratories in the world.

The financing consists of units priced at \$1.20 per unit with each unit consisting of one share of common stock and a warrant to purchase one share of common stock at \$1.75 per share.

Robin Smith, MD, MBA, NeoStem's CEO, stated, "We are pleased to announce this new financing, which included investments from both NECC and NeoStem management. These funds will be instrumental in executing on our plan to educate potential clientele about our services, particularly in the Northeast which we believe will be a powerful market. We look forward to working closely with NECC, a strategic partner since October 2007 and located in Massachusetts, to provide extensive new stem cell processing and storage capabilities on the East Coast as well as to embark on a marketing campaign to NECC customers."

On May 9, 2008, NECC was granted a license from the State of New York to process, store and use for research adult hematopoietic stem cells collected from New York residents. NECC's New York licensure will provide NeoStem with greatly expanded storage capacity for one of its largest potential markets and facilitate expanded relationships with leading physician practices.

"We are excited to expand our laboratory offerings to NeoStem in connection with this exciting new project and plan to offer NeoStem's services to our current clients who have elected to store their children's stem cells at the time of birth and those customers who have recovered from cancer" said John Rizza, CEO of New England Cryogenic Center.

Note: The securities sold in the private placement were sold without registration under the Securities Act of 1933, as amended and may not be resold unless subsequently registered under the Act or pursuant to an exemption from registration under the Act.

About NeoStem, Inc.

NeoStem has a growing nationwide network of adult stem cell collection centers, enabling people to donate and store their own (autologous) stem cells when they are young and healthy for their personal use in times of future medical need. The Company has also recently entered into research and development through the acquisition of a worldwide exclusive license to technology to identify and isolate VSELs (very small embryonic-like stem cells), which have been shown to have several physical characteristics that are generally found in embryonic stem cells.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include the 'Risk Factors' described in the Company's periodic filings with the Securities and Exchange Commission.

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