UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number 001-33650

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

DELAWARE	22-2343568
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
420 LEXINGTON AVE, SUITE 450 NEW YORK, NEW YORK (Address of principal executive offices)	10170 (zip code)

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

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☐ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☐

80,328,232 SHARES, $.001 PAR VALUE, AS OF May 12, 2011

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

NEOSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 9,411,871	$ 15,612,391
Short term investments	514	512
Restricted cash	6,403,388	3,381,369
Accounts receivable trade, net of allowance for doubtful accounts of $381,476 and $210,977, respectively	7,105,917	5,871,474
Inventories	26,184,008	21,023,388
Prepaids and other current assets	1,332,198	993,711
Total current assets	50,437,896	46,882,845
Property, plant and equipment, net	48,890,745	36,998,241
Land use rights, net	4,797,728	4,807,834
Goodwill	36,771,050	27,002,044
Intangible assets, net	31,767,134	24,466,597
Other assets	3,145,491	2,867,188
	$ 175,810,044	$ 143,024,749
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 12,403,852	$ 14,286,929
Accrued liabilities	4,069,767	2,772,019
Bank loans	4,566,000	3,034,000
Notes payable	14,700,298	9,568,398
Current portion of mortgages payable	177,436	-
Income taxes payable	1,469,991	1,242,911
Deferred income taxes	619,908	232,075
Unearned revenues	2,942,080	1,708,280
Total current liabilities	40,949,331	32,844,612
Long-term Liabilities		
Deferred income taxes	9,682,923	5,959,508
Deferred rent liability	29,766	45,489
Unearned revenues	758,798	282,518
Mortgages payable	3,604,846	-
Derivative liabilities	2,834,034	2,571,367
Amount due related parties	15,259,121	8,301,361
Total long-term liabilities	32,169,488	17,160,243
Commitments and Contingencies		
Redeemable Securities		
Convertible Redeemable Series E Preferred Stock; 10,582,011 shares designated, liquidation value $1.00 per share; issued and outstanding 10,190,085 and 10,582,011 shares, respectively, at March 31, 2011 and December 31, 2010	6,424,545	6,532,275
	6,424,545	6,532,275
EQUITY		
Shareholders' Equity		
Preferred stock; authorized, 20,000,000 shares Series B convertible redeemable preferred stock liquidation value, 1 share of common stock, $.01 par value; 825,000 shares designated; issued and outstanding, 10,000 shares at March 31, 2011 and December 31, 2010	100	100
Common stock, $.001 par value, authorized 500,000,000 shares; issued and outstanding, 78,570,037 and 64,221,130 shares, respectively, at March 31, 2011 and December 31, 2010	78,570	63,813
Additional paid-in capital	166,300,575	141,137,522
Accumulated deficit	(105,680,243)	(95,320,620)
Accumulated other comprehensive income	4,296,735	2,779,066
Total NeoStem, Inc. shareholders' equity	64,995,737	48,659,881
Noncontrolling interests	31,270,943	37,827,738
Total equity	96,266,680	86,487,619
	$ 175,810,044	$ 143,024,749

See accompanying notes to consolidated financial statements.

NEOSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2011	**2010**
Revenues	$ 19,641,113	$ 15,833,178
Cost of revenues	14,294,636	10,851,618
Gross profit	5,346,477	4,981,560
Research and development	2,913,260	1,300,158
Selling, general, and administrative	10,424,994	6,289,698
Operating loss	(7,991,777)	(2,608,296)
Other (expense):		
Other expense, net	(262,723)	(164,073)
Interest expense	(852,611)	(8,519)
	(1,115,334)	(172,592)
Loss from operations before provision for income taxes and noncontrolling interests	(9,107,110)	(2,780,888)
Provision for income taxes	592,648	502,944
Net loss	(9,699,758)	(3,283,832)
Less - net income attributable to noncontrolling interests	473,233	1,328,653
Net loss attributable to NeoStem, Inc.	(10,172,991)	(4,612,485)
Preferred dividends	186,633	99,698
Net loss attributable to NeoStem, Inc. common shareholders	$ (10,359,624)	$ (4,712,183)
Basic and diluted loss per share	$ (0.14)	$ (0.12)
Weighted average common shares outstanding	73,654,165	40,023,386

See accompanying notes to consolidated financial statements.

NEOSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net loss	$ (9,699,758)	$ (3,283,832)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock, stock options and warrants issued as payment for compensation, services rendered and interest expense	2,018,902	2,055,104
Depreciation and amortization	2,203,684	767,624
Amortization of preferred stock discount and issuance cost	676,123	-
Changes in fair value of derivative liabilities	262,667	-
Writeoff of in process research and development	927,000	-
Interest expense	83,207	-
Charitable contributions paid with common stock	607,363	-
Bad debt expense	(1,516)	18,550
Deferred tax liability	(228,352)	(60,622)
Other	-	12,723
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(125,791)	(547,539)
Accounts receivable	(822,776)	210,846
Inventory	(3,050,771)	(4,595,421)
Unearned revenues	(573,210)	1,027,391
Accounts payable, accrued expenses and other current liabilities	(2,471,865)	1,813,364
Net cash used in operating activities	(10,195,093)	(2,581,812)
Cash flows from investing activities:		
Cash received in acquisition of PCT	227,942	-
Proceeds used in purchasing short term investments	-	(858,179)
Change in restricted cash	(2,625,344)	3,042
Acquisition of property and equipment	(707,224)	(3,764,324)
Net cash used in investing activities	(3,104,626)	(4,619,461)
Cash flows from financing activities:		
Net proceeds from the exercise of warrants	-	1,750,000
Net proceeds from issuance of capital stock	3,592,723	6,821,569
Payment from related party	-	166,847
Repayment of mortgage loan	(2,320)	-
Proceeds from bank loan	1,518,000	-
Proceeds from notes payable	7,249,117	6,603,303
Repayment of notes payable	(2,277,000)	(3,812,159)
Repayment of debt to related party	(3,000,000)	-
Payment of dividend	-	(69,455)
Net cash provided by financing activities	7,080,520	11,460,105
Impact of changes in foreign exchange rates	18,679	-
Net decrease/(increase) in cash and cash equivalents	(6,200,520)	4,258,832
Cash and cash equivalents at beginning of year	15,612,391	7,159,369
Cash and cash equivalents at end period	$ 9,411,871	$ 11,418,201
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 34,500	$ 200,482
Taxes	1,295,800	533,942
Supplemental schedule of non-cash investing activities		
Acquisition of property and equipment	389,300	-
Capitalized interest	130,100	84,000
Supplemental schedule of non-cash financing activities		
Common Stock and Warrants issued with the acquisition of PCT	17,866,200	-
Common Stock issued pursuant to the redemption of Convertible Redeemable Series E 7% Preferred Stock	783,900	-
Common Stock issued in payment of dividends for the Convertible Redeemable Series E 7% Preferred Stock	308,700	-

See accompanying notes to consolidated financial statements.

NEOSTEM, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – The Company

NeoStem, Inc. ("NeoStem" or the "Company") was incorporated under the laws of the State of Delaware in September 1980 under the name Fidelity Medical Services, Inc. The Company's corporate headquarters are located at 420 Lexington Avenue, Suite 450, New York, NY 10170. The Company's telephone number is (212) 584-4180 and its website address is *www.neostem.com*.

NeoStem is an international biopharmaceutical company operating in three reportable segments: (i) Cell Therapy – United States; (ii) Regenerative Medicine – China; and (iii) Pharmaceutical Manufacturing – China.

Through the Cell Therapy – United States segment, NeoStem is focused on the development of proprietary cellular therapies in oncology, immunology and regenerative medicine and becoming a single source for collection, storage, manufacturing, therapeutic development and transportation of cells for cell based medicine and regenerative science globally. Within this segment, the Company is a provider of adult stem cell collection, processing and storage services in the U.S., enabling healthy individuals to donate and store their stem cells for personal therapeutic use. Pre-donating cells at birth or at a younger age helps to ensure a supply of autologous stem cells should they be needed for future medical treatment.

The Company strengthened its expertise in cellular therapies, for its Cell Therapy - United States segment, with its January 19, 2011 acquisition of Progenitor Cell Therapy, LLC, a Delaware limited liability company ("PCT"), pursuant to which the Company acquired all of the membership interests of PCT, and PCT is now a wholly-owned subsidiary of NeoStem. PCT is engaged in a wide range of services in the cell therapy market for the treatment of human disease, including, but not limited to contract manufacturing, product and process development, regulatory consulting, product characterization and comparability, and storage, distribution, manufacturing and transportation of cell therapy products. PCT's legacy business relationships also afford Neostem introductions to innovative therapeutic programs. Through the PCT acquisition, NeoStem now owns approximately an 80% interest in Athelos, a company developing a T-cell based immunomodulatory therapeutic. Results from ongoing phase 1 trials will determine the next phase of trials under this program. The Company views the PCT acquisition as fundamental to building a foundation in achieving its strategic mission of capturing the paradigm shift to cell therapy. (See Note 4)

Through its Regenerative Medicine – China segment, in 2009, the Company began several China-based, Regenerative Medicine initiatives including: (i) creating a separate China-based cell therapy operation, (ii) constructing a stem cell research and development laboratory and processing facility in Beijing, (iii) establishing relationships with hospitals to provide cell-based therapies, and (iv) obtaining product licenses covering several adult stem cell therapeutics focused on regenerative medicine.

The Company acquired its Pharmaceutical Manufacturing – China segment on October 30, 2009, when China Biopharmaceuticals Holdings, Inc. ("CBH") merged with and into CBH Acquisition LLC ("Merger Sub"), a wholly-owned subsidiary of NeoStem, with Merger Sub as the surviving entity (the "Erye Merger"). As a result of the Erye Merger, NeoStem acquired CBH's 51% ownership interest in Suzhou Erye Pharmaceutical Company Ltd. ("Erye"), a Sino-foreign joint venture with limited liability organized under the laws of the People's Republic of China. Erye was founded more than 50 years ago and represents an established, vertically-integrated pharmaceutical business. Historically, Erye has concentrated its efforts on the manufacturing and distribution of generic antibiotic products. In 2010, Erye began transferring its operations to its newly constructed manufacturing facility. The relocation is continuing as the new production lines are completed and receive cGMP certification through 2011. The relocation is significantly increasing Erye's manufacturing capacity.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of NeoStem, Inc. and its wholly owned and partially owned subsidiaries and affiliates as listed below:

Entity	Percentage of Ownership	Location
NeoStem, Inc.	Parent Company	United States of America
NeoStem Therapies, Inc.	100%	United States of America
Stem Cell Technologies, Inc.	100%	United States of America
NeoStem (China) Inc.	100%	People's Republic of China
Qingdao Neo Bio-Technology Ltd.*	*	People's Republic of China
Beijing Ruijiao Bio-Technology Ltd.*	*	People's Republic of China
Tianjin Neo Bio-Technology Co., Ltd.*	*	People's Republic of China
China Biopharmaceuticals Holdings, Inc. (CBH)	100%	United States of America
Suzhou Erye Pharmaceuticals Company Ltd.	51% owned by CBH	People's Republic of China
Progenitor Cell Therapy, LLC (PCT)	100%	United States of America
NeoStem Family Storage LLC	100%	United States of America
Athelos Corporation	80.1% owned by PCT	United States of America

* Because certain regulations in the People's Republic of China ("PRC") currently restrict or prohibit foreign entities from holding certain licenses and controlling certain businesses in China, the Company created a wholly foreign-owned entity, or WFOE, NeoStem (China), to implement its expansion initiatives in China. To comply with China's foreign investment regulations with respect to stem cell-related activities, these business initiatives in China are conducted via Chinese domestic entities that are controlled by the WFOE through various contractual arrangements and under the principles of consolidation the Company consolidates 100% of their operations.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments with maturities of ninety days or less when purchased.

Concentration of Risks: For the three months ended March 31, 2011, two major suppliers provided approximately 22.7% of Erye's purchases of raw materials with each supplier individually accounting for approximately 13.2% and 9.5%. As of March 31, 2011, the total accounts payable to the two major suppliers represented 17% of the total accounts payable balance.

Approximately 93% of Erye's revenues are derived from products that use penicillin or cephalosporin as the key active ingredient. These products are manufactured on two of the eight production lines in Erye's manufacturing facility. Any issues or incidents that might disrupt the manufacturing of products requiring penicillin or cephalosporin could have a material impact on the operating results of Erye. Any interruption or cessation in production could impact market sales.

Restricted Cash: Restricted cash represents cash required to be deposited with banks in China as collateral for the balance of bank notes payable and are subject to withdrawal restrictions according to the agreement with the bank. The required deposit rate is approximately 30 – 50% of the notes payable balance. Such restricted cash associated with these notes payable is reflected within current assets. In addition, the Company has restricted cash associated with its Series E Preferred Stock, which is held in escrow and is not available to meet current cash requirements, and is therefore recorded in other assets.

Accounts Receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. The Company applies judgment in connection with establishing the allowance for doubtful accounts. Specifically, the Company analyzes the aging of accounts receivable balances, historical bad debts, customer concentration and credit-worthiness, current economic trends and changes in the Company's customer payment terms. Significant changes in customer concentrations or payment terms, deterioration of customer credit-worthiness or weakening economic trends could have a significant impact on the collectability of the receivables and the Company's operating results. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Management regularly reviews the aging of receivables and changes in payment trends by its customers, and records a reserve when it believes collection of amounts due are at risk.

Inventories: Inventories are stated at the lower of cost or market using the first-in, first-out basis. The Company reviews its inventory periodically and will reduce inventory to its net realizable value depending on certain factors, such as product demand, remaining shelf life, future marketing plans, obsolescence and slow-moving inventories. The Company includes in work in process the cost incurred on projects at PCT that have multiple deliverables and therefore cannot be recognized as revenue until the project is completed. The Company reviews these projects periodically to determine that the value of each project is stated at the lower of cost or market.

Inventories consisted of the following (in thousands):

	March 31, 2011	December 31, 2010
Raw materials and supplies	$ 7,257.0	$ 8,043.8
Work in process	9,423.7	4,792.4
Finished goods	9,503.3	8,187.2
Total inventory	$ 26,184.0	$ 21,023.4

Property, Plant, and Equipment. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Repairs and maintenance expenditures that do not extend original asset lives are charged to expense as incurred.

Property, plant, and equipment consisted of the following (in thousands):

	Useful Life	March 31, 2011	December 31, 2010
Building and improvements	25-30 years	$ 19,621.3	$ 6,091.9
Machinery and equipment	8-12 years	20,396.0	19,387.6
Lab equipment	5-7 years	1,853.3	716.2
Furniture and fixtures	5-12 years	632.0	392.5
Vehicles	8 years	274.8	273.9
Software	3-5 years	101.1	99.6
Leasehold improvements	2-3 years	2,835.9	2,109.8
Construction in progress		6,907.9	10,339.2
		52,622.3	39,410.7
Accumulated depreciation		(3,731.5)	(2,412.5)
		$ 48,890.8	$ 36,998.2

The Company's results included depreciation expense of approximately $1,288.8 for the three months ended March 31, 2011.

Erye is constructing a new factory and is in the process of relocating to the new facility as the project is completed. Construction in progress is related to this production facility which is being built in accordance with the PRC's Good Manufacturing Practices ("GMP") Standard. The Company expects that the construction will be completed in 2011; however, certain elements of the project have been completed and put into service in 2010. The estimated additional cost to complete construction will be approximately $2.7 million. No depreciation is provided for construction-in-progress until such time the assets are completed and placed into service. Interest incurred during the period of construction, if material, is capitalized. The Company capitalized $130,100 of interest expense for the three months ended March 31, 2011 and $629,100 for the three months ended March 31, 2010.

Land Use Rights: According to Chinese law, the government owns all the land in China. Companies or individuals are authorized to possess and use the land only through land use rights granted by the Chinese government. Land use rights are being recognized ratably using the straight-line method over the lease term of 50 years.

Income Taxes: The Company recognizes (a) the amount of taxes payable or refundable for the current year and (b) deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The Company continues to evaluate the accounting for uncertainty in tax positions. The guidance requires companies to recognize in their financial statements the impact of a tax position if the position is more likely than not of being sustained on audit. The position ascertained inherently requires judgment and estimates by management. As of March 31, 2011, management does not believe the Company has any material uncertain tax positions that would require it to measure and reflect the potential lack of sustainability of a position on audit in its financial statements. The Company will continue to evaluate its uncertain tax positions in future periods to determine if measurement and recognition in its financial statements is necessary. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

The Company recognizes interest and penalties as a component of income tax expense. Interest and penalties for the three months ended March 31, 2011 and 2010 was zero.

The Company files income tax returns with the U.S. Federal government and various state and foreign jurisdictions. The statute of limitations has expired on all consolidated U.S. Federal corporate income tax returns filed through 2006, and the Internal Revenue Service is not currently examining any of the post-2006 returns filed by the Company.

Comprehensive Income (Loss): The accumulated other comprehensive income (loss) balance at March 31, 2011 and December 31, 2010 in the amount of $4,296,700 and $2,779,100, respectively, is comprised entirely of foreign currency translation adjustments. Comprehensive loss for the three months ended March 31, 2011 and 2010 was as follows (in thousands):

	Three Months Ended March 31,	
	2011	2010
Net loss	$ (9,699.8)	$ (3,283.8)
Other comprehensive income		
Foreign currency translation	1,517.7	13.2
Total other comprehensive income	1,517.7	13.2
Comprehensive loss	(8,182.1)	(3,270.6)
Comprehensive income attributable to noncontrolling interests	1,216.9	1,335.1
Comprehensive loss attributable to common shareholders	$ (9,399.0)	$ (4,605.7)

Goodwill and Other Intangible Assets: Goodwill is the excess of purchase price over the fair value of identified net assets of businesses acquired. The Company's intangible assets with an indefinite life are related to in process research and development at Erye, as the Company expects this research and development to provide the Company with substantial benefit for a period that extends beyond the foreseeable horizon. Amortized intangible assets consist of Erye's customer list, manufacturing technology, standard operating procedures, tradename, lease rights and patents, as well as patents and rights associated primarily with the VSEL ™ Technology. These intangible assets are amortized on a straight line basis over their respective useful lives.

The Company reviews goodwill and indefinite-lived intangible assets at least annually for possible impairment. Goodwill and indefinite-lived intangible assets are reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company tests its goodwill and indefinite-lived intangible assets for its Cell Therapy – United States, Regenerative Medicine – China, and its Pharmaceutical Manufacturing – China reporting units on October 31. The Company reviews the carrying value of goodwill and indefinite-lived intangible assets utilizing a discounted cash flow model, and, where appropriate, a market value approach is also utilized to supplement the discounted cash flow model. The Company makes assumptions regarding estimated future cash flows, discount rates, long-term growth rates and market values to determine each reporting unit's estimated fair value. If these estimates or related assumptions change in the future, the Company may be required to record impairment charges.

Derivatives: Derivative instruments, including derivative instruments embedded in other contracts, are recorded on the balance sheet as either an asset or liability measured at its fair value. Changes in the fair value of derivative instruments are recognized currently in results of operations unless specific hedge accounting criteria are met. The Company has not entered into hedging activities to date. As a result of certain financings (see Note 8), derivative instruments were created that are measured at fair value and marked to market at each reporting period. Changes in the derivative value are recorded as other income (expense) on the consolidated statements of operations.

Evaluation of Long-lived Assets: The Company reviews long-lived assets and finite-lived intangibles assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the fair value of the asset. If other events or changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, the Company will estimate the undiscounted future cash flows expected to result from the use of the asset or its eventual disposition, and recognize an impairment loss. The impairment loss, if determined to be necessary, would be measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Share-Based Compensation: The Company expenses all share-based payment awards to employees and consultants, including grants of stock options, warrants, and restricted stock, over the requisite service period based on the grant date fair value of the awards. For awards with performance-based vesting criteria, the Company estimates the probability of achievement of the performance criteria and recognizes compensation expense related to those awards expected to vest. The Company determines the fair value of certain share-based awards using the Black-Scholes option-pricing model which uses both historical and current market data to estimate the fair value. This method incorporates various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options or warrants. The fair value of the Company's restricted stock and restricted stock units is based on the closing market price of the Company's common stock on the date of grant. See Note 9.

Earnings Per Share: Basic loss per share is based on the weighted effect of all common shares issued and outstanding, and is calculated by dividing net loss attributable to common shareholders by the weighted average shares outstanding during the period. Diluted loss per share, which is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares used in the basic earnings per share calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding, is not presented as such potentially dilutive securities are anti-dilutive in all periods presented. For the three months ended March 31, 2011 and 2010, the Company incurred net losses and therefore no common stock equivalents were utilized in the calculation of earnings per share. At March 31, 2011 and 2010, the Company excluded the following potentially dilutive securities:

	March 31,	
	2011	2010
Stock Options	15,080,095	10,065,574
Warrants	25,129,066	17,762,611
Series C Preferred Stock, Common stock equivalents	-	9,086,124
Series E Preferred Stock, Common stock equivalents	5,149,889	-

Revenue Recognition: The Company recognizes revenue from pharmaceutical and pharmaceutical intermediary product sales when title has passed, the risks and rewards of ownership have been transferred to the customer, the fee is fixed and determinable, and the collection of the related receivable is reasonably assured which is at the time of delivery. The Company recognizes revenue for its cell development and manufacturing services based on the terms of individual contracts. In certain cases, there are multiple elements that cannot be considered separate deliverables and therefore the Company recognizes revenue on a completed contract basis for these arrangements. In other cases, the Company is paid for time and materials or for fixed monthly amounts and revenue is recognized when efforts are expended or contractual terms have been met. The Company recognizes revenue related to the collection and cryopreservation of cord blood and autologous adult stem cells when the cryopreservation process is completed which is twenty four hours after cells have been collected. Revenue related to advance payments of storage fees is recognized ratably over the period covered by the advanced payments. The Company earns revenue, in the form of license fees, from physicians seeking to establish autologous adult stem cell collection centers. These license fees are typically billed upon signing of the collection center agreement and qualification of the physician by the Company's credentialing committee and at various times during the term of license agreement based on the terms of the specific agreement. These fees are recognized as revenue ratably over the appropriate period of time to which the revenue element relates. The Company also receives licensing fees from a licensee for use of its technology and knowledge to operate an adult stem cell banking operation in China, which licensing fees are recognized as revenues ratably over the appropriate period of time to which the revenue element relates. In addition, the Company earns royalties for the use of its name and scientific information in connection with its License and Referral Agreement with Ceregenex Corporation, which royalties are recognized as revenue when they are received.

Revenues for the three months ended March 31, 2011 and 2010 were comprised of the following (in thousands):

	Three Months Ended March 31,	
	2011	2010
Revenues		
Prescription drugs and intermediary pharmaceutical products	$ 18,141.8	$ 15,771.3
Stem cell related service revenue	1,499.3	61.9
	$ 19,641.1	$ 15,833.2

Fair Value Measurements: Fair value of financial assets and liabilities that are being measured and reported are defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 inputs which are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs which are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The Company determined the fair value of funds invested in short term investments, which are considered trading securities, to be level 1 inputs measured by quoted prices of the securities in active markets. The Company determined the fair value of funds invested in money market funds to be level 1. The Company determined the fair value of the embedded derivative liabilities and warrant derivative liabilities to be level 3 inputs. These inputs require material subjectivity because value is derived through the use of a lattice model that values the derivatives based on probability weighted discounted cash flows. The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2011, and December 31, 2010 (in thousands):

	March 31, 2011		
	Fair Value Measurements Using Fair Value Hierarchy		
	Level 1	Level 2	Level 3
Money market investments	$ 2,501.3	$ -	$ -
Short term investments	0.5	-	-
Embedded derivative liabilities	-	-	2,466.8
Warrant derivative liabilities	-	-	367.3

	December 31, 2010		
	Fair Value Measurements Using Fair Value Hierarchy		
	Level 1	Level 2	Level 3
Money market investments	$ -	$ 2,501.0	$ -
Short term investments	0.5	-	-
Embedded derivative liabilities	-	-	2,281.8
Warrant derivative liabilities	-	-	289.6

Subsequent to December 31, 2010 the Company reevaluated the characteristics of the money market savings account, currently recorded as other assets, and determined it is not tied to underlying securities and has been reclassified to level 1.

For those financial instruments with significant Level 3 inputs, the following table summarizes the activity for the three months ended March 31, 2011 by type of instrument (in thousands):

Description	Embedded Derivatives	Warrants
Ending liability balance, December 31, 2010	$ 2,281.8	$ 289.6
Changes in fair value recorded in earnings	185.0	77.7
Ending liability balance, March 31, 2011	$ 2,466.8	$ 367.3

Some of the Company's financial instruments are not measured at fair value on a recurring basis, but are recorded at amounts that approximate fair value due to their liquid or short-term nature, such as cash and cash equivalents, restricted cash, accounts receivable, accounts payable, notes payable, bank loans, and amount due related parties.

Foreign Currency Translation: As the Company's Chinese pharmaceutical business is a self-contained and integrated entity, and the Company's Chinese stem cell business' future cash flow is expected to be sufficient to service its additional financing requirements, the Chinese subsidiaries' functional currency is the Renminbi ("RMB"), and the Company's reporting currency is the US dollar. Results of foreign operations are translated at the average exchange rates during the period, and assets and liabilities are translated at the closing rate at the end of each reporting period. Cash flows are also translated at average exchange rates for the period, therefore, amounts reported on the consolidated statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheet.

Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss) and amounted to $4,296,700, and $2,779,100 as of March 31, 2011 and December 31, 2010, respectively.

Research and Development Costs: Research and development ("R&D") expenses include salaries, benefits, and other headcount related costs, clinical trial and related clinical manufacturing costs, contract and other outside service fees including sponsored research agreements, and facilities and overhead costs. The Company expenses the costs associated with research and development activities when incurred.

To further drive the Company's stem cell initiatives, the Company will continue targeting key governmental agencies, congressional committees and not-for-profit organizations to contribute funds for the Company's research and development programs. The Company accounts for government grants as a deduction to the related expense in research and development operating expenses when earned.

Statutory Reserves: Pursuant to laws applicable to entities incorporated in the PRC, the PRC subsidiaries are prohibited from distributing their statutory capital and are required to appropriate from PRC GAAP profit after tax to other non-distributable reserve funds. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits (i.e., 50% of the registered capital of the relevant company), the general reserve fund requires annual appropriation at 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end); the appropriation to the other funds are at the discretion of the subsidiaries.

The general reserve is used to offset extraordinary losses. Subject to approval by the relevant authorities, a subsidiary may, upon a resolution passed by the shareholders, convert the general reserve into registered capital provided that the remaining general reserve after the conversion shall be at least 25% of the registered capital of the subsidiary before the capital increase as a result of the conversion. The staff welfare and bonus reserve is used for the collective welfare of the employees of the subsidiary. The enterprise expansion reserve is for the expansion of the subsidiary's operations and can also be converted to registered capital upon a resolution passed by the shareholders subject to approval by the relevant authorities. These reserves represent appropriations of the retained earnings determined in accordance with Chinese law, and are not distributable as cash dividends to the parent company, NeoStem. Statutory reserves are $2,242,000 and $2,234,600 as of March 31, 2011 and December 31, 2010, respectively.

Relevant PRC statutory laws and regulations permit payment of dividends by the Company's PRC subsidiaries only out of their accumulated earnings, if any, as determined in accordance with PRC accounting standards and regulations. As a result of these PRC laws and regulations, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets either in the form of dividends, loans or advances. The restricted amount was $214,900 at March 31, 2011 and $214,200 at December 31, 2010.

Note 3 – Recent Accounting Pronouncements

In January 2010, the FASB amended the existing disclosure guidance on fair value measurements, which was effective January 1, 2011, for disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Since the amended guidance requires only additional disclosures, the adoption of the provisions did not have a material impact on the consolidated financial statements.

In March 2010, the FASB issued guidance which allows the milestone method to be used as an acceptable revenue recognition methodology when an arrangement includes substantive milestones. The guidance provides a definition of substantive milestone and should be applied regardless of whether the arrangement includes single or multiple deliverables or units of accounting. The guidance is limited to the transactions involving milestones relating to research and development deliverables. The guidance includes enhanced disclosure requirements about each arrangement, individual milestones and related contingent consideration, information about substantive milestones and factors considered in the determination. The guidance is effective prospectively to milestones achieved in fiscal years, and interim periods within those years, after June 15, 2010. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In April 2010, the FASB issued an update which addresses the accounting for stock options when denominating the exercise price of a share-based payment award in the currency of the market in which the underlying equity security trades. A share-based payment award with an exercise price denominated in the currency of market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a condition that is not a market, performance, or service condition. Therefore such an award shall not be classified as a liability if it otherwise qualifies for equity classification. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In December 2010, the FASB issued an update which addresses when to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The update modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that impairment may exist. The qualitative factors are consistent with the existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company will evaluate the impact of adopting this pronouncement when it performs its goodwill impairment test.

In December 2010, the FASB issued an update which addresses the disclosure of supplementary pro forma information for business combinations. The update requires public entities to disclose pro forma information for business combinations that occurred in the current reporting period, including revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. If comparative financial statements are presented, the pro forma revenue and earnings of the combined entity for the comparable prior reporting period should be reported as though the acquisition date for all business combinations that occurred during the current year had been as of the beginning of the comparable prior annual reporting period. Amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company has adopted this update and applied the disclosure requirements in connection with the PCT Merger (See Note 4).

Note 4 – Acquisitions

On January 19, 2011 (the "Closing Date"), NBS Acquisition Company LLC ("Subco"), a newly formed wholly-owned subsidiary of NeoStem, merged (the "PCT Merger") with and into Progenitor Cell Therapy, LLC, a Delaware limited liability company ("PCT"), with PCT as the surviving entity, in accordance with the terms of the Agreement and Plan of Merger, dated September 23, 2010 (the "PCT Merger Agreement"), among NeoStem, PCT and Subco. As a result of the consummation of the PCT Merger, NeoStem acquired all of the membership interests of PCT, and PCT is now a wholly-owned subsidiary of NeoStem.

Founded by Dr. Andrew L. Pecora and Robert A. Preti, Ph.D., PCT became an internationally recognized cell therapy services and development company. They sought to create a business for "as needed" development and manufacturing services for the emerging cell therapy industry and to prepare for eventual commercialization. With its cell therapy manufacturing facilities and team of professionals, PCT offers a platform that can facilitate the preclinical and clinical development and commercialization of cellular therapies for clients throughout the world. PCT offers current Good Manufacturing Practices (cGMP)-compliant cell transportation, manufacturing, storage, and distribution services and supporting clinical trial design, product process development, logistics, regulatory and quality systems development services. In addition, through its network of contacts throughout the cell therapy industry, PCT is able to identify early stage development opportunities in the cell therapy field and opportunistically develop these cell therapies through proof of concept where they can be further developed and ultimately commercialized through NeoStem's developing commercial structure. Dr. Preti now serves as PCT's President and Dr. Pecora as part-time Chief Medical Officer of PCT.

PCT is engaged in a broad range of services in the cell therapy market for the treatment of human disease, including but not limited to contract manufacturing, product and process development, product and regulatory consulting, and product characterization and comparability. PCT's expertise in the cell therapy space, which includes therapeutic vaccines (oncology), various related cell therapeutics, cell diagnostics, and regenerative medicine, creates a platform upon which NeoStem intends to build a therapeutics strategy. NeoStem's goal is to develop internally, or through partnerships, allogeneic (cells from a third-party donor) or autologous (cells from oneself) cell therapeutics technologies that, in the aggregate, will comprise the Cell Therapy – United States reportable segment.

In addition, PCT will assume NeoStem's adult stem cell business based on PCT's strategic advantages in meeting cGMP regulatory requirements in an industry that is widely dispersed with a range of quality issues. NeoStem believes that PCT, as a quality leader, is ideally positioned to become a leader in cell collection, processing and storage (cell banking) which is synergistic with NeoStem's roots in this business. In addition, PCT's leadership in the transportation and distribution of cell therapy products is complementary to NeoStem's strategic vision of working with the industry leader as the partner of choice. These efforts are being bundled together into a new service with PCT's cord blood banking business into a multigenerational stem cell collection and storage plan that the Company will call the "Family Plan".

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

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

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

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

The Warrants are redeemable in certain circumstances. Transfer of the shares issuable upon exercise of the Warrants is restricted until the one year anniversary of the Closing Date.

In accordance with the PCT Merger Agreement, NeoStem has deposited into an escrow account with the escrow agent (who is initially NeoStem's transfer agent), 10,600,000 shares of NeoStem Common Stock for eventual distribution to the former members of PCT (subject to downward adjustment to satisfy any indemnification claims of NeoStem, all as described in the PCT Merger Agreement).

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

The fair value of the net assets acquired in the PCT Merger was $8,186,200. The fair value of the equity issued as consideration by NeoStem was valued at $17,866,200 resulting in the recognition of goodwill in the amount of $9,680,000. The fair value of the equities issued by NeoStem included 10,600,000 shares of NeoStem Common stock valued at $15,900,000 and NeoStem warrants to purchase up to 3,000,000 shares valued at $1,966,200. A portion of the consideration paid is contingent upon the accomplishment of a certain milestone for the $7.00 warrant. Such contingent consideration has been classified as equity and will not be subject to remeasurement. The goodwill that has been created by this acquisition is reflective of values and opportunities of utilizing PCT's cell collection, processing and storage (cell banking) resources and production capacities, as mentioned above. Due to the structure of the transaction, none of the goodwill is expected to be tax deductible.

The preliminary fair value of assets acquired and liabilities assumed on January 19, 2011 are as follows:

Cash	$ 227,900
Accounts Receivable	442,400
Inventory	2,032,800
Other Current Assets	166,200
Property, Plant & Equipment	11,858,400
Intangibles	8,100,000
Goodwill	9,680,000
Other Assets	654,100
Accounts Payable	1,370,900
Other Liabilities	540,500
Deferred Revenues	2,280,200
Amount Due Related Party	3,000,000
Deferred Tax Liability	4,319,600
Mortgages Payable	3,784,600

The total cost of the acquisition, which is still preliminary, has been allocated to the assets acquired and the liabilities assumed based upon their estimated fair values at the date of the acquisition. This estimated purchase price allocation is subject to revision based on additional valuation work that is being conducted. The final allocation is pending the receipt of this valuation work and the completion of the Company's internal review, which is expected during fiscal 2011.

For the period since the acquisition (January 19-March 31, 2011), NeoStem recorded $1,426,200 in revenues and a net loss of $1,631,900 or $.02 basic and diluted loss per share attributable to PCT.

The following supplemental table presents unaudited consolidated pro forma financial information as if the closing of the acquisition of PCT had occurred on January 1, 2010 (in thousands, except per share amounts):

	Three Months Ended March 31,		Three Months Ended March 31,	
	2011	2011	2010	2010
	(As Reported)	(Proforma)	(As Reported)	(Proforma)
Revenues	$ 19,641.1	$ 20,023.5	$ 15,833.2	$ 18,629.2
Cost of revenues	14,294.6	14,619.1	10,851.6	13,702.4
Gross profit	5,346.5	5,404.4	4,981.6	4,926.8
Research and development	2,913.3	2,913.3	1,300.2	1,300.2
Selling, general, and administrative	10,425.0	10,814.2	6,289.7	7,235.1
Operating loss	(7,991.8)	(8,323.1)	(2,608.3)	(3,608.5)
Other income (expense), net	(1,115.3)	(1,150.2)	(172.6)	(442.5)
Loss from operations before provision for income taxes and noncontrolling interests	(9,107.1)	(9,473.3)	(2,780.9)	(4,051.0)
Provision for income taxes	592.6	473.2	502.9	411.2
Net loss	(9,699.7)	(9,946.5)	(3,283.8)	(4,462.2)
Less – net income attributable to noncontrolling interests	473.2	473.2	1,328.7	1,328.7
Preferred dividends	186.7	183.6	99.7	99.7
Net loss attributable to NeoStem, Inc. common shareholders	$ (10,359.6)	$ (10,603.3)	$ (4,712.2)	$ (5,890.6)
Basic and diluted loss per share	$ (0.14)	$ (0.14)	$ (0.12)	$ (0.12)
Weighted average common shares outstanding	73,654,165	75,774,165	40,023,386	50,623,386

The unaudited supplemental pro forma financial information should not be considered indicative of the results that would have occurred if the PCT Merger had been consummated on January 1, 2010, nor are they indicative of future results.

Athelos Corporation ("Athelos") is a subsidiary of PCT pursuing the development of T regulatory cells (TRegs) as a therapeutic to treat disorders of the immune system. Pursuant to a Stock Purchase and Assignment Agreement dated March 28, 2011, Athelos issued approximately 20% of its shares to Becton Dickinson and Company ("BD") in exchange for its rights to certain intellectual property relating to TRegs as owned pursuant to the patent license agreement between the University of Pennsylvania ("Penn") and BD dated September 28, 2005 (the "Penn License"), and the license agreement between ExCell Therapeutics, LLC and BD dated September 16, 2005, as amended August 31, 2007 (the "Excel License"). Pursuant to the Penn License, BD had exclusive worldwide rights to the TReg patents listed in that agreement. As assignee, Athelos will pay Penn a royalty on net sales of licensed products and milestones on initiation of clinical trial stages, license application filings and regulatory approvals. In addition, Athelos will pay Penn an annual license maintenance fee. Pursuant to the ExCell License, BD had exclusive worldwide rights to the patents referenced therein. As assignee, Athelos will pay ExCell a royalty on net sales of licensed products and milestones on completion of clinical trial phases, as well as regulatory approval. It is the express intent of all parties that the BD assignments to Athelos will be expeditiously replaced with direct licenses between Athelos and Penn and between Athelos and USC. Pursuant to the Stockholders' Agreement dated March 28, 2011, Athelos, PCT and BD have agreed, that, among other things, BD will have certain anti-dilution protection for the first $5 million of new investment in Athelos and certain board of directors' observer rights. BD has assigned to Athelos, and Athelos assumed, all rights, title, interest and obligations of BD under a consulting agreement dated as of September 16, 2005 between David Horwitz, M.D. and BD, to be paid retroactively beginning as of January 1, 2011, for services rendered in advancing the Athelos TReg research and development platform. PCT has valued BD's share of the contributed intellectual properties at $927,000 and characterized this acquired intangible asset as in-process research and development which has been recorded as expense within research and development expense for the three months ended March 31, 2011.

Note 5 – Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by reportable segment during three months ended March 31, 2011 were as follows (in thousands):

	Cell Therapy - United States	Regenerative Medicine - China	Pharmaceutical Manufacturing - China
Balance as of December 31, 2010			
Goodwill	$ 558.2	$ -	$ 27,002.0
Accumulated impairment losses	(558.2)	-	-
	-	-	27,002.0
Acquisitions*	9,680.0	-	-
Foreign currency exchange rate changes	-	-	89.0
Balance as of March 31, 2011			
Goodwill	9,680.0	-	27,091.0
	$ 9,680.0	$ -	$ 27,091.0

* Goodwill associated with the PCT Merger

As of March 31, 2011 and December 31, 2010, the Company's intangible assets and related accumulated amortization consisted of the following (in thousands):

		March 31, 2011			December 31, 2010		
	Useful Life	Gross	Accumulated Depreciation	Net	Gross	Accumulated Depreciation	Net
Customer list	10 Years	$ 19,198.5	$ (2,549.1)	$ 16,649.4	$ 17,740.0	$ (2,069.7)	$ 15,670.3
Manufacturing technology	10 Years	9,634.5	(706.4)	8,928.1	4,220.6	(492.4)	3,728.2
Tradename	10 Years	2,287.2	(165.5)	2,121.7	983.9	(114.7)	869.2
In process R&D	Indefinite	2,226.9	-	2,226.9	2,219.6	-	2,219.6
Standard operating procedure	10 Years	1,070.3	(151.6)	918.7	1,066.8	(124.5)	942.3
Lease rights	2 Years	819.9	(580.8)	239.1	817.2	(476.7)	340.5
VSEL patent rights	19 Years	669.0	(114.4)	554.6	669.0	(105.6)	563.4
Patents	8 Years	164.9	(36.3)	128.6	164.3	(31.2)	133.1
Total Intangible Assets		$ 36,071.2	$ (4,304.1)	$ 31,767.1	$ 27,881.4	$ (3,414.8)	$ 24,466.6

Total intangible amortization expense was classified in the operating expense categories for the periods included below as follows (in thousands):

	Three Months Ended March 31,	
	2011	2010
Cost of revenues	$ 341.0	$ 101.6
Selling, general, and administrative	521.7	383.4
Research and development	13.7	13.6
Total	$ 876.4	$ 498.6

Estimated intangible amortization expense on an annual basis for the succeeding five years is as follows (in thousands):

Years Ending December 31,	Amount
2011	$ 2,763.0
2012	3,350.9
2013	3,274.0
2014	3,274.0
2015	3,274.0
Thereafter	15,831.2
Total	$ 31,767.1

Note 6– Accrued Liabilities

Accrued liabilities are as follows (in thousands):

	March 31, 2011	December 31, 2010
VAT and other taxes	$ 807.3	$ 126.6
Amount due on patent infringement	761.0	758.5
Professional fees	638.1	564.7
Customer security deposits	440.9	284.8
Salaries and related taxes	331.4	68.8
Research and development expenses	321.8	-
Employee benefits	202.4	141.8
Utilities	198.6	253.6
Other	110.3	274.8
Franchise taxes	78.3	33.3
Freight insurance	76.5	-
Employee expenses	47.3	-
Rent expense	36.4	26.5
Construction costs	19.5	154.1
Dividends payable	-	84.5
	$ 4,069.8	$ 2,772.0

Note 7 – Bank Loans, Notes Payable and Mortgages Payable

Bank Loans

In November 2010, Erye obtained a bank loan of approximately $3,044,000 from the CITIC Bank International with an interest rate of 5.56% and is due in November 2011.

In March 2011, Erye obtained an additional bank loan of approximately $1,522,000 from the China Merchants Bank with a variable interest rate that is currently 6.06% and is due in September 2011. The interest rate is tied to People's Bank of China benchmark rate; the maximum interest rate on the loan is 12.00%.

Notes Payable

Erye has approximately $14,505,900 of notes payable outstanding as of March 31, 2011. Notes are payable to the banks who issue bank notes to Erye's creditors. Notes payable are interest free and usually mature after a three to six month period. In order to issue notes payable on behalf of Erye, the banks require collateral, such as cash deposits which are approximately 30% - 50% of notes to be issued, or properties owned by Erye. Restricted cash pledged as collateral for the balance of notes payable at March 31, 2011 and December 31, 2010, amounted to approximately $6,024,500 and $3,381,400, respectively. At March 31, 2011 and December 31, 2010, the restricted cash amounted to 41.50% and 35.80%, respectively, of the notes payable Erye issued, and the remainder of the notes payable is collateralized by pledging the land use right Erye owns, which amounted to approximately $4,797,700 and $4,807,800 at March 31, 2011 and December 31, 2010, respectively.

The Company has financed certain insurance policies and has notes payable at March 31, 2011 of approximately $194,400 related to these policies. These notes require monthly payments and mature in less than one year.

Mortgages Payable

On October 31, 2007, PCT issued a note to borrow $3,120,000 (the "Note") in connection with its $3,818,500 purchase of condominium units in an existing building in Allendale, New Jersey (the "Property") that PCT uses as a laboratory and stem cell processing facility. The Note is payable in 239 consecutive monthly payments of principal and interest, based on a 20 year amortization schedule; and one final payment of all outstanding principal plus accrued interest then due. The current monthly installment is $20,766, which includes interest at an initial rate of 5.00%; the interest rate and monthly installments payments are subject to adjustment on October 1, 2017. On that date, upon prior written notice, the lender shall have the option to declare the entire outstanding principal balance, together with all outstanding interest, due and payable in full. The Note is secured by substantially all of the assets of PCT, including a first mortgage on the Property and assignment of an amount approximately equal to eighteen months debt service held in escrow. The Note matures on October 1, 2027 if not called by the lender on October 1, 2017. The Note is subject to certain debt service coverage and total debt to tangible net worth financial covenant ratios semi-annually. The next measurement period for financial covenants is June 30, 2011. PCT was not in compliance with such covenants through December 31, 2010, and has obtained a covenant waiver letter from the lender for all periods through June 30, 2011. The outstanding balance was approximately $2,782,000 at March 31, 2011. On December 6, 2010 PCT Allendale, a wholly-owned subsidiary of PCT, entered into a note for a second mortgage in the amount of $1 million on the Allendale Property with TD Bank, N.A. This loan is guaranteed by PCT, DomaniCell (a wholly-owned subsidiary of PCT, now known as NeoStem Family Storage, LLC), Northern New Jersey Cancer Associates ("NNJCA") and certain partners of NNJCA and is subject to a financial covenant starting December 31, 2011. The loan is for 124 months at a fixed rate of 6% for the first 64 months. The loan is callable for a certain period prior to the interest reset date. The initial four months is interest only. The outstanding balance as of March 31, 2011 is $1,000,000.

Note 8 – Preferred Stock

Convertible Redeemable Series E 7% Preferred Stock

On November 19, 2010, the Company sold 10,582,011 Preferred Offering Units consisting of (i) one share ("Preferred Share") of Series E 7% Senior Convertible Preferred Stock, par value $0.01 per share, of the Company, (ii) a warrant to purchase 0.25 of a share of Common Stock (an aggregate of 1,322,486 warrants) and (iii) 0.0155 of a share of Common Stock (an aggregate of 164,418 shares). Each Preferred Offering Unit was priced at $0.945 and total gross and net proceeds received by the Company were $10,000,000 and $8,876,700, respectively.

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of the Preferred Shares are entitled to receive, out of the assets of the Company available for distribution to shareholders, prior and in preference to any distribution of any assets of the Company to the holders of any other class or series of equity securities, the amount of $1.00 per share plus all accrued but unpaid dividends.

Dividends on the Preferred Shares accrue at a rate of 7% per annum and are payable monthly in arrears. The Company is required to redeem 1/27 of the Preferred Shares monthly.

Monthly dividend and principal payments began on March 21, 2011 and continue on the 19th of each month thereafter with the final payment due on May 20, 2013. Payments can be made in cash or, upon notification to the holders, in shares of Company common stock, provided certain conditions are satisfied or holders of Preferred Shares agree to waive the conditions for that payment period. If the conditions are not satisfied, the Company must make payments in cash. Payments which are made in stock will be made in shares which are freely tradable. The price of the shares will be calculated based on 92% of the average of the lowest 5 days' volume weighted average prices of the 20 trading days prior to the payment date, and the shares are delivered in tranches beginning in advance of the applicable payment date. As of March 31, 2011, the Company had issued 838,729 shares of Company common stock in payment of monthly dividends and principal, including required advanced payments.

The Company may pre-pay the outstanding balance of the Preferred Shares in full or in part (in increments of no less than $1,000,000) at 115% of the then outstanding balance, reducing to 110% after November 19, 2011, with notice of not less than thirty days and adequate opportunity to convert. If the Company chooses to pre-pay, the outstanding balance must be paid in cash and the premium may be paid in cash or shares of Company common stock.

Upon issuance, the Preferred Shares were convertible at an initial conversion price of $2.0004. The conversion price is subject to certain weighted average adjustments upon the occurrence of specific events, including stock dividends, stock splits, combinations and reclassifications of the Company's common stock and if (with certain exceptions) the Company issues or sells any additional shares of common stock or common stock equivalents at a price per share less than the conversion price then in effect, or without consideration. As of March 31, 2011, the conversion price had been adjusted to $1.9787.

An aggregate of $2,500,000 of the proceeds from the Preferred Offering was placed in escrow for a maximum of 2.5 years as security for the Company's obligations relative to the Preferred Shares, and is included in other assets.

The characteristics of the Series E Preferred Stock: cumulative dividends, mandatory redemption, no voting rights, and callable by the Company, require that this instrument be treated as mezzanine equity. The Company bifurcated the fair value of the embedded conversion options and redemption options from the preferred stock since the conversion options and certain redemption options were determined to not be clearly and closely related to the preferred stock host. The Company recorded the fair value of the embedded conversion and redemption options as long-term derivative liabilities as the conversion price is not fixed and the forced redemption option contains substantial premiums over the stated dividend rate for the preferred stock. The Company also recorded the fair value of the warrants as a long-term derivative liability as the number of warrant shares and exercise price of the warrants is not fixed. The Series E Preferred Stock was discounted by the fair value of the derivatives liabilities. The fair value of the preferred stock (net of issuance costs and discounts), the embedded derivatives, and warrant derivative were $6,424,500, $2,466,800 and $356,600, respectively, as of March 31, 2011. The Company will report changes in the fair value of the embedded derivatives and warrant derivative in earnings within other income (expense), net. The discount and issuance costs on the preferred stock will be amortized through May 20, 2013 using the effective interest method and will be reflected within interest expense. As of March 31, 2011, the Company recorded an increase in the fair value of the embedded derivatives and warrant derivative of $185,000 and $81,300, respectively.

Note 9 – Shareholders' Equity

Common Stock:

The authorized common stock of the Company is 500 million shares, par value $0.001 per share.

On March 3, 2011, the Company consummated a private placement pursuant to which five persons and entities acquired an aggregate of 2,343,750 shares of Common Stock for an aggregate consideration of $3,000,000 (purchase price $1.28 per share). The investors included Steven S. Myers (one of the Company's directors) (who purchased 390,625 shares) and Dr. Andrew L. Pecora (the Chief Medical Officer of the Company's subsidiary PCT) (who purchased 78,125 shares). On April 5, 2011, we consummated a private placement pursuant to which nine persons and entities acquired an aggregate of 1,244,375 shares of Common Stock for an aggregate consideration of $1,592,800 (purchase price $1.28 per share), of which approximately $592,700 was received by the Company as of March 31, 2011.

Warrants:

The Company has issued common stock purchase warrants from time to time to investors in private placements and public offerings, and to certain vendors, underwriters, placement agents and consultants of the Company. A total of 25,129,066 shares of common stock are reserved for issuance upon exercise of outstanding warrants as of March 31, 2011 at prices ranging from $0.50 to $7.00 and expiring through January 2018.

During the three months ended March 31, 2011 and 2010, the Company issued warrants for services as follows ($ in thousands, except share data):

	Number of Common Stock Purchase Warrants Issued		Value of Common Stock Purchase Warrants Issued		Common Stock Purchase Warrant Expense Recognized	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2011	2010	2011	2010	2011	2010
Warrants issued for investor relations services	100,000	200,000	$ 114.0	$ 242.7	$ 55.6	$ 126.4
Warrants issued for consulting services	110,000	275,000	96.3	324.9	99.6	8.1
Warrants issued for legal services	60,000	52,000	70.6	57.6	17.6	11.3
	270,000	527,000	$ 280.9	$ 625.2	$ 172.8	$ 145.8

The weighted average estimated fair value of warrants issued for services in the three months ended March 31, 2011 was $1.04. The fair value of warrants at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility is based upon historical volatility of the Company's stock. The expected term is based upon the contractual term of the warrants.

The range of assumptions used in calculating the fair values of warrants issued for services during the three months ended March 31, 2011 and 2010 were as follows:

	Three Months Ended March 31,	
	2011	2010
Expected term (in years)	3 to 5	5
Expected volatility	82% - 86%	107% - 124%
Expected dividend yield	0%	0%
Risk-free interest rate	1.29% - 2.24%	2.30% - 2.65%

Activity related to warrants outstanding was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance at December 31, 2010	21,843,507	2.62		
Granted	3,285,559	4.69		
Exercised	-	-		
Expired	-	-		
Cancelled	-	-		
Balance at March 31, 2011	25,129,066	$ 2.89	4.1	$ 276,880

At March 31, 2011, the outstanding warrants by range of exercise prices were as follows:

	Warrants Outstanding			Warrants Exercisable		
Range of Exercise Prices	Shares Outstanding March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares Exercisable March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 0.50 to $ 1.99	4,980,702	4.1	$ 1.75	1,473,209	2.7	$ 1.63
$ 1.99 to $ 2.53	14,540,557	3.4	2.45	13,202,512	4.0	2.49
$ 2.53 to $ 3.01	1,734,417	4.6	2.90	1,734,417	4.6	2.90
$ 3.01 to $ 5.01	1,191,511	6.1	4.22	1,191,511	6.1	4.94
$ 5.01 to $ 7.01	2,681,879	3.5	6.45	1,681,879	1.5	6.13
	25,129,066	4.1	$ 2.89	19,283,528	3.9	$ 2.93

The total fair value of shares vested for warrants issued for services during the three months ended March 31, 2011 was approximately $108,200. As of March 31, 2011, there was approximately $313,000 of total unrecognized service cost related to unvested warrants of which approximately $120,700 is related to warrants that vest over a weighted average life of 0.6 years. The remaining balance of unrecognized service cost of $192,300 is related to warrants that vest based on the accomplishment of business milestones as to which expense begins to be recognized when such milestones become probable of being achieved.

Options:

The Company's 2003 Equity Participation Plan (the "2003 Equity Plan") permits the grant of share options and shares to its employees, directors, consultants and advisors for up to 2,500,000 shares of Common Stock as stock-based compensation. The 2009 Equity Compensation Plan (the "2009 Equity Plan") makes up to 17,750,000 shares of Common Stock of the Company available for issuance to employees, consultants, advisors and directors of the Company and its subsidiaries pursuant to incentive or non-statutory stock options, restricted and unrestricted stock awards and stock appreciation rights.

All stock options under the 2003 Equity Plan and the 2009 Equity Plan are granted at the fair market value of the Common Stock at the grant date. Stock options vest either on the date of grant, ratably over a period determined at time of grant, or upon the accomplishment of specified business milestones, and generally expire 3, 5 or 10 years from the grant date depending on the status of the recipient as a consultant, advisor, employee or director of the Company.

The 2009 Equity Plan was originally adopted by the shareholders of the Company on May 8, 2009. On October 29, 2009, the shareholders of the Company approved an amendment to the 2009 Equity Plan to increase the number of shares of common stock available for issuance thereunder from 3,800,000 to 9,750,000. At the 2010 Annual Meeting of Shareholders of the Company held on June 2, 2010, the shareholders approved an amendment to increase this number to 13,750,000. At a Special Meeting of Shareholders of the Company held on January 18, 2011, the shareholders approved an amendment to increase this number to 17,750,000.

The 2003 Equity Plan and the 2009 Equity Plan are sometimes collectively referred to as the Company's "U.S. Equity Plan." The Company's 2009 Non-U.S. Based Equity Compensation Plan ("Non-U.S. Equity Plan") makes up to 8,700,000 shares of Common Stock of the Company available for issuance. Persons eligible to receive restricted and unrestricted stock awards, options, stock appreciation rights or other awards under the Non-U.S. Equity Plan are those service providers to the Company and its subsidiaries and affiliates providing services outside of the United States, including employees and consultants of the Company and its subsidiaries and affiliates, who, in the opinion of the Compensation Committee, are in a position to contribute to the Company's success. Options vest either on the date of grant, ratably over a period determined at time of grant, or upon the accomplishment of specified business milestones, and generally expire 3, 5 or 10 years from the grant date depending on the status of the recipient as a consultant, advisor, employee or director of the Company.

The Non-U.S. Equity Plan was originally adopted by the shareholders of the Company on October 29, 2009. At the 2010 Annual Meeting of Shareholders of the Company held on June 2, 2010, the shareholders approved an amendment to increase the number of shares of common stock authorized for issuance thereunder from 4,700,000 to 8,700,000.

The Company's results include share-based compensation expense of approximately $1,130,300 and $1,685,600 for the three months ended March 31, 2011 and 2010, respectively. Options vesting on the accomplishment of business milestones will not be recognized for compensation purposes until such milestones are deemed probable of accomplishment. At March 31, 2011 there were options to purchase 1,704,928 shares outstanding that will vest upon the accomplishment of business milestones and will be accounted for as an operating expense when such business milestones are deemed probable of accomplishment.

The weighted average estimated fair value of stock options granted in the three months ended March 31, 2011 was $1.04. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility is based upon historical volatility of the Company's stock. The expected term is based upon observation of actual time elapsed between date of grant and exercise of options for all employees.

The range of assumptions used in calculating the fair values of options granted during the three months ended March 31, 2011 and 2010 were as follows:

	Three Months Ended March 31,	
	2011	2010
Expected term (in years)	2 to 6	10
Expected volatility	82% - 85%	122%
Expected dividend yield	0%	0%
Risk-free interest rate	0.80% - 2.53%	3.80%

Activity related to stock options outstanding under the U.S. Equity Plan was as follows:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance at December 31, 2010	9,932,214	1.87		
Granted	2,727,100	1.48		
Exercised	-	-		
Expired	-	-		
Cancelled	(679,219)	1.78		
Balance at March 31, 2011	11,980,095	$ 1.79	7.4	$ 883,806

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Shares Outstanding March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares Exercisable March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 0.71 to $ 1.89	7,075,100	7.9	$ 1.61	2,758,501	7.8	$ 1.67
$ 1.89 to $ 1.96	3,009,945	5.6	1.91	2,428,351	5.5	1.91
$ 1.96 to $ 4.96	1,843,700	8.1	2.10	1,322,867	7.7	2.06
$ 4.96 to $ 7.01	27,250	4.3	5.60	27,250	4.3	5.60
$ 7.01 to $ 15.00	24,100	3.7	11.76	24,100	3.7	11.76
	11,980,095	7.4	$ 1.79	6,561,069	6.9	$ 1.89

Activity related to stock options outstanding under the Non U.S. Equity Plan was as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2010	3,100,000	2.02		
Granted	-	-		
Exercised	-	-		
Expired	-	-		
Cancelled	-	-		
Balance at March 31, 2011	3,100,000	$ 2.02	9.1	$ 87,000

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Shares Outstanding March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares Exercisable March 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 1.42 to $ 1.65	150,000	9.7	$ 1.42	-	-	$ -
$ 1.65 to $ 1.93	600,000	9.4	1.65	-	-	-
$ 1.93 to $ 2.08	1,100,000	8.6	2.04	266,666	8.6	2.04
$ 2.08 to $ 2.22	650,000	9.2	2.16	150,000	9.2	2.16
$ 2.22 to $ 2.37	600,000	9.2	2.36	200,000	9.2	2.36
	3,100,000	9.1	$ 2.02	616,666	8.9	$ 2.17

The total fair value of shares vested during the three months ended March 31, 2011 and 2010 was approximately $378,800 and $1,685,600 respectively.

The number of remaining shares authorized to be issued under the various equity plans at March 31, 2011 are as follows:

	US Equity Plan	Non US Equity Plan
Shares Authorized for Issuance under 2003 Equity Plan	2,500,000	-
Shares Authorized for Issuance under 2009 Equity Plan	17,750,000	-
Shares Authorized for Issuance under Non US Equity Plan	-	8,700,000
	20,250,000	8,700,000
Outstanding Options - US Equity Plan	(11,980,095)	-
Exercised Options	(92,500)	-
Outstanding Options - Non US Equity Plan	-	(3,100,000)
Restricted stock or equity grants issued under Equity Plans	(2,260,983)	(885,000)
Total common shares remaining to be issued under the Equity Plans	5,916,422	4,715,000

As of March 31, 2011, there was approximately $8,856,900 of total unrecognized compensation costs related to unvested stock option awards of which approximately $6,383,300 is related to stock options that vest over a weighted average life of 2.22 years. The remaining balance of unrecognized compensation costs of $2,473,600 is related to stock options that vest based on the accomplishment of business milestones which expense begins to be recognized when such milestones become probable of being achieved.

Note 10 – Income Taxes

The Tax Reform Act of 1986 enacted a complex set of rules limiting the utilization of net operating loss carryforwards ("NOL") to offset future taxable income following a corporate ownership change. The Company's ability to utilize its NOL carryforwards is limited following a change in ownership in excess of fifty percentage points during any three-year period.

Since the year 2000, the Company has had several changes in ownership which has resulted in a limitation on the Company's ability to apply net operating losses to future taxable income. As of December 31, 2010 the Company has lost $21,973,200, or $7,470,900 in tax benefits, of net operating losses applicable to Federal income taxes which expired due to these limitations. At December 31, 2010, the Company had net operating loss carryforwards of approximately $39,590,500 applicable to future Federal income taxes. The tax loss carryforwards are subject to annual limitations and expire at various dates through 2030. The Company has recorded a full valuation allowance against its net deferred tax asset because it is more likely than not that such deferred tax assets will not be realized.

Note 11 – Segment Information

The Company's financial information broken down by reportable segment was as follows (in thousands):

	Three Months Ended March 31,	
	2011	2010
Revenues		
Pharmaceutical Manufacturing - China	$ 18,141.8	$ 15,774.5
Cell Therapy - United States	1,449.1	58.7
Regenerative Medicine - China	50.2	-
	$ 19,641.1	$ 15,833.2
Income (loss) from operations		
Pharmaceutical Manufacturing - China	$ 2,119.5	$ 3,190.7
Cell Therapy - United States	(3,962.1)	(1,570.2)
Regenerative Medicine - China	(730.1)	(313.4)
Corporate office	(5,419.1)	(3,915.4)
	$ (7,991.8)	$ (2,608.3)
Total assets		
Pharmaceutical Manufacturing - China	$ 130,355.0	$ 111,709.0
Cell Therapy - United States	29,825.0	2,031.6
Regenerative Medicine - China	4,090.7	1,924.8
Corporate office	11,539.3	6,337.2
	$ 175,810.0	$ 122,002.6

Note 12 – Related Party Transactions

At March 31, 2011, Erye owed EET, the 49% shareholder of Erye, $15,259,100. Included in the amounts owed to EET are:

- Dividends paid and loaned back to Erye amounting to $14,708,100 and accrued interest of $787,100, the interest rate on this loan is 5.81%. The loan agreement does not define a fixed repayment date or schedule of payments but does call for repayment after construction of the new manufacturing facility is completed.
- Non interest bearing advances due from EET of $638,100; and
- A non interest bearing loan due to EET of $402,000 due 2011.

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 PCT's obligations to NNJCA arising from the underlying line of credit and security agreement. Dr. Andrew Pecora (who was PCT's Chairman and CEO prior to the PCT Merger, and who became PCT's Chief Medical Officer on January 19, 2011 pursuant to an employment agreement effective upon the closing of the PCT Merger), has served as Managing Partner of NNJCA since 1996.

Note 13 – Commitments and Contingencies

Pursuant to the terms of the Director Compensation Plan adopted on November 4, 2009, as amended, each non-employee director of the Company, including directors who are employees of partially owned joint ventures, are entitled to quarterly cash compensation equal to $15,000, payable in arrears. Based on the current Board structure, this will equal approximately $360,000 annually.

As of October 2, 2009, the Company entered into indemnification agreements with its Chief Executive Officer, Chief Financial Officer, General Counsel, certain other employees and each of its directors pursuant to which the Company has agreed to indemnify such party to the full extent permitted by law, subject to certain exceptions, if such party becomes subject to an action because such party is the Company's director, officer, employee, agent or fiduciary.

The Company entered into an agreement for the lease of executive office space from SLG Graybar Sublease LLC at Suite 450, 420 Lexington Avenue, New York, NY 10170 with a lease term effective April 1, 2009 through June 30, 2013. This serves as the Company's corporate headquarters. The base monthly rent, which includes storage space, is currently approximately $21,500 per month, scheduled to increase to approximately $22,000 in July 2011. Pursuant to this lease, the Company is obligated to pay on a monthly basis fixed annual rent and certain items as additional rent including utility payments. The security deposit for this property was approximately $157,100.

In September 2009, the Company entered into an agreement for the lease of space from Rivertech Associates II, LLC, c/o The Abbey Group at 840 Memorial Drive, Cambridge, Massachusetts with a lease term effective September 1, 2009 through August 31, 2012. The space is being used for general office, research and development, and laboratory space (inclusive of an adult stem cell collection center). The base rent under this lease is currently $29,737 per month, scheduled to increase to $30,750 per month in September 2011. In addition, the Company is responsible for certain costs and charges specified in the lease, including utilities, operating expenses and real estate taxes. The security deposit was $84,141. The Company is assessing its need for the Cambridge facility going forward given the acquisition of PCT with its Allendale, NJ and Mountain View, CA facilities.

In May 2009, Neo Bio-Technology, one of the Company's VIEs in China, entered into leases (assigned to NeoStem (China) in February 2010) with Beijing Zhongguan-cun Life Science Park Development Corp., Ltd. pursuant to which NeoStem (China) is leasing laboratory, office and storage space in Beijing for the aggregate monthly amount of approximately $23,000. Lease payments are due quarterly in advance, and upon entering into the lease a three month security deposit was also paid. The term of the leases is for approximately three years. The Beijing Facility is located at the Life Science Innovation Center, Life Science Park, Zhongguancum, Beijing.

NeoBiotechnology has been leasing office space in Qingdao since August 2009. The current lease is effective through September 2011 at a monthly rent of approximately $1,300, payable as to half the total lease amount by September 2010 and as to the remaining half in March 2011. NeoBiotechnology is relocating to Tianjin to take advantage of tax and other concessions that are being made available.

In November 2007, the Company entered into an acquisition agreement with UTEK Corporation ("UTEK") and Stem Cell Technologies, Inc., a wholly owned subsidiary of UTEK ("SCTI"), pursuant to which the Company acquired all the issued and outstanding common stock of SCTI in a stock-for-stock exchange. SCTI contains an exclusive, worldwide license to a technology developed by researchers at the University of Louisville to identify and isolate rare stem cells from adult human bone marrow, called very small embryonic like stem cells. Concurrent with the SCTI acquisition, NeoStem entered into a sponsored research agreement ("SRA") with the University of Louisville under which NeoStem has been supporting further research in the laboratory of Mariusz Ratajczak, M.D., Ph.D. a co-inventor of the VSEL ™ Technology and head of the Stem Cell Biology Program at the James Brown Cancer Center at the University of Louisville. The SRA, which has been periodically amended, called for payments in 2008 of $50,000, 2009 of $65,337, and 2010 of $86,068, all of which has been paid and recorded as research and development expense. An additional $95,128 is payable in 2011 until December 31, 2011, the end of the term.

Under a License Agreement entered into with the University of Louisville Research Foundation ("ULRF") in November 2007, SCTI agreed to engage in a diligent program to develop the VSEL ™ Technology. Certain license fees and royalties are to be paid to ULRF from SCTI, and SCTI is responsible for all payments for patent filings and related applications. Portions of the license may be converted to a non-exclusive license if SCTI does not diligently develop the VSEL ™ Technology or terminated entirely if SCTI chooses to not pay for the filing and maintenance of any patents thereunder. Under the License Agreement, which has an initial term of 20 years, the Company has paid to date approximately $117,000, which has been recorded as research and development expense, consisting of various up-front fees, including $22,000 in connection with its May 2010 amendment, and is required to pay under the license certain other future fees including: (i) a specified non-refundable annual license maintenance fee upon issuance of the licensed patent in the United States; (ii) a specified royalty on net sales; (iii) specified milestone payments; and (iv) specified payments in the event of sublicensing. The License Agreement also contains certain provisions relating to "stacking," permitting SCTI to pay royalties to ULRF at a reduced rate in the event it is required to also pay royalties to third parties exceeding a specified threshold for other technology in furtherance of the exercise of its patent rights or the manufacture of products using the VSEL ™ Technology.

In connection with the issuance to investors and service providers of many of the shares of the Company's common stock and warrants to purchase common stock previously disclosed and described herein, the Company granted the holders registration rights providing for the registration of such shares of common stock and shares of common stock underlying warrants on a registration statement to be filed with the Securities and Exchange Commission ("SEC") so as to permit the resale of those shares. Certain of the registration rights agreements provided for penalties for failure to file or failure to obtain an effective registration statement. With respect to satisfying its obligations to the holders of these registration rights, the Company has been in various positions. The Company had previously filed a registration statement as required for some of the holders, and in May 2011 filed a registration statement for all of the holders (except for holders whose shares of Common Stock are currently salable under Rule 144 of the Securities Act or who waived certain rights), but to date, such registration statement has not been declared effective by the SEC. Certain holders who had outstanding registration rights had previously waived their registration rights or were subject to lock-up agreements. No holder has yet asserted any claim against the Company with respect to a failure to satisfy any registration obligations. Were someone to assert a claim against the Company for breach of registration obligations, the Company believes it has several defenses that would result in relieving it from some or any liability, although no assurances can be given. The Company also notes that damage claims may be limited, as (i) most, if not all, shares of Common Stock as to which registration rights attached are currently salable under Rule 144 of the Securities Act or are otherwise currently subject to other restrictions on sale and (ii) during much of the relevant periods the warrants with registration rights generally have been out of the money, were subject to lock-up agreements and/or the underlying shares of Common Stock were otherwise subject to restrictions on resale. Accordingly, were holders to assert claims against the Company based on breach of the Company's obligation to register, the Company believes that the Company's maximum exposure from non-related parties would not be material.

Xiangbei Welman Pharmaceutical Co., Ltd. v Suzhou Erye Pharmaceutical Co., Ltd. and Hunan Weichu Pharmacy Co., Ltd. involves a patent infringement dispute with respect to a particular antibiotics complex manufactured by Erye (the "Product"). The Changsha Intermediate People's Court in Hunan Province, PRC in the foregoing case rendered a judgment on May 13, 2010 against Erye as follows: (i) awarding plaintiff Xiangbei Welman damages and costs of approximately 5 million RMB (approximately $750,000) against Erye which was fully accrued for at March 31, 2011; and (ii) enjoining Erye from manufacturing, marketing and selling the Product. The Product represented approximately 5% and 1%, respectively, of Erye's sales for the three months ended March 31, 2011 and 2010. Erye has appealed the court judgment, and is also engaged in settlement negotiations. On March 21, 2011, Changsha Intermediate Court issued a civil decision suspending the execution of the Preliminary Injunction. Therefore, Erye is currently free to produce, sell or offer to sell the product.

On May 19, 2006, PCT entered into a line of credit agreement with Amorcyte Inc. ("Amorcyte"), an entity which was spun out of PCT in 2006, 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. The Company has not loaned any amount to Amorcyte under this agreement through March 31, 2011. The line of credit agreement expires on the earlier of (i) the date on which the Company 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.

In September 2005, PCT entered into a one-year lease directly with Vanni Business Park, LLC, the landlord for the Mountain View, California laboratory space leasing the entire building. This new lease commenced July 1, 2006, with monthly base rent of $26,275. In July 2006, PCT entered into an agreement to amend this lease and extended the term through June 30, 2012, for an initial monthly base rent of $33,782 with yearly escalations thereafter.

The Company leases office and laboratory facilities and certain equipment under certain noncancelable operating leases that expire from time to time through 2015. A summary of future minimum rental payments required under operating leases that have initial or remaining terms in excess of one year as of March 31, 2011 are as follows (in thousands):

Year ended	Operating Leases
2011	$ 1,772.2
2012	1,162.9
2013	317.7
2014	37.6
2015	20.2
Thereafter	28.8
Total minumum lease payments	$ 3,339.4

Expense incurred under operating leases was approximately $412,600 and $452,500 for the three months ended March 31, 2011 and 2010, respectively.

Note 14 – Subsequent Events

On April 4, 2011, the Company entered into an amendment of its May 26, 2006 employment agreement with Dr. Robin L. Smith, pursuant to which, as previously amended (the "Agreement"), Dr. Smith serves as Chairman of the Board and Chief Executive Officer of the Company. Pursuant to the amendment, (i) the term of the Agreement was extended from December 31, 2011 to December 31, 2012; (ii) Dr. Smith will receive cash bonuses on October 1, 2011 and 2012 in the minimum amount of 110% of the prior year's bonus; (iii) a failure to renew the Agreement at the end of the term regardless of reason shall be treated as a termination by the Company without cause; (iv) the Company shall pay Dr. Smith her base salary and COBRA premiums (a) for one year in the event of a termination of the agreement by Dr. Smith for other than good reason and (b) during any period during which she is bound by non-competition, non-solicitation or similar covenants with the Company (such payments shall not be made during the time Dr. Smith is also receiving payments under (iii) or (iv)(a)); (v) Dr. Smith was granted an option to purchase 1,500,000 shares of Common Stock at a per share exercise price equal to the closing price of the Common Stock on the date of the amendment, vesting as to 500,000 shares on each of the date of grant, December 31, 2011 and December 31, 2012; (vi) all other unvested options held by Dr. Smith were immediately vested; (vii) any vested options previously or hereafter granted to Dr. Smith during the remainder of the term shall remain exercisable following termination of employment for the full option term until the expiration date; (viii) the Company agreed that, with the exception of the period of time during which Dr. Smith is a Company affiliate and for 90 days thereafter (during which time any shares owned by or issued to Dr. Smith will bear the Company's standard affiliate legend), the Company will not place legends on shares on Common Stock owned by Dr. Smith restricting the transfer of such shares so long as such shares are sold under an effective registration statement, pursuant to Rule 144 or are eligible for sale under Rule 144 without volume limitations; and (ix) if Dr. Smith ceases to be employed by the Company and for so long as she continues to own shares of Common Stock the sale of which would require that the current public information requirement of Rule 144 be met, the Company will use its reasonable best efforts to timely meet those requirements or obtain appropriate extensions or otherwise make available such information as is required. Except as set forth in the amendment, the Agreement remains unchanged.

On April 4, 2011, the Compensation Committee of the Board of Directors issued options to purchase an aggregate of up to approximately 2,550,000 shares of Common Stock to Company employees, officers, advisors and consultants in a company-wide grant. An aggregate of 1,250,000 of such options were issued to executive officers. The per share exercise price was $1.74, the closing price on the date of grant.

On April 5, 2011, the Company consummated a private placement pursuant to which nine persons and entities acquired an aggregate of 1,244,375 shares of Common Stock for an aggregate consideration of $1,592,800 (purchase price $1.28 per share).

Effective May 5, 2011, the Company entered into a sublease ("Sublease") of a portion of its leased facilities at 840 Memorial Drive, Cambridge, Massachusetts for a term of 15 months from June 1, 2011 through August 31, 2012. The sublet premises are comprised of approximately 3,500 of the approximately 8,100 square feet currently under lease to the Company pursuant to its lease with Rivertech Associates II, LLC c/o The Abbey Group effective September 1, 2009 with a term through August 31, 2012 ("Main Lease"). Monthly fixed rent under the Sublease is approximately $9,333, and in addition the subtenant pays approximately 43% of certain items of additional rent for which the Company is responsible under the Main Lease, including operating expenses and real estate taxes, as well as a portion of utilities. The security deposit under the Sublease was $18,667.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Cautionary Note Regarding Forward-Looking Statements" herein and under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010 . The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this quarterly report and in our Annual Report on Form 10-K for the year ended December 31, 2010.

The Overview

NeoStem, Inc. is an international biopharmaceutical company operating in three reportable segments: (i) Cell Therapy — United States; (ii) Regenerative Medicine — China; and (iii) Pharmaceutical Manufacturing — China.

Through the Cell Therapy — United States segment, NeoStem is focused on the development of proprietary cellular therapies in oncology, immunology and regenerative medicine and becoming a single source for collection, storage, manufacturing, therapeutic development and transportation of cells for cell based medicine and regenerative science globally. Within this segment, we also are a provider of adult stem cell collection, processing and storage services in the U.S., enabling healthy individuals to donate and store their stem cells for personal therapeutic use. During 2010, we expanded our network of adult stem cell collection centers to include ten centers throughout the country.

We strengthened our expertise in cellular therapies with our January 19, 2011 acquisition of Progenitor Cell Therapy, LLC, a Delaware limited liability company ("PCT"), pursuant to which we acquired all of the membership interests of PCT, and PCT is now a wholly-owned subsidiary of NeoStem. PCT is engaged in a wide range of services in the cell therapy market for the treatment of human disease, including, but not limited to, contract manufacturing, product and process development, regulatory consulting, product characterization and comparability, and storage, distribution, manufacturing and transportation of cell therapy products. PCT's legacy business relationships also afford NeoStem introductions to innovative therapeutic programs. For example, Amorcyte, a PCT spin-off which is now a NeoStem customer, has completed a Phase I clinical trial using stem cells to treat post-acute myocardial infarction and is ready to move into Phase II testing. Also, through the PCT acquisition, NeoStem now owns approximately an 80% interest in Athelos, a company developing a T-cell based immunomodulatory therapeutic. Results from ongoing Phase 1 trials will determine the next phase of trials under this program. We view the PCT acquisition as fundamental to building a foundation for achieving our strategic mission of capturing the paradigm shift to cell therapy.

Through our Regenerative Medicine — China segment, in 2009, we began several China-based, Regenerative Medicine initiatives including: (i) creating a separate China-based cell therapy operation, (ii) constructing a stem cell research and development laboratory and processing facility in Beijing, (iii) establishing relationships with hospitals to provide cell-based therapies, and (iv) obtaining product licenses covering several adult stem cell therapeutics focused on regenerative medicine.

We acquired our Pharmaceutical Manufacturing — China segment when on October 30, 2009, China Biopharmaceuticals Holdings, Inc. ("CBH") merged with a wholly-owned subsidiary of NeoStem (the "Erye Merger"). As a result of the Erye Merger, NeoStem acquired CBH's 51% ownership interest in Erye, a Sino-foreign joint venture with limited liability organized under the laws of the People's Republic of China. Erye was founded more than 50 years ago and represents an established, vertically-integrated pharmaceutical business. Historically, Erye has concentrated its efforts on the manufacturing and distribution of generic antibiotic products. In 2010, Erye began transferring its operations to its newly constructed manufacturing facility. The relocation is continuing as the new production lines are completed and receive cGMP certification through 2011. The relocation is significantly increasing Erye's manufacturing capacity and allowing for growth in line with rising demand as a result of healthcare reform in China today.

Results of Operations

Three Months Ended March 31, 2011 Compared to the Three Months Ended March 31, 2010

Revenue

For the three months ended March 31, 2011, total revenues were $19,641,100 compared to $15,833,200 for the three months ended March 31, 2010. Revenues for the three months ended March 31, 2011 and 2010, respectively, were comprised of the following:

	Three Months Ended March 31,	
	2011	2010
Cell Therapy - United States	$ 1,449,100	$ 58,700
Regenerative Medicine - China	50,200	-
Pharmaceutical Manufacturing - China	18,141,800	15,774,500
	$ 19,641,100	$ 15,833,200

The increase in revenue for our Cell Therapy – United States reporting unit is due to revenues generated by PCT which was acquired in January 2011.

Revenues for our Pharmaceutical Manufacturing – China reporting unit increased approximately 15%. This increase was due to sales of antibiotics and cephalosporins and other therapeutic products which increased approximately 22%. The increase was primarily due to Erye's expanded distribution network, additional market coverage, and concurrent with the general increase in demand for pharmaceutical products in China; partially offset by the decrease in sales of pharmaceutical intermediates to other pharmaceutical manufacturers resulting from the strategic decision by Eyre to shift the product mix from lower margin product sales to higher margin product sales which had the effect of reducing sales growth by 11%. The balance of the increase year over year of approximately 4% is due to increases in the exchange rate between the Chinese Yuan and the United States dollar.

For the three months ended March 31, 2011 cost of revenue for Pharmaceutical Manufacturing – China was approximately $12,606,300 and the balance relates to Cell Therapy – United States and Regenerative Medicine – China. For the three months ended March 31, 2010 cost of revenue for Pharmaceutical Manufacturing – China was approximately $10,821,700 and the balance relates to Cell Therapy – United States and Regenerative Medicine – China.

Gross margin for the three months ended March 31, 2011 totaled approximately $5,346,500 of which virtually all is attributable to the sale of pharmaceutical products. Gross margin for the three months ended March 31, 2010 totaled approximately $4,981,600 of which virtually all is attributable to the sale of pharmaceutical products. Gross margin for Pharmaceutical Manufacturing – China grew approximately 11.8%, a slightly slower pace than sales growth, primarily as result of the strategic decision to give up low margin pharmaceutical intermediates and free up capacity for higher margin products in the future and an increase in amortization expense associated with intangible assets acquired in the Erye merger.

Operating Expenses

For the three months ended March 31, 2011 operating expenses totaled $13,338,300 compared to $7,589,900 for the three months ended March 31, 2010, representing an increase of $5,748,400 or 75.7%.

Historically, to minimize our use of cash, we have used a variety of equity and equity-linked instruments to pay for services and to incentivize employees, consultants and other service providers. The use of these instruments has resulted in significant charges to the results of operations. In general, these equity and equity-linked instruments were used to pay for employee and consultant compensation, director fees, marketing services, investor relations and other activities. For the three months ended March 31, 2011 the use of equity and equity-linked instruments to pay for such expenses resulted in charges to selling, general, administrative and research expenses of $2,506,200, representing an increase of $639,700 over the three months ended March 31, 2010.

For the three months ended March 31, 2011, our selling, general, and administrative expenses were $10,425,000 compared to $6,289,700 for the three months ended March 31, 2010, representing an increase of $4,135,300, which was the result of:

- The acquisition of PCT increased selling, general and administrative expenses by approximately $693,000.
- Our continuing general and administrative expenses increased by approximately $3,099,600.
    - Approximately $1,308,700 of this increased operating expense was related to Erye's operation which included an increase in taxes of $706,400 which was related principally to withholding taxes paid on dividends declared in January, 2011 that were retained in the business. Depreciation expense increased by approximately $301,800 due to full year impact of the move of the administrative operations to the new plant in 2010. The remainder of the increase was the result of a variety of increases in administrative activities at Erye.
    - As a result of completing the acquisition of PCT and related and other SEC filings and transactions our expenses associated with the use of our attorneys increased approximately $374,400 and our auditing expense increased approximately $325,800.
    - Equity compensation to employees, directors and consultants increased approximately $570,300.
    - Administrative expenses for NeoStem China increased approximately $280,700. A majority of this increase was due to an increase in depreciation expense of $199,300 related to the Beijing facilities. The balance of the increase was primarily related to staff increases.
    - Corporate and headquarters expenses increased approximately $186,300.
- Sales and marketing expenses increased by $342,700 over the three months ended March 31, 2010. Approximately $106,700 of this increased operating expense was related to the sales and marketing efforts of NeoStem China and $266,200 related to amortization of intangible assets acquired in the Erye and PCT acquisitions. The use of equity instruments to incentivize staff and pay for services totaled $109,300, a decrease of $46,900 over the three months ended March 31, 2010.

For the three months ended March 31, 2011, our research and development expenses totaled $2,912,300 compared to $1,300,200 for the three months ended March 31, 2010, representing an increase of $1,612,100. In March 2011 the Company, through PCT's subsidiary Athelos, entered into an agreement with Becton, Dickinson and Company ("BD") to acquire certain intellectual properties, in the area of T-cell regulation, in exchange for an approximately 20% interest in Athelos. PCT has valued BD's share of the contributed intellectual properties at $927,000 and characterized this acquired intangible asset as in process research and development which has been reflected in research and development expense for the three months ended March 31, 2011. Research and development efforts in the area of cellular therapy increased approximately $263,600, principally related to staff increases and consulting costs. The use of equity instruments to incentivize research staff totaled $260,100, an increase of $116,300 over the three months ended March 31, 2010. Research related to our VSEL ™ technology increased operating expenses by $52,100. Development expenses at Erye added $112,100 of research and development expense to our operating expenses compared to Erye's first quarter 2010 research and development expenses. The balance of the increase in research and development expense of $158,000 is related to costs associated with the cost of our research facility in Beijing.

Other Income and Expense

During the quarter ended March 31, 2011, the Company recognized interest expense of approximately $852,600 primarily related to amortization of debt discount of approximately $678,300 associated with the Convertible Redeemable Series E Preferred Stock which is being accounted for as mezzanine equity. Interest of approximately $213,300 was recorded as a result of a loan to Erye from its minority shareholder of which $130,100 was capitalized as part of the cost of construction of Erye's new manufacturing plant. In accordance with the Joint Venture Agreement that governs the operation of Erye, the minority shareholder has agreed to loan back to Erye dividends it is entitled to for 2010 and approximately the next two years, to help fund the construction of the new manufacturing facility. As of March 31, 2011, these loans totaled $14,708,100. At the present time this loan accrues interest at a rate of 5.81% annually. Interest expense of approximately $34,500 is associated with bank loans obtained by Erye totaling approximately $4,566,000 at March 31, 2011. Interest recognized on mortgage loans for PCT's Allendale facility added approximately $56,000 to interest expense.

Other expenses, net totaled approximately $262,700 which primarily related to the revaluation of derivative liabilities that have been established in connection with the Convertible Redeemable Series E Preferred Stock.

During the three months ended March 31, 2010 the Company recognized interest expense of approximately $92,500 primarily related to a loan to Erye from its minority shareholder of which $84,000 was capitalized as part of the cost of construction of Erye's new manufacturing plant. In accordance with the Joint Venture Agreement that governs the operation of Erye the minority shareholder has agreed to loan back to Erye dividends to help fund the construction of the new manufacturing facility.

During the three months ended March 31, 2010, in connection with RimAsia's exercise of 1,000,000 warrants to purchase common stock in March 2010 the term of its remaining warrants was increased by three years. This change in terms increased the underlying value of this warrant, based on a Black-Scholes valuation, and as a result the Company charged $188,000 to other income and expense for this increase in value.

Provision for Taxes

The provision for taxes for the three months ended March 31, 2011 of $592,600 represents income taxes due on income of Erye net of utilization of the deferred tax liability associated with amortization of intangible assets acquired in the Erye Merger of $179,700. In addition the tax provision also reflects the utilization of a deferred tax liability of $75,000 associated with the amortization of intangible assets acquired in the acquisition of PCT.

The provision for taxes for the three months ended March 31, 2010 of $502,900 represents income taxes due on income of Erye and is net of utilization of the deferred tax liability associated with amortization of intangible assets acquired in the Erye Merger of $60,600.

Dividends on Preferred Stock

The Convertible Redeemable Series E Preferred Stock calls for annual dividends of 7% based on the stated value of the preferred stock and for the three months ended March 31, 2011 we recorded a dividend of $186,600. In the three months ended March 31, 2010 the Company recorded dividends of $99,700 on the Convertible Redeemable Series C Preferred Stock which called for an annual dividend of 5% based on the stated value of the preferred stock. The Convertible Redeemable Series C Preferred Stock was converted into NeoStem Common Stock in May 2010.

Noncontrolling Interests

In connection with accounting for the Company's 51% interest in Erye, we account for the 49% minority shareholder share of Erye's net income with a charge to Noncontrolling Interests. For the three months ended March 31, 2011 Erye's minority shareholders' share of net income totaled approximately $660,500 in comparison to $1,328,700 for the three months ended March 31, 2010. In addition, the Company acquired rights to use patents under licenses from Becton, Dickinson and Company in March 2011, in exchange for an approximately 20% interest in PCT's Athelos subsidiary. Noncontrolling interest also reflects BD's share of losses incurred by Athelos during the three months ended March 31, 2011 of $187,300.

Liquidity and Capital Resources

At March 31, 2011 we had a cash balance of $9,411,900, working capital of $9,488,600 and shareholders' equity of $64,995,700.

During the three months ended March 31, 2011, we met our immediate cash requirements through existing cash balances, a private placement of our common stock which raised approximately $3 million, the issuance of notes payable for our operations in China and the use of equity and equity-linked instruments to pay for services and compensation.

We incurred a net loss of $9,699,700 for the three months ended March 31, 2011. The following chart represents the net funds provided by or used in operating, financing and investment activities for each period indicated:

	Three Months Ended March 31,	
	2011	2010
Net cash used in operating activities	$ (10,195,100)	$ (2,581,800)
Net cash used in investing activities	$ (3,104,600)	$ (4,619,500)
Net cash provided by financing activities	$ 7,080,500	$ 11,460,100

Operating Activities

Our cash used for operating activities in the three months ended March 31, 2011 totaled $10,195,100, which is the sum of (i) our net loss, adjusted for non-cash expenses totaling $6,549,100 which includes, principally, common stock, common stock options and common stock purchase warrants issued for services rendered and charitable contribution in the aggregate amount of $2,626,300, depreciation and amortization of $2,203,700, the write-off of in process research and development of $927,000, amortization of Preferred Stock discount and issuance cost of $676,100, and changes in fair value of derivative liability of $262,700; (ii) cash used to increase inventories by $3,050,800; (iii) a reduction in accounts payables and accrued liabilities of $2,471,900; (iv) an increase in accounts receivable of $822,800; (v) a reduction of $573,200 in advance payments and unearned revenues from customers; and (vi) increases in prepaids and payments of other assets of $125,800.

Investing Activities

During the three months ended March 31, 2011 we spent approximately $707,200 for property and equipment principally related to the construction of Eyre's new manufacturing facility. During the three months ended March 31, 2010 capital expenditures totaled approximately $3,764,200 of which the majority was spent for construction of Erye's new facility. This plant is expected to be fully operational in 2011. Restricted cash increased approximately $2,625,300 in connection with the net increase in notes payable of $5,010,000 during the three months ended March 31, 2011. In connection with the PCT acquisition we assumed $227,900 of cash in PCT's bank accounts.

Financing Activities

The Company's Erye subsidiary has $14,505,900 of notes payables as of March 31, 2011 and $9,451,500 of notes payable as of December 31, 2010. Notes are payable to the banks who issue bank notes to Erye's creditors. Notes payable are interest free and usually mature after a three to six months period. In order to issue notes payable on behalf of the Company, the banks required collateral, such as cash deposits which were approximately 30%-50% of the value of notes to be issued, or properties owned by companies. At March 31, 2011, $6,024,500 of restricted cash was deposited as collateral for the balance of notes payable which was approximately 41.5% of the notes payable Erye issued, and the remainder of the notes payable is collateralized by pledging the land use right Erye owns. The use of notes payable to pay creditors is a feature of the money and banking system of China and we expect these types of notes to be a continuing feature of Erye's capital structure.

In March 2011, Erye obtained a loan of approximately $1,522,000 from the China Merchants Bank with a variable interest rate that is currently 6.06% and is due in September 2011. The interest rate is tied to People's Bank of China benchmark rate; the maximum interest rate on the loan is 12.00%.

On March 3, 2011, the Company consummated a private placement pursuant to which five persons and entities acquired an aggregate of 2,343,750 shares of Common Stock for an aggregate consideration of $3,000,000 (purchase price $1.28 per share). On April 5, 2011, we consummated a private placement pursuant to which nine persons and entities acquired an aggregate of 1,244,375 shares of Common Stock for an aggregate consideration of $1,592,800 (purchase price $1.28 per share), of which approximately $592,700 was received by the Company as of March 31, 2011.

Pursuant to the terms and conditions of the Erye Joint Venture Agreement, dividend distributions to EET and our NeoStem subsidary will be made in proportion to their respective ownership interests in Erye; provided, however, that for the three-year period commencing on the first day of the first fiscal quarter after the Joint Venture Agreement became effective distributions are made as follows: for undistributed profits generated subsequent to the acquisition date: (i) the 49% of undistributed profits (after tax) of the joint venture due EET will be distributed to EET and lent back to Erye to help finance costs in connection with its construction of and relocation to a new facility; and (ii) of the net profit (after tax) of the joint venture due the Company, 45% will be provided to Erye as part of the new facility construction fund and will be characterized as additional paid-in capital for the Company's 51% interest in Erye, and 6% will be distributed to the Company. For undistributed profits generated prior to the acquisition date (i) the 49% of undistributed profits (after tax) of the joint venture due EET will be distributed to EET and lent back to Erye to help finance costs in connection with its construction of and relocation to a new facility (ii) of the net profit (after tax) of the joint venture due the Company, 51% will be provided to Erye as part of the new facility construction fund and will be characterized as additional paid-in capital for the Company's 51% interest in Erye. In January 2011, a dividend totaling approximately $13,671,100 for Fiscal Year 2009 was declared and approximately $6,698,800 was distributed to EET and lent back to Erye and approximately $6,972,300 due the Company was re-characterized as additional paid-in capital and reinvested in the business. As of March 31, 2011 these loans due EET totaled $14,708,100 plus accrued interest of $787,100. The loan calls for interest to accrue at rate of 5.81% annually.

In connection with the Company's focus on the development of proprietary cellular therapies through its Cell Therapy – United States segment, the Company has certain financial obligations in connection with the development of specified licensed technology. Athelos is pursuing the development of T regulatory cells (TRegs) as a therapeutic to treat disorders of the immune system under certain patent rights licensed from the University of Pennsylvania and ExCell Therapeutics, LLC. Under a license agreement with the University of Louisville Research Foundation ("ULRF"), the Company is developing the VSEL Technology. These licensing arrangements require the Company to make various payments in connection with the development of the products, including certain upfront payments, payments for patent filings and related applications, payments in connection with milestones achieved in the development of the products, royalties on sales and certain other related payments. The Company anticipates that in connection with its focus on the development of proprietary cellular therapies other licensing agreements with comparable terms may be entered into.

Liquidity and Capital Requirements Outlook

With our acquisition of a controlling interest in Erye and expansion into China, and our acquisition of PCT, we have transitioned from being a one-dimensional U.S. service provider with nominal revenues to being a multi-dimensional international biopharmaceutical company with current revenues and operations in three distinct segments: (i) Cell Therapy — United States; (ii) Regenerative Medicine — China; and (iii) Pharmaceutical Manufacturing — China. The following is an overview of our collective liquidity and capital requirements.

Capital Requirements and Resources in China

Erye is constructing a new pharmaceutical manufacturing facility and began transferring its operations in January 2010. The relocation is continuing as the new production lines are completed and receive cGMP certification through 2011. In January 2010, Eyre received notification that the SFDA approved Erye's application for cGMP certification to manufacture solvent crystallization sterile penicillin and freeze dried raw sterile penicillin at the new facility, which provides for 50% to 100% greater manufacturing capacity, than its existing facility. Historically these lines accounted for 20% of Erye's sales. In June 2010, Erye passed the government inspection by the SFDA to manufacture penicillin and cephalosporin powder at the new facility. The facility is fully operational with respect to these lines. Erye has now relocated 90% of its 2010 sales capacity to the new facility. The new facility is estimated to cost approximately $38 million, of which approximately $35.3 million has been incurred through March 31, 2011. Construction has been and will continue to be self-funded by Erye and EET, the holder of the minority joint venture interest in Erye. We have agreed for a period of approximately another two years to reinvest in Erye approximately 90% of the net earnings we would be entitled to receive under the Joint Venture Agreement by reason of our 51% interest in Erye.

We are also engaged in other initiatives to expand our operations into China including with respect to technology licensing, establishment of stem cell processing and storage capabilities and research and clinical development. In June 2009 we established NeoStem (China) as our wholly foreign-owned subsidiary or WFOE. To comply with PRC's foreign investment regulations regarding stem cell research and development, clinical trials and related activities, we conduct our current stem cell business in the PRC through domestic variable interest entities ("VIEs"). We have incurred and expect to continue to incur substantial expenses in connection with our China activities.

We expect to rely partly on dividends paid to us by the WFOE under the contracts with the VIEs, and under the Joint Venture Agreement attributable to our 51% ownership interest in Erye, to meet some of our future cash needs. However, there can be no assurance that the WFOE in China will receive payments uninterrupted or at all as arranged under the contracts with the VIEs. In addition, pursuant to the Joint Venture Agreement that governs the ownership and management of Erye, for 2010 and approximately the next two years: (i) 49% of undistributed profits (after tax) will be distributed to EET and loaned back to Erye for use in connection with its construction of the new Erye facility; (ii) 45% of the net profit after tax due to the Company will be provided to Erye as part of the new facility construction fund, which will be characterized as additional paid-in capital for our 51% interest in Erye; and (iii) only 6% of the net profit will be distributed to us directly for our operating expenses. The net assets of Erye at March 31, 2011 were $74,807,000.

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

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

Neither Erye nor our other expansion activities into China are expected to generate sufficient excess cash flow to support our platform business or our initiatives in China in the near term.

Once Erye has completed the transfer of operations to the new facilities, and its new production lines are fully operational, it will have substantially increased capacity from the current plant, with the goal of becoming among the largest antibiotics producers in Eastern China. Such dominant market position should allow us to take advantage of the expected growth and spending in this segment of the market. We recognize that there will be continuous price pressure on Erye as over 70% of Erye's manufactured drugs are on the essential drug list. There has recently been evidence of such price pressure – i.e., on March 2, 2011 the National Development and Reform Commission issued price cuts for medical insurance drugs which substantially impacts two of Erye'drugs. We anticipate that Piperacillin Sodium Sulbactam Sodium will experience as much as a 50% price decline while the price of Ligustrazine Phosphate may be reduced by approximately 75%. As of March 31, 2011 the price reduction experienced by Erye on these products was less than 10%. In 2010 Piperacillin Sodium Sulbactum Sodium accounted for approximately 5% of sales and Ligustrazine Phosphate accounted for approximately 2% of sales.

Capital Requirements for Recent Expansion

NeoStem, Inc. acquired Progenitor Cell Therapy, LLC ("PCT"), by means of a merger (the "PCT Merger") of a newly formed wholly-owned subsidiary of NeoStem, with and into PCT pursuant to an Agreement and Plan of Merger, dated September 23, 2010 (the "PCT Agreement and Plan of Merger").

Pursuant to the terms of the PCT Agreement and Plan of Merger, all of the membership interests of PCT outstanding immediately prior to the effective time of the PCT Merger (the "Effective Time") were converted into the right to receive, in the aggregate, 10,600,000 shares of the common stock of NeoStem and, subject to the satisfaction of certain conditions as to 1,000,000 shares, warrants to purchase 3,000,000 shares of NeoStem Common Stock. Immediately after the PCT Merger closed, the Company made a payment of $3,000,000 to repay certain indebtedness owed by PCT.

Liquidity

We anticipate that we will take further steps to raise additional capital in order to (i) fund the development of advanced cell therapies in the U.S. and China, (ii) expand the PCT business and (iii) build the family banking business to meet our short and long term liquidity needs. We currently expect to fund the anticipated expansion of our operating activities through a variety of means that could include, but not be limited to, the use of existing cash balances, the use of our current or other equity lines, potential additional warrant exercises (including availing ourselves under appropriate circumstances of the redemption rights we possess under the majority of our outstanding warrants), option exercises, the 6% of net profits to which we are entitled from Erye, issuances of other debt or equity securities in public or private financings, sale of assets and/or, ultimately, the growth of our revenue generating activities. In addition, we will continue to seek as appropriate grants for scientific and clinical studies from the National Institutes of Health, Department of Defense, and other governmental agencies and foundations, but there can be no assurance that we will be successful in obtaining such grants. As the Company grows, it may no longer be eligible for SBIR grants. We also review and consider from time to time restructuring activities, including the potential divestiture of assets. In this regard, we are currently exploring the possibility of selling our 51% ownership interest in Erye and are engaging financial advisors to assist us, although no determination has yet been made to do so.

While we continue to seek capital through a number of means, there can be no assurance that additional financing will be available on acceptable terms, if at all, and our negotiating position in capital generating efforts may worsen as existing resources are used. Additional equity financing may be dilutive to our stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict our ability to operate as a business, our stock price may not reach levels necessary to induce option or warrant exercises, and asset sales may not be possible on terms we consider acceptable. If we are unable to raise the funds necessary to meet our long-term liquidity needs, we may have to delay or discontinue the acquisition and development of cell therapies, and/or the expansion of our business or raise funds on terms that we currently consider unfavorable.

At March 31, 2011, we had cash and cash equivalents of $9,411,900 and restricted cash totaling $6,403,400. The trading volume of our common stock, coupled with our history of operating losses and liquidity challenges, may make it difficult for us to raise capital on acceptable terms or at all. The demand for the equity and debt of small cap biopharmaceutical companies like ours is dependent upon many factors, including the general state of the financial markets. During times of extreme market volatility, capital may not be available on favorable terms, if at all. Our inability to obtain such additional capital on acceptable terms could materially and adversely affect our business operations and ability to continue as a going concern.

The following table reflects a summary of NeoStem's contractual cash obligations and commitments as of March 31, 2011 (in thousands):

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Employment Agreements	$ 3,759.6	$ 2,252.9	$ 1,506.6	$ -	$ -
Facility Leases	2,275.4	1,532.4	719.0	24.0	-
Equipment Leases	755.2	280.4	397.6	52.0	25.2
License Fees	170.0	50.0	60.0	60.0	-
Sponsored Research Agreements	237.4	237.4	-	-	-
Consulting Agreements	2,783.4	1,754.3	945.9	83.3	-
Design & Construction of Laboratory	80.5	80.5	-	-	-
Series E Preferred Stock[1]	11,633.8	4,621.3	7,012.5	-	-
	$ 21,695.3	$ 10,809.2	$ 10,641.6	$ 219.3	$ 25.2

(1) Amounts include dividends.

SEASONALITY

NeoStem does not believe that its operations are seasonal in nature.

OFF-BALANCE SHEET ARRANGEMENTS

NeoStem does not have any off-balance sheet arrangements

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as well as historical information. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from anticipated results, performance or achievements expressed or implied by such forward-looking statements. When used in this Quarterly Report on Form 10-Q, statements that are not statements of current or historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "plan," "intend," "may," "will," "expect," "believe," "could," "anticipate," "estimate," or "continue" or similar expressions or other variations or comparable terminology are intended to identify such forward-looking statements, although some forward-looking statements are expressed differently. Additionally, statements regarding our ability to successfully develop, integrate and grow the business at home and abroad, including with regard to our research and development efforts in cellular therapy, our adult stem cell and umbilical cord blood collection, processing and storage business, contract manufacturing and process development of cellular based medicines, and the pharmaceutical manufacturing operations conducted in China, the future of regenerative medicine and the role of stem cells in that future, the future use of stem cells as a treatment option and the role of VSEL™ Technology in that future and the potential revenue growth of such businesses, are forward-looking statements. Our future operating results are dependent upon many factors and our further development is highly dependent on future medical and research developments and market acceptance, which is outside our control.

Forward-looking statements may not be realized due to a variety of factors and we cannot guarantee their accuracy or that our expectations about future events will prove to be correct. Such factors include, without limitation, (i) our ability to manage the business despite operating losses and cash outflows; (ii) our ability to obtain sufficient capital or strategic business arrangements to fund our operations and expansion plans, including meeting our financial obligations under various licensing and other strategic arrangements and the successful commercialization of the relevant technology; (iii) our ability to build the management and human resources and infrastructure necessary to support the growth of the business; (iv) our ability to integrate our acquired businesses successfully and grow such acquired businesses as anticipated; (v) whether a large global market is established for our cellular-based products and services and our ability to capture a share of this market; (vi) competitive factors and developments beyond our control; (vii) scientific and medical developments beyond our control; (viii) our ability to obtain appropriate governmental licenses, accreditations or certifications or comply with healthcare laws and regulations or any other adverse effect or limitations caused by government regulation of the business; (ix) whether any of our current or future patent applications result in issued patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business; (x) whether any potential strategic benefits of various licensing transactions will be realized and whether any potential benefits from the acquisition of these licensed technologies will be realized; (xi) factors regarding our business and initiatives in China and, generally, regarding doing business in China, including through our variable interest entity structure, including (a) costs related to funding these initiatives, (b) the successful application under Chinese law of the variable interest entity structure to the Company's business, which structure the Company is relying on to conduct its business in China, (c) the ability to integrate the Company and the business operations in China successfully and grow such integrated businesses as anticipated, and (d) the need for outside financing to meet capital requirements; and (xii) the other factors discussed elsewhere in this Quarterly Report on Form 10-Q, the other factors discussed in "Risk Factors" in our Annual Report on form 10-K for the fiscal year ended December 31, 2010 under the heading "Part I – Item 1A. Risk Factors" and in other periodic Company filings with the Securities and Exchange Commission (the "SEC"). The Company's filings with the Securities and Exchange Commission are available for review at *www.sec.gov* under "Search for Company Filings."

All forward-looking statements attributable to us are expressly qualified in their entirety by these and other factors. 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. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are the Company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

As of the end of the Company's quarter ended March 31, 2011 covered by this report, the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, at the reasonable assurance level, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The following material weakness had been identified by management in connection with its assessment as of December 31, 2010, which as of March 31, 2011 the Company has concluded has been fully remediated. The Company had determined that it had a material weakness in its accounting for share-based payment arrangements as a result of errors identified with respect to the Company's accounting for awards to employees and non-employees. Such errors were the result of ineffective controls primarily related to the application of accounting principles generally accepted in the United States. With respect to both employee and non-employee awards, the Company did not timely evaluate the impact of modifications to certain awards and the effect such modifications had, if any, on recognized compensation expense. With respect to non-employee awards, the Company was not consistently subjecting such awards to re-measurement at each reporting period consistent with the guidance in ASC 505-50, *Equity-Based Payments to Non-Employees.* With respect to awards to employees, the expected life used in valuing such awards previously was based on the contractual term of the options rather than through the use of the "simplified" method, as prescribed by the SEC under Staff Accounting Bulletin No. 110, which the Company had determined to be more appropriate given its limited historical experience with respect to option exercises. In addition, certain employee awards that contain performance conditions were not appropriately evaluated and accounted for in determining whether or not the underlying performance conditions were probable of being achieved. Expense associated with certain awards was initially recognized on a graded vesting basis rather than a straight-line basis consistent with the Company's accounting policy.

The Company had taken steps during 2010 to remediate this weakness, including (1) the adoption of the "simplified" method for estimating the expected term of share-based awards issued to employees; (2) undertaking a complete review of all share-based payment transactions with non-employees to ensure that the appropriate re-measurement considerations were taken into account and were reflected in the financial statements appropriately; (3) the organization of an internal management committee which meets at least quarterly and consists of senior members of the accounting and legal departments, as well as the CEO, to review share-based awards with performance conditions to assess the probability of the performance conditions being achieved; and (4) the implementation of a new share-based management system which will integrate the administration and accounting for the Company's share-based payment arrangements, which is expected to be fully implemented in the second quarter of 2011. The adjustments that were recorded to correct the Company's share-based compensation charges for the weaknesses noted above were not material to its financial position or results of operations for any period during 2010 and 2009.

In its assessment of internal control over financing reporting as of March 31, 2011, the Company has concluded that the above material weakness has been fully remediated.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting, as such term is defined in Exchange Act Rule 13a-15, that occurred during the Company's last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company regularly reviews its system of internal controls over financial reporting and makes changes to its processes and systems to improve controls and increase efficiency, while ensuring that the Company maintains an effective internal control environment. Changes include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes, as well as utilizing the services of third party consultants to ensure compliance, which the Company has done as a result of the acquisition of Erye.

NEOSTEM, INC.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material changes to the disclosures provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. See the Company's Annual Report on Form 10-K for the year ended December 31, 2010 under "Item 1A - Risk Factors."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As previously reported, and as follows:

Effective April 1, 2011, the Company entered into an agreement with a consultant pursuant to which this consultant was retained to consult, assist and advise the Company with regard to various corporate development and investor communications related activities. In consideration for providing services under this agreement, in addition to certain specified cash consideration, the Company agreed to issue to this consultant 30,000 shares of Restricted Common Stock, vesting as to one-half upon NYSE Amex approval (May 6, 2011) and one half on October 8, 2011.

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 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit	Description	Reference
10.1	Sublease dated as of May 5, 2011 between NeoStem, Inc. and Seaside Therapeutics*	10.1
10.2	Escrow Agreement, dated as of January 19, 2011, among NeoStem, Inc., Progenitor Cell Therapy, LLC, Andrew Pecora as PCT Representative and Continental Stock Transfer & Trust Company, as Escrow Agent (1)	10.4
10.3	Stock Purchase and Assignment Agreement dated March 28, 2011, by and among Progenitor Cell Therapy, LLC, Athelos Corporation and Becton Dickinson and Company*+	10.3
10.4	Stockholders' Agreement dated March 28, 2011, by and among Progenitor Cell Therapy, LLC, Athelos Corporation and Becton Dickinson and Company*	10.4
10.5	Consigned Management and Technology Service Agreement dated May 14, 2011 among Tianjin Niou Biotechnology Co., Ltd., NeoStem (China), Inc. and The Shareholder of Tianjin Niou Biotechnology Co., Ltd.*	10.5

10.6	Equity Pledge Agreement dated May 14, 2011 among Tianjin Niou Biotechnology Co., Ltd., NeoStem (China), Inc. and The Shareholder of Tianjin Niou Biotechnology Co., Ltd.*	10.6
10.7	Exclusive Purchase Option Agreement dated May 14, 2011 among Tianjin Niou Biotechnology Co., Ltd., NeoStem (China), Inc. and The Shareholder of Tianjin Niou Biotechnology Co., Ltd.*	10.7
10.8	Loan Agreement dated May 14, 2011 between NeoStem (China), Inc. and The Shareholder of Tianjin Niou Biotechnology Co., Ltd.*	10.8
10.9	Amendment dated April 4, 2011 to Employment Agreement dated May 26, 2006 between NeoStem, Inc. and Dr. Robin L. Smith (2)	10.66
10.10	Employment Agreement, dated as of September 23, 2010 and effective on January 19, 2011, by and between Progenitor Cell Therapy, LLC, NeoStem, Inc. and Andrew L. Pecora (1)	10.1
10.11	Employment Agreement, dated as of September 23, 2010 and effective on January 19, 2011, by and between Progenitor Cell Therapy, LLC, NeoStem, Inc. and Robert A. Preti (1)	10.2
10.12	Employment Agreement, dated as of February 25, 2011 and effective on March 4, 2011, by and between NeoStem, Inc. and Jason Kolbert (2)	10.86
10.13	Consulting Agreement, effective March 8, 2011, by and between NeoStem, Inc. and Acute Care Partners (2)	10.87
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*	31.1
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*	31.2
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**	32.1
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**	32.2

*Filed herewith
**Furnished herewith
+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.

(1) Filed with the SEC on January 24, 2011, as an exhibit, numbered as indicated above, to our current report on Form 8-K dated January 18, 2011, which exhibit is incorporated here by reference.

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

SIGNATURES

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 thereunto duly authorized.

NEOSTEM, INC. (Registrant)

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

Date: May 16, 2011

By: /s/ Larry A. May
Larry A. May, Chief Financial Officer

Date: May 16, 2011

THE ABBEY GROUP

May 11, 2011

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

VIA FEDEX

Re: Riverside Technology Center, Cambridge, MA
Lease Between Rivertech Associates II, LLC and
NeoStem, Inc.
Landlord's Consent to Seaside Therapeutics, Inc. Sublease

Dear Tenant:

Reference is made to your Lease for certain space at 840 Memorial Drive, Cambridge, MA (Riverside Technology Center) dated as of September 1, 2009 (herein, the "Lease").

Landlord has received a fully executed sublease agreement between Tenant and Seaside Therapeutics, Inc. dated May 5, 2011 for a portion of the Premises. Landlord consents to the sublease under Section 12 of the Lease.

Rivertech Associates II, LLC

By: _____

cc: Alan Goodman
Christopher Tsouros, Esq.

575 Boylston Street
Boston, Massachusetts
02116
617 266-8860
Fax 617 266-7424

SUBLEASE

THIS SUBLEASE (hereinafter referred to as the **"Sublease"**) is made as of the 5th day of May 2011 between **NEOSTEM, INC.**, a Delaware corporation having its principal office at 420 Lexington Avenue, Suite 450, New York City, New York 10170 (hereinafter referred to as **"Sublandlord"**) and **SEASIDE THERAPEUTICS, INC.**, a Delaware corporation having its principal office at 840 Memorial Drive, Fifth Floor, Cambridge, Massachusetts 02139 (hereinafter referred to as **"Subtenant"**).

WITNESSETH:

WHEREAS, pursuant to the Riverside Technology Center Commercial Lease dated September 1, 2009 between RIVERTECH ASSOCIATES II, LLC, as landlord (hereinafter referred to as **"Landlord"**), and Sublandlord, as tenant, (hereinafter referred to the **"Main Lease"**), Sublandlord is the tenant of certain premises consisting of a portion of the fourth (4th) floor (hereinafter referred to as the **"Demised Premises"**) in the building located at 840 Memorial Drive, Cambridge, Massachusetts 02139 (hereinafter referred to as the **"Building"**) a diagram of the Demised Premises consisting of the Office/Laboratory space is outlined in dark black lines (including the cross hatched area) as set forth on **Exhibit A** attached hereto and made a part of this Sublease with the right in common with others in the Building to use common areas of the Building as are designated by the Landlord as provided in the Main Lease; and

WHEREAS, Sublandlord wishes to sublease to Subtenant and Subtenant wishes to sublet from Sublandlord a portion of the Demised Premises consisting of a portion of fourth (4th) floor (hereinafter referred to as the **"Sublet Premises"**) a diagram of which is the cross hatched area as set forth on **Exhibit A** and which the parties hereto agree shall be deemed to consist of approximately 3,500 rentable square feet, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the rental payments to be made hereunder by Subtenant to Sublandlord and the mutual consideration hereinafter set forth, Sublandlord and Subtenant hereby covenant and agree as follows:

1. SUBLEASING

A. Sublandlord does hereby sublease to Subtenant, and Subtenant does hereby hire and take from Sublandlord, the Sublet Premises for the term and on the conditions hereinafter set forth, and subject to all the terms, covenants and provisions of the Main Lease, except as otherwise herein provided. Parking spaces in the Building shall not be considered part of the Sublet Premises, however, pursuant to Section 16 of the Main Lease, Sublandlord has been granted, at current rates (which may be increased from time to time to reflect market increases), the right by the Landlord to park up to twelve (12) cars in the Building's on-site indoor parking lot or facility on an unassigned and unreserved basis, in single or tandem spaces or on a valet basis which Landlord in its sole discretion shall designate from time to time. In connection with

this Sublease, subject to the terms and conditions of this Sublease, Sublandlord assigns to Subtenant Sublandlord's right to park up to six (6) cars in the Building's on-site indoor parking lot or facility on the same basis and on the same terms and conditions applicable to Sublandlord as if Sublandlord had such parking spaces. Subtenant's right to use up to six (6) of Sublandlord's unassigned and unreserved parking spaces may not be assigned, sublet or transferred in any way by Subtenant except in conjunction with a permitted assignment or subletting hereunder. Subtenant shall deal directly with the Landlord regarding the parking rates for such parking spaces, the location of such parking spaces, if any, and payment mechanism by Subtenant to Landlord for such parking spaces with Sublandlord having no obligation of any kind to assist or otherwise arrange for such parking spaces on behalf of the Subtenant. To the extent that Landlord invoices Sublandlord for such parking spaces, such payment obligations shall be considered Additional Rent under this Sublease.

B. The term of this Sublease shall commence on the date (hereinafter referred to as the "**Sublease Commencement Date**") which is the later of (i) the date a fully executed copy of Landlord's consent, as provided for in Article 16 of this Sublease, is delivered by Sublandlord to Subtenant and (ii) June 1, 2011 and shall expire at midnight on August 31, 2012, or such earlier date on which this Sublease may expire or be cancelled or terminated pursuant to its terms or as provided by law (hereinafter referred to as the "**Sublease Expiration Date**"). When the Sublease Commencement Date has occurred and been established, Sublandlord and Subtenant shall, within thirty (30) days of a request by Sublandlord or Subtenant, execute an agreement confirming such date as the Sublease Commencement Date. Any failure of the parties to execute such agreement shall not affect the validity of the Sublease Commencement Date, the Sublease Expiration Date or this Sublease. Notwithstanding any other term or provision of this Sublease or the Main Lease to the contrary, Subtenant expressly agrees that any option to extend the Lease Term (as defined in the Main Lease) which Sublandlord may have with regard to the Demised Premises are expressly excluded from the terms and provisions of this Sublease as it may apply to the Sublet Premises and Subtenant has no right and no option, with regard to the Sublet Premises, to extend the term of this Sublease beyond the Sublease Expiration Date.

2. RENT; SECURITY DEPOSIT

A. Subtenant covenants and agrees to pay to Sublandlord rent (herein referred to as the **"Fixed Rent"**) **for** the Sublet Premises at the rate of $140,000 for the term of this Sublease payable by Subtenant in the amount of $9,333.34 per month (the **"Monthly Fixed Rent"**) through the Sublease Expiration Date. Monthly Fixed Rent shall be payable in advance on the first day of each calendar month. Payment of the first due and payable installment of Monthly Fixed Rent shall be made upon the execution and delivery hereof by Subtenant. If the Sublease Commencement Date shall occur on a day other than the first day of a calendar month, the first month's Monthly Fixed Rent shall be apportioned to reflect the number of days (the **"Modified Monthly Period"**) commencing on the Sublease Commencement Date through and including the last day of the month in which the Sublease Commencement Date occurred and Sublandlord shall within thirty (30) days of the delayed Sublease Commencement Date promptly refund to Subtenant an amount equal to the amount of Monthly Fixed Rent previously paid by Subtenant upon execution of this Sublease less an amount equal to the number of days in the Modified Monthly Period multiplied by the first month's Monthly Fixed Rent paid by Subtenant.

B. This Sublease is intended to be a triple net lease and as such Subtenant shall also be responsible for payment of its pro rata share of Operating Expenses (as defined and provided for in Section 3 of the Main Lease) which Main Lease is attached hereto as **Exhibit B** and is made a part of this Sublease, real estate taxes (as provided for in Section 3 of the Main Lease) and utilities (as provided for in Article 6 of this Sublease) in relation to the Sublet Premises. Subtenant acknowledges and agrees that Sublandlord's allocable pro rata share is 6.29% (the **"Sublandlord's Allocable Percentage"**) as that concept is used in the Main Lease to compute additional rent owed by the Sublandlord to the Landlord pursuant to the Main Lease and that Subtenant's percentage of Sublandlord's Allocable Percentage is 43.16% which will be used to compute Additional Rent (as defined below) payable by Subtenant to Sublandlord hereunder.

C. Fixed Rent (including Monthly Fixed Rent) and all other amounts payable by Subtenant to Sublandlord under the provisions of this Sublease, including but not limited to the amount set forth in Article 2(B) above and Article 2(D) below, (herein collectively referred to as the **"Additional Rent"**) shall be paid promptly when due, without notice or demand therefor, and without deduction, abatement, counterclaim or setoff of any amount or for any reason whatsoever. Fixed Rent (including any Monthly Fixed Rent) and Additional Rent shall be paid to Sublandlord in lawful money of the United States at the address of Sublandlord set forth in Article 19 of this Sublease or to such other person and/or at such other address as Sublandlord may from time to time designate by notice to Subtenant as provided for herein. No payment by Subtenant or receipt by Sublandlord of any lesser amount than the amount stipulated to be paid pursuant to this Sublease shall be deemed other than on account of the earliest stipulated Monthly Fixed Rent or Additional Rent; nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Sublandlord may accept any check or payment without prejudice to Sublandlord's right to recover the balance due or to pursue any other remedy available to Sublandlord. Any provision in the Main Lease referring to annual base rent or additional rent incorporated herein by reference shall be deemed to refer to the Fixed Rent (and, as applicable, Monthly Fixed Rent) and Additional Rent due under this Sublease.

D. In addition to the Fixed Rent, for the period commencing on the Sublease Commencement Date, Subtenant shall pay to Sublandlord as Additional Rent, within five (5) days' after demand from Sublandlord from time to time forty three and sixteen one hundredths percent (43.16%) of (a) Operating Expenses (as defined in Section 3 of the Main Lease) payable by Sublandlord, as tenant under the Main Lease, (b) Additional Real Estate Tax Rent (as defined in Section 4 of the Main Lease) payable by Sublandlord as tenant under the Main Lease and (c) all electric utility charges (as provided in Article 6 of this Sublease) for electricity used on the Sublet Premises. Subtenant shall also pay to Sublandlord as Additional Rent, upon demand from time to time, all other amounts payable by Sublandlord to Landlord under the Main Lease allocable to the Sublet Premises and to the term of this Sublease pursuant to the provisions thereof. If Sublandlord is required by Landlord under the Main Lease to make advance payment, estimated payments or deposits of any of the foregoing amounts as it relates to the Demised Premises, Subtenant shall make 43.16% of such advance payments, estimated payments or deposits to Sublandlord consistent with the above provisions. For purposes of clarity, if, for example, during the term of the Sublease, Sublandlord becomes obligated to pay to the Landlord, pursuant to the Main Lease, Additional Rent (either for Operating Expenses or Additional Real

Estate Tax Rent) in the amount of $50,000 (and which Additional Rent represents Sublandlord's Allocable Percentage (6.29%) of Landlord's Operating Expenses and/or Additional Real Estate Tax Rent for the Building), Subtenant shall pay Sublandlord, as Additional Rent under the Sublease, $21,580 (which represents the amount of Additional Rent which Sublandlord owes to Landlord ($50,000) multiplied by Subtenant's portion (43.16%) of such amount. Sublandlord shall have the right to demand payment of any amount of such Additional Rent during the term of this Sublease or after the expiration of the term of this Sublease or the earlier termination of this Sublease.

E. If the sum of any installment or estimated payments made by Subtenant on account of any or all of the items set forth in this Article 2 exceed 43.16% of Sublandlord's share of such item(s) with respect to the Demised Premises under the Main Lease for any calendar period, Sublandlord shall refund the excess to Subtenant within ten (10) days after the amount of the excess is refunded to Sublandlord by Landlord. If the sum of any installment or estimated payments made by Subtenant on account of any or all of the items set forth in this Article 2 are less than 43.16% of Sublandlord's share of such item(s) with respect to the Demised Premises under the Main Lease for any calendar period, Subtenant shall pay the amount of such deficiency to Sublandlord within ten (10) days after demand.

F. All costs, expenses and fees other than Fixed Rent which Subtenant assumes or agrees to pay pursuant to this Sublease (including, without limitation, all costs, expenses and fees payable by Sublandlord as tenant under the Main Lease with respect to the Sublet Premises which are payable hereunder by Subtenant by their incorporation herein by reference to the Main Lease) shall be deemed Additional Rent and, in the event of non-payment, Sublandlord shall have all the rights and remedies provided for in the case of non-payment of Fixed Rent (or Monthly Fixed Rent).

G. Subtenant shall pay, on or before the date same is due, any occupancy, sales, use or similar tax, charge or fee that is at any time due or payable with respect to the occupancy or use of the Sublet Premises, Building or land on which the Building is located or the payment of Fixed Rent (including any Monthly Fixed Rent) or Additional Rent by Subtenant to Sublandlord, and which is attributable to this Sublease and/or the term of this Sublease.

H. Upon execution of this Sublease, Subtenant shall post with Sublandlord (and maintain at all times during the term of this Sublease), a Security Deposit in the amount of Eighteen Thousand Six Hundred Sixty-Seven Dollars ($18,667) (the **"Security Deposit Amount"**) as described below, which shall be held as security for the Subtenant's performance as herein provided, to be returned to Subtenant at the end of term of this Sublease, subject to Subtenant's satisfactory compliance with the terms and conditions of this Sublease. The Security Deposit Amount shall be delivered to Sublandlord on Subtenant's execution of this Sublease by certified or bank check drawn on a New York or Massachusetts bank (which sum shall not earn interest and which sum Sublandlord shall be entitled to commingle and use with Sublandlord's own funds).

3. SUBORDINATION TO MAIN LEASE

This Sublease is and shall be expressly subject and subordinate to the Main Lease and the terms, provisions, covenants and conditions thereof. This Sublease is also subject and subordinate to all instruments, agreements and other matters to which the Main Lease is or shall be subject or subordinate.

4. RIGHTS AND OBLIGATIONS; EXCEPTIONS

A. Subtenant confirms that Subtenant has read the Main Lease and is familiar with the terms and provisions thereof. Except as otherwise expressly provided herein, all of the terms, provisions, covenants, agreements and conditions of the Main Lease are incorporated herein by reference and made a part of this Sublease with the same force and effect as though set forth in full herein. Subtenant shall conform to, and use the Sublet Premises, the Building and the land on which the Building is located in accordance with, all the terms, provisions, covenants, agreements and conditions of the Main Lease as same apply to the Sublet Premises, Building and the land on which the Building is located and as modified by this Sublease and Subtenant will do no act which will result in a violation of such terms, provisions, covenants, agreements and conditions of the Main Lease. Subtenant shall perform the terms, provisions, covenants, agreements and conditions of the Main Lease on the part of the Sublandlord to be performed with respect to the Sublet Premises, Building and the land on which the Building is located (except as otherwise may be expressly provided herein). To the extent there are inconsistencies between any provision of the Main Lease and any provision of this Sublease, this Sublease shall control unless the use or occupancy of the Sublet Premises, the Building and the land on which the Building is located by Subtenant or any action or inaction by Subtenant in accordance with said provision becomes a default under the terms of the Main Lease, in which event the provisions of the Main Lease shall control.

Except as provided in this Sublease, Subtenant shall be entitled to the rights of Sublandlord, as tenant under the Main Lease, insofar as the same relate to the Sublet Premises. Sublandlord shall have no liability by reason of any default of Landlord under the Main Lease, it being understood that if Sublandlord shall fail to fulfill any obligation of the Sublandlord hereunder and if such failure is caused by the failure of Landlord to comply with its obligations under the Main Lease, then Sublandlord shall have no obligation or liability by reason of such failure, but in such event Subtenant shall be subrogated to the rights of Sublandlord to enforce the obligations of Landlord under the Main Lease insofar as such obligations relate to the Sublet Premises. Without limiting the generality of the foregoing, Subtenant understands that the supplying of services including, without limitation, heat, light, water, air conditioning and other utilities, janitorial cleaning, window washing and elevator services, and building maintenance and repair are the obligations of the Landlord, and that Sublandlord has no control thereof, and assumes no responsibility in connection therewith; and no failure to furnish, or interruption of, any such services or facilities shall give rise to any (a) abatement, diminution or reduction of Subtenant's obligations under this Sublease, (b) constructive eviction, in whole or in part, or (c) liability on the part of the Sublandlord. Further Subtenant agrees that it is the responsibility of the Landlord to comply with all applicable local, state and federal building laws, codes, ordinances, rules and regulations as provided in the Main Lease and that Subtenant is responsible

for obtaining any licenses as may be required for local, federal and state law in connection with its operations at the Sublet Premises.

If the Landlord shall default in any of its obligations to Sublandlord with respect to the Sublet Premises, Subtenant, at Subtenant's sole cost and expense, shall have the right in its own name, that of Sublandlord, or both, to bring an action or proceeding with respect to such default, and Subtenant hereby is subrogated to the rights of Sublandlord against Landlord to the extent that the same shall apply to the Sublet Premises. Sublandlord agrees to take such commercially reasonable steps, at Subtenant's sole cost and expense paid in advance, as Subtenant may reasonably request to cooperate with Subtenant in any such legal proceeding or action. If Subtenant shall commence any proceeding or take any other action to enforce the obligations of the Landlord insofar as such obligations relate to the Sublet Premises, Subtenant agrees to indemnify and hold Sublandlord harmless from and against any costs, liabilities, damages or expenses (including attorneys' fees) which Sublandlord may incur in connection therewith or by reason thereof.

Notwithstanding anything to the contrary in the foregoing, Sublandlord shall promptly forward to Landlord any written requests or other written communications made by Subtenant to Sublandlord related to the performance by Landlord of its obligation under the Main Lease, as they pertain to the Sublet Premises, and shall promptly forward to the Subtenant any written communication received from the Landlord related to the Sublet Premises which affects the Subtenant.

B. Notwithstanding anything to the contrary contained in this Sublease or the Main Lease:

(i) for the purposes of incorporation of the Main Lease by reference in this Sublease, except as otherwise expressly provided herein, and except to the extent that they are inapplicable or modified by the terms and provisions of this Sublease (a) references in the Main Lease to the "Premises" or "Leased Premises" shall be deemed to refer to the Sublet Premises, (b) references in the Main Lease to "LESSOR" shall be deemed to refer to Sublandlord under this Sublease, (c) references in the Main Lease to "LESSEE" shall be deemed to refer to Subtenant under this Sublease, (d) references in the Main Lease to the" Lease" shall be deemed to refer to this Sublease, (e) references in the Main Lease to the "Lease Term" of the Main Lease shall be deemed to refer to the term of this Sublease, (f) references in the Main Lease to the "Termination Date" shall be deemed to refer to the Sublease Expiration Date, (g) references in the Main Lease to the "Commencement Date" shall be deemed references to the Sublease Commencement Date and (h) references in the Main Lease to "Annual Base Rent" shall be deemed to refer to Fixed Rent (including Monthly Fixed Rent). Notwithstanding any other term or provision of this Sublease or the Main Lease to the contrary, Subtenant expressly agrees that any option to extend the Lease Term (as defined in the Main Lease) which Sublandlord may have with regard to the Demised Premises are expressly excluded from the terms and provisions of this Sublease and Subtenant has no right and no option, with regard to the Sublet Premises to extend the term of this Sublease beyond the Sublease Expiration Date;

(ii) the Fixed Rent (and the Monthly Fixed Rent) and Additional Rent to be paid by Subtenant hereunder shall be governed by the terms and provisions of Article 2 of this Sublease;

(iii) the time limits contained in the Main Lease for the giving of notices, making of demands or performing of any act, condition or covenant on the part of the tenant thereunder, or for the exercise by the tenant thereunder of any right, remedy or option, are changed for the purposes of incorporation herein by reference by shortening the same in each instance by five (5) days, so that in each instance Subtenant shall have five (5) days less time to observe or perform hereunder than Sublandlord has as the tenant under the Main Lease;

(iv) the following parts, provisions and exhibits of the Main Lease are not applicable to this Sublease, and are not incorporated herein by reference:

(a) Sections 1, 6(c), 19, 32, 33, 34 and 36;

(b) (i) the first sentence of paragraph 2 of Section 2, (ii) the last sentence of Section 2, (iii) the second sentence of the second paragraph of Section 6, (iv) the last sentence of the third paragraph of Section 7, (v) the last sentence of Section 10, (vi) all but the first paragraph of Section 11, (vii) the last two sentences of the first paragraph of Section 12, (viii) the fourth sentence of Section 16 and (ix) the last sentence of the first paragraph of Section 26;

(c) the first sentence of Section 6 to the extent it permits use of the Sublet Premises for purposes other than general office use;

(d) the phrase "(after the first six months of the Term)" in Section 10; and

(e) Exhibits B, C, D and E.

5. USE

Subtenant shall use the Sublet Premises for general offices purposes and for no other purposes.

6. ELECTRICITY

Subtenant acknowledges and agrees that Landlord and not the Sublandlord, pursuant to the Main Lease, has the obligation to provide to the Sublet Premises the building standard facilities for heat and air conditioning for the Sublet Premises, and also to the common areas and facilities which Subtenant enjoys the right to use pursuant to the Sublease, as limited by the Main Lease as required for comfortable occupancy during 8AM to 6PM each business day.

Subtenant further acknowledges and agrees that Landlord, and not the Sublandlord, pursuant to the Main Lease, has the obligation to provide electricity to the Sublet Premises (to be distributed throughout the Sublet Premises, however, at Subtenant's sole cost and expense). Notwithstanding the foregoing, Subtenant shall pay all charges for electricity used on the Sublet Premises. Subtenant shall pay all actual charges, without mark-up or profit to

Sublandlord, for electricity used on the Sublet Premises as it may be separately metered to the Sublet Premises, or based upon 43.16% of Sublandlord's total electric bill (**"Subtenant's Electrical Share"**) for the Demised Premises if the Sublet Premises are not separately metered or if only partially separately metered to the Sublet Premises (whichever or both may be applicable), at the reasonable determination of the Sublandlord. Subtenant shall pay Subtenant's Electrical Share to Sublandlord as invoiced by Sublandlord on a monthly basis (whether based on actual or estimated charges) within ten (10) days of Subtenant's receipt of the invoice. In the event that at any time Sublandlord or Subtenant (hereinafter referred to as the **"Disputing Party"**) shall dispute whether Subtenant's Electrical Share accurately reflects Subtenant's usage of electricity in the Sublet Premises, the Disputing Party shall have the right, at the Disputing Party's sole cost and expense, to make a survey (hereinafter referred to as the **"Survey"**) of electrical usage in the Demised Premises and the Sublet Premises using an independent electrical engineer (hereinafter referred to as the **"Surveyor"**) mutually satisfactory to Sublandlord and Subtenant. The Surveyor shall compute Subtenant's Electrical Share of the electricity used in the Sublet Premises as a percentage of the electricity used in the Demised Premises. The Survey shall be conclusive and binding upon Sublandlord and Subtenant. Until completion of the first Survey made pursuant to this paragraph and receipt thereof by Subtenant, Subtenant shall continue to pay Subtenant's Electrical Share. After completion of a Survey and receipt thereof by Sublandlord and Subtenant, effective as of the date of the Survey and continuing thereafter until completion of a new Survey, Subtenant shall pay Subtenant's Electrical Share as adjusted based on the Survey, retroactively adjusted to the date of the Survey. Sublandlord and Subtenant shall cooperate with each other and the Surveyor in the making of the Survey.

7. DEFAULT

Subtenant covenants and agrees that in the event that it shall default in the performance of any of the terms, covenants and conditions of this Sublease (including those portions of the Main Lease incorporated herein by reference) beyond any applicable notice and grace period provided for in the Main Lease and incorporated herein by reference (as shortened by Article 4(B)(iii) hereof), Sublandlord shall be entitled to exercise any and all of the rights and remedies to which it is entitled by law, including, without limitation, the remedy of summary proceeding, and also any and all of the rights and remedies specifically provided for in the Main Lease and incorporated herein by reference.

8. CONDITION OF SUBLET PREMISES

The Sublet Premises are demised to Subtenant in the condition which shall exist on the Sublease Commencement Date "as is", except as otherwise hereinafter provided. Subtenant is subleasing the Sublet Premises from the Sublandlord after having had an opportunity to fully inspect the Sublet Premises and the right not to execute this Sublease if the results of said inspection were unacceptable. Therefore, except as otherwise hereinafter provided, Subtenant hereby agrees that the term "as is" means that upon having approved said inspection, it will sublease the Sublet Premises, without warranty or representation, either oral or written, or expressed or implied, as to the physical condition of the Sublet Premises, the Building or land on which the Building is located and/or the compliance of same with building, fire, health and zoning codes and other applicable laws, ordinances and regulations. Sublandlord hereby

expressly disclaims any and all warranties or representations made to Subtenant, whether same were made by any partner, officer, director or employee of Sublandlord or any other agent of same, such as a broker or the Landlord, unless such warranty or representation is contained in writing as a part of this Sublease. Except as otherwise provided for herein (i) Sublandlord shall not incur any greater obligation, financial or otherwise, in connection with the Sublet Premises than it would have had but for this Sublease, and (ii) Subtenant shall be solely responsible for all costs which may be imposed on Sublandlord or Subtenant under the Main Lease in connection with the condition of the Sublet Premises, the Building and the land on which the Building is located.

9. IMPROVEMENTS

Subtenant may make changes, alterations, additions or improvements to the Sublet Premises, subject, however, to the consent of Sublandlord, which consent shall not be unreasonably withheld or delayed, and of Landlord, to the extent required under the Main Lease. Any changes, alterations, additions or improvements by or on behalf of Subtenant shall be made subject to and in accordance with the provisions of the Main Lease.

Subtenant shall pay any and all fees or charges Sublandlord may incur and any and all fees or charges Landlord may incur in connection with Subtenant's making changes, alterations, additions or improvements to the Sublet Premises. Except as expressly set forth in this Sublease, on or before the Sublease Expiration Date or sooner termination of this Sublease, if Landlord requires Sublandlord to restore the Sublet Premises to their condition prior to the making of any changes, alterations, additions or improvements by Sublandlord and/or Subtenant, Subtenant shall, at its sole cost and expense, promptly remove Subtenant's changes, alterations, additions or improvements to the Sublet Premises, and repair any damage caused by such removal.

10. ADDITIONAL SERVICES REQUIRED BY SUBTENANT

Subtenant shall attempt to make its own arrangements with Landlord for the furnishing of additional services to the Sublet Premises, the Building and/or the land on which the Building is located other than those which are required to be furnished by Landlord under the terms of the Main Lease and any such additional services shall be paid for by Subtenant. If Landlord shall refuse to respond to such request for additional service, Sublandlord shall, at Subtenant's sole cost and expense, request Landlord to perform such additional services at Subtenant's sole cost and expense. For the purposes of this Article 10, the term "additional services" shall include, but not be limited to, overtime heating and/or air conditioning service (including, but not limited to additional services which Subtenant may request Landlord to provide pursuant to Section 7 of the Main Lease), overtime freight elevator service and any assessments which Landlord, at its discretion, may assess either the Subtenant or the Sublandlord, as applicable, for any extraordinary item of cost or expense which may actually occur as a direct result of Subtenant's own distinct uses or activities either in the Sublet Premises or within the Building which assessment shall be invoiced either directly by Landlord or, if applicable, by Sublandlord, and paid by Subtenant within twenty five (25) days of Subtenant's receipt of such invoice.

11. SUBLANDLORD'S PROPERTY

The furniture scheduled on **Exhibit C** which is attached to and made a part of this Sublease together with file systems and other built-ins and fixtures presently in the Sublet Premises (collectively hereinafter referred to as **"Sublandlord's Property"**) will remain in the Sublet Premises for use by Subtenant, without charge. During the term of the Sublease, in the event Subtenant determines that any portion of Sublandlord's Property shall no longer be used by Subtenant ("Unused Sublandlord Property"), the Sublandlord shall remove such Unused Sublandlord Property from the Sublet Premises within ten (10) business days after Sublandlord's receipt of written notice from Subtenant that specified the Unused Sublandlord Property to be removed from the Sublet Premises, provided, however, that Subtenant may request the removal of Unused Sublandlord Property only once during each three (3) month period during the term of the Sublease. Removal and storage of Unused Sublandlord Property shall be at the expense of Sublandlord. Exhibit C shall be amended upon notice of request to remove unused Sublandlord Property by Subtenant. Sublandlord's Property shall remain the property of Sublandlord upon the expiration or sooner termination of this Sublease. Sublandlord's Property is in the Sublet Premises in an "as is" condition with all faults and Sublandlord makes no representation or warranty of any kind regarding the Sublandlord's Property whether express or implied, including but not limited to any warranty of merchantability or fitness for any particular purpose. Subtenant agrees to maintain Sublandlord's Property in good order and repair and on the Sublease Expiration Date (or, if applicable, the date of earlier removal by Sublandlord of Unused Sublandlord Property) return the same to Sublandlord in the same condition as received from Sublandlord, reasonable wear and tear excepted. Upon the expiration or early termination of this Sublease, unless otherwise agreed in writing by Sublandlord and Subtenant, Subtenant has no obligation to remove the Sublandlord's Property from the Sublet Premises. All other personal property of Sublandlord, including, without limitation, all furniture not set forth on **Exhibit C**, books, phones, trade fixtures and equipment, computers and copiers shall be removed by Sublandlord prior to the Sublease Commencement Date.

Subtenant agrees that upon reasonable written notice provided by Sublandlord to Subtenant, Sublandlord shall have access to the Sublet Premises during the last seven (7) calendar days of the term of the Sublease to remove, and be permitted to remove, Sublandlord's Property from the Sublet Premises all at Sublandlord's cost and expense.

12. ATTORNMENT

In the event of termination, re-entry or dispossession of Sublandlord by Landlord under the Main Lease, the Landlord may, at its option, take over all of the right, title and interest of Sublandlord, as sublessor, under this Sublease, and Subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of this Sublease, except that Landlord shall not (i) be liable for any previous act or omission of Sublandlord under this Sublease, which heretofore has accrued to Subtenant against Sublandlord, (ii) be bound by any previous modification of this Sublease not consented to by Landlord or by any previous prepayment of more than one month's rent, (iii) be bound to perform any work which Sublandlord is obligated to perform hereunder, or to pay Subtenant for the same or (iv) be subject to any offset not expressly provided for in this Sublease which theretofore accrued to Subtenant against Sublandlord. The Subtenant hereunder hereby waives all rights under any

present or future laws or otherwise to elect, by reason of the termination of the Main Lease, to terminate this Sublease or surrender possession of the Sublet Premises demised hereby.

13. SUBTENANT'S REPRESENTATION AND WARRANTIES

Subtenant covenants, warrants and represents:

A. that Subtenant shall perform all of its obligations under this Sublease (including, without limitation, all of the obligations relating to the Sublet Premises, the Building and the land on which the Building is located arising under the Main Lease which are incorporated herein by reference);

B. Subtenant shall keep the Sublet Premises in a clean and orderly and presentable condition equivalent to the reasonable standards set by Landlord for the Building and Subtenant shall be solely responsible to provide its own cleaning and janitorial services to the Sublet Premises, at its sole cost and expense;

C. that Subtenant will not do or omit to do anything which would constitute a default under the provisions of the Main Lease incorporated herein by reference;

D. although doorways exist in the Sublet Premises providing possible ingress and egress to the remaining portion of Sublandlord's Demised Premises, the Subtenant understands and agrees that such doors will be disabled and locked during the term of the Sublease and Subtenant shall have no access to the remaining portion of Sublandlord's Demised Premises; and

E. that Subtenant shall indemnify, defend and hold harmless Sublandlord and Landlord and their respective agents, contractors and employees from and against any and all claims, liabilities, damages, losses or expenses (including, without limitation, reasonable attorneys fees) which may be imposed upon or incurred by or asserted against Sublandlord and/or Landlord and/or their respective agents, contractors or employees by reason of (i) Subtenant's failure to comply with the provisions of this Sublease (including but not limited to Article 13(D) of this Sublease), (ii) the negligent or improper use or occupancy of the Sublet Premises, the Building or the land on which the Building is located by Subtenant or its successors or assigns, (iii) any work or thing done whatsoever by or at the instance of Subtenant, its agents, contractors, subcontractors, employees, licensees, successors or assigns (other than work performed by Sublandlord), or any condition created by Subtenant, its agents, contractors, subcontractors, employees, licensees, successors or assigns in, on or about the Sublet Premises, the Building or the land on which the Building is located, (iv) any negligence or other wrongful act or omission on the part of Subtenant or any of its agents, contractors, subcontractors, employees, licensees, successors or assigns, or (v) any accident, injury or damage to any person or property occurring in, on or about the Sublet Premises, the Building or the land on which the Building is located or any part thereof, except to the extent caused by the gross negligence or willful misconduct of Sublandlord (with respect to a claim against Sublandlord) or Landlord (with respect to a claim against Landlord). In case any action or proceeding is brought against Sublandlord and/or Landlord and/or their respective agents and employees by reason of any such claim, neither Sublandlord nor Landlord shall settle the same without Subtenant's written consent and Subtenant, upon written notice from Sublandlord and/or Landlord, shall at

Subtenant's expense resist and defend such action or proceeding by counsel approved by Sublandlord and/or Landlord in writing, which approval will not be unreasonably withheld.

14. ESTOPPEL

Sublandlord represents that (i) it is not in default in the payment of rent and additional rent pursuant to the Main Lease with respect to the Sublet Premises as of the date of this Sublease, (ii) to its best knowledge, no event has occurred which is, or with the giving of notice or passage of time or both will become, a condition of limitation under the Main Lease, on the part of either Sublandlord or the Landlord, (iii) it is currently the Tenant of the Sublet Premises under the Main Lease, (iv) it has not received any notices of default citing any defaults under the Main Lease which remain uncured, and (v) the Main Lease, a copy of which has been delivered to the Subtenant, represents the entire agreement with respect to the Sublet Premises, the Building or the land on which the Building is located between the Landlord and the Sublandlord.

15. BROKERS

A. Subtenant represent that Subtenant has dealt with no brokers other than Richard Barry Joyce & Partners (the **"Subtenant Broker"**) in connection with this transaction. Subtenant shall indemnify and hold Sublandlord and Landlord harmless from and against any and all claims, liabilities, costs and expenses of any kind and nature (including reasonable attorneys' fees) arising from or related to a breach of the foregoing representation.

B. Sublandlord represents that it has dealt with no brokers in connection with this transaction other than CB Richard Ellis (the **"Sublandlord Broker"**). Sublandlord shall indemnify and hold Subtenant and Landlord harmless from and against any and all claims, liabilities, costs and expenses of any kind and nature (including reasonable attorneys' fees) arising from or related to a breach of the foregoing representation and shall pay any commission due in connection with this Sublease to the Subtenant Broker and Sublandlord Broker pursuant to a separate agreement.

16. LANDLORD'S CONSENT; BINDING EFFECT

Upon execution hereof, this Sublease shall be delivered to the Landlord for its consent. Sublandlord and Subtenant expressly acknowledge that the Landlord's consent is a condition precedent to the effectiveness of this Sublease. Sublandlord and Subtenant agree to use reasonable and diligent efforts to obtain the Landlord's consent hereto and shall execute and deliver such other and further instruments and/or deliver such information as may reasonably be required to effectuate the intent of this Sublease and/or to obtain the Landlord's consent to the subleasing of the Premises to Subtenant. Landlord's Consent (**"Landlord's Consent"**) shall be set forth either at the end of this Sublease below the signatures of the Sublandlord and the Subtenant or in a separate writing executed by the Landlord expressly referencing this Sublease.

Notwithstanding anything to the contrary contained in this Sublease, this Sublease shall not become effective until both Sublandlord and Subtenant execute this Sublease and until Landlord's consent to this Sublease is obtained as provided above.

17. NON-LIABILITY FOR LANDLORD'S FAILURE TO CONSENT; DISCLAIMER OF LIABILITY

In any instance where the consent of Landlord is required hereunder or under the Main Lease, Sublandlord shall have no liability for any failure of Landlord to grant its consent for any reason whatsoever, including whether or not Landlord's consent was unreasonably withheld. Except as otherwise expressly provided herein, in any case where Landlord reserves a right or disclaims any liability under the Main Lease, said right or disclaimer shall inure to the benefit of Sublandlord as well as to Landlord, and any rights or disclaimers inuring to Sublandlord as tenant under the Main Lease shall likewise inure to the benefit of Subtenant.

18. SUBLANDLORD'S PERFORMANCE UNDER MAIN LEASE

A. Sublandlord will duly observe and perform every term and condition of the Main Lease to the extent that such term and condition is not provided in this Sublease to be observed or performed by Subtenant (and except to the extent that any failure so to pay or any failure in such observance or performance shall have resulted, directly or indirectly, from any default by Subtenant in its obligations to pay any amount of the Fixed Rent (including any Monthly Fixed Rent) or Additional Rent hereunder or to observe or perform any of the terms, covenants or conditions in this Sublease or in the Main Lease on Subtenant's part to observe or perform with respect to the Sublet Premises, the Building or the land on which the Building is located.

B. Sublandlord shall not enter into any modification or amendment to or of the Main Lease, or any other agreement, or take any other action which results in the modification, surrender or cancellation of the Main Lease, if such modification, surrender or cancellation decreases any of Subtenant's rights under this Sublease, or increases any of Subtenant's obligations or remedies under this Sublease, without the prior written consent of Subtenant. Any modification, amendment, agreement, surrender or cancellation made without such consent shall have no effect on the rights or obligations of the Subtenant under this Sublease.

19. NOTICES

All notices, requests, demands, and other communications hereunder 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 have been given or made when received at the following address:

If to Sublandlord:

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

Attention: Catherine M. Vaczy, General Counsel

With a copy to:

Michael J. Vitolo, Esq.
26 Yankee Hill Road
Ridgefield, CT 06877

If to Subtenant:

Seaside Therapeutics, Inc.
840 Memorial Drive
Fifth Floor
Cambridge, Massachusetts 02139

Attention: Director, Finance

If to Landlord:

Rivertech Associates II, LLC
575 Boylston Street
Boston, Massachusetts 02116.

Any of the above addresses may be changed on ten (10) days notice, given as above provided.

20. INSURANCE

Subtenant shall maintain all insurance required of Sublandlord as tenant in accordance with and pursuant to the Main Lease, including, but not limited to Section 17 of the Main Lease as such section is incorporated by reference into this Sublease, which insurance shall name both Landlord and Sublandlord as additional insureds and Subtenant shall deliver evidence of such coverage in form and substance reasonably acceptable to Sublandlord no later than the Sublease Commencement Date.

21. ENTIRE AGREEMENT

This Sublease contains the entire agreement between Sublandlord and Subtenant with respect to the subject matter hereof. This Sublease cannot be changed in any manner except by a written agreement signed by Sublandlord and Subtenant, and, if required, consented to by Landlord.

22. MASSACHUSETTS LAW

This Sublease shall be governed in all respects by the laws of the Commonwealth of Massachusetts. Any provision of this Sublease which is deemed void or unenforceable shall not invalidate or render void or unenforceable any other provision of this Sublease.

23. SUCCESSORS AND ASSIGNS

The provisions of this Sublease shall extend to, bind and inure to the benefit of the parties hereto and their respective successors and assigns. In the event of any assignment or

transfer of the leasehold estate under the Main Lease the transferor or assignor, as the case may be, shall be and hereby is entirely relieved and freed of all obligations under this Sublease.

24. WAIVER OF TRIAL BY JURY

It is mutually agreed by and between the Sublandlord and Subtenant that, except in the case of any action, proceeding or counterclaim brought by either of the parties against the other for personal injury or property damage, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Sublease.

IN WITNESS WHEREOF, Sublandlord and Subtenant have hereunto set their hands and seals and intend to be legally bound hereby as of the date first set forth above.

SUBLANDLORD:

NEOSTEM, INC.

By: _____
Name: Robin Smith
Title: CEO

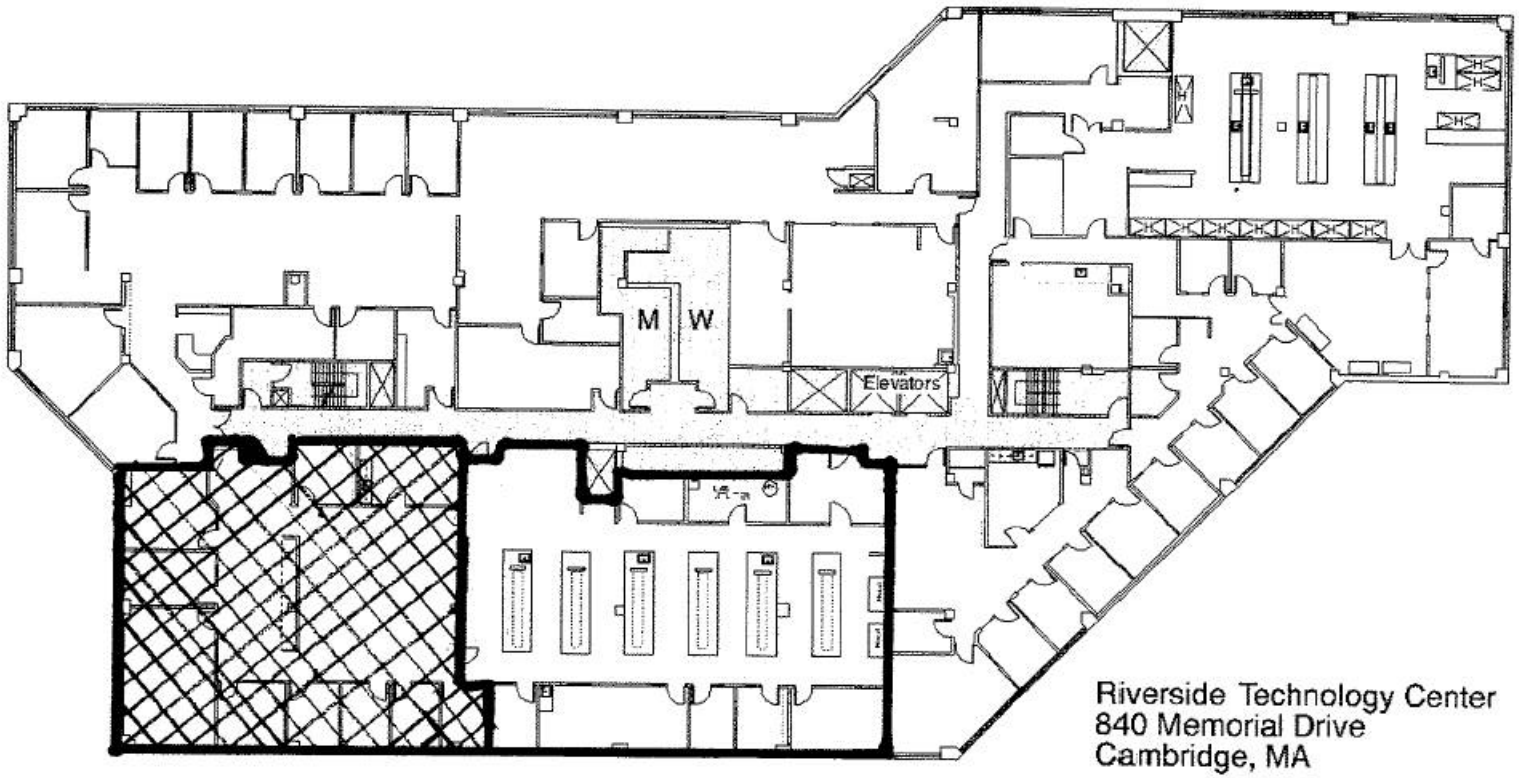
SUBTENANT:

SEASIDE THERAPEUTICS, INC.

By: _____
Name: Randall Carpenter
Title: President & CEO

EXHIBIT A
Floor Plan

(Immediately Follows)



OFFICE/LABORATORY SUITE
8,060 RSF

Riverside Technology Center
840 Memorial Drive
Cambridge, MA

Floor Four

- - - - - - - - - - - - - - -

EXHIBIT B
Main Lease

- - - - - - - - - - - - - - -

(Immediately Follows)

INDENTURE OF LEASE

by and between

RIVERTECH ASSOCIATES II, LLC

("LESSOR")

and

NEOSTEM, INC.

("LESSEE")

RIVERSIDE TECHNOLOGY CENTER

840 Memorial Drive
Cambridge, Massachusetts

LEASE EXHIBITS

RIVERSIDE TECHNOLOGY CENTER

COMMERCIAL LEASE

BETWEEN

RIVERTECH ASSOCIATES II, LLC

AND

NEOSTEM, INC.

Agreement entered into this 1st day of ~~August~~ September 2009 in consideration of the covenants and other benefits herein contained, the receipt and sufficiency of said consideration being hereby acknowledged (the "Lease").

Rivertech Associates II, LLC, a Massachusetts limited liability corporation, c/o The Abbey Group, 575 Boylston Street, Boston, MA 02116 (herein "LESSOR"), does hereby lease to and **NeoStem, Inc. a Delaware corporation** duly qualified to do business in the Commonwealth of Massachusetts with a principal place of business in New York, New York (herein "LESSEE"), does hereby lease from said LESSOR, certain space located at 840 Memorial Drive, Cambridge, Massachusetts (herein "Building") being that portion of the fourth (4th) floor of the Building (and certain ancillary space on the third (3rd) floor of the Building), shown on Exhibit A attached hereto (herein, "Lease Plan") consisting of approximately 8,060 rentable square feet on said fourth (4th) floor and approximately 50 rentable square feet on said third (3rd) floor, for a combined approximate 8,110 rentable square feet, all as appearing on said Lease Plan, (the "Leased Premises" or "Premises"); with the right in common with others in the Building to use such common areas of the Building as are designated by the LESSOR, from time to time including but not limited to the 1st floor common lavatories; shared loading dock; shared passenger and freight elevators; and common walkways, driveways and lobbies; as well as the additional accessory areas set forth in Section 6 hereof.

1. **Lease Term.** LESSOR shall deliver the Leased Premises to the LESSEE as set forth in Section 32 hereof, the date of delivery being referred to herein as the "Delivery Date". LESSEE hereby leases the Leased Premises for an original Term of thirty six (36) consecutive months (herein, "Lease Term"). The Term of the Lease shall begin on that date which is the first day of the next calendar month after the Delivery Date occurs, referred to herein as the "Commencement Date", and shall end on the last day of the calendar month which is thirty six (36) full months therefrom, referred to herein as the "Termination Date". The period between the Delivery Date and the Commencement Date (if any, as may be occasioned by delivery on a date other than the first of any

calendar month) is referred to herein as the "Interim Period", during which all terms and conditions of the Lease shall fully apply as set forth herein. The "First Lease Year" shall commence on the Commencement Date and shall end on the last day of the calendar month which is twelve (12) full months therefrom. Each successive Lease Year shall be the next twelve full month period after the end of the First Lease Year. By way of illustration, if the Delivery Date is September 10th, 2009 then: (i) the Commencement Date shall be October1, 2009; (iii) the First Lease Year shall begin on October 1, 2009 and shall conclude on September 30, 2010; the Second Lease Year shall begin on October1, 2010; and each successive Lease Year shall begin on the next October1st; and the Termination Date would be September 30, 2012.

LESSOR agrees to use commercially reasonable efforts to substantially complete LESSOR's build-out and to deliver the Leased Premises on or before September 1, 2009; but LESSOR shall incur no liability, nor shall there be any abatement of Annual Base Rent or other payments due hereunder, if the Delivery Date occurs subsequent to said target date; provided, however, that in the event that the Delivery Date (as defined in Section 32) has not occurred on or before September 15, 2009 for whatever reason (the "Outside Termination Date"), then LESSEE shall have the right to terminate this Lease by written notice to LESSOR delivered within 15 business days after the Outside Termination Date, and the Lease shall be deemed to be terminated if the Delivery Date has thereafter not occurred by September 30, 2009 (absent separate written agreement of the parties).

The Term may be extended as contemplated by Section 33 hereof.

2. **Annual Base Rent and Additional Rent.** LESSEE shall pay to LESSOR an Annual Base Rent pursuant to the schedule below during each Lease Year (or portion thereof as the case may be) of the Term hereof, (herein, "Annual Base Rent"). Annual Base Rent shall be payable in advance, in equal monthly installments, due on the first day of each calendar month, pursuant to the schedule below. Annual Base Rent due for any partial month shall be prorated based on the number of days in that month. LESSEE's first payment of Annual Base Rent for the first month of the first Lease Year and LESSEE's payment of Annual Base Rent for the Interim Period (which shall be calculated by multiplying the number of days in the Interim Period (i.e. starting with the Delivery Date through the last day of the month prior to the Commencement Date) by an applicable per diem rate reflecting Annual Base Rent for the First Lease Year (First Six Months) on an annualized basis shall both be due on the Delivery Date.

All payments of Annual Base Rent (and any Additional Rent or other sums due LESSOR) shall be made to LESSOR at 575 Boylston Street, Boston, Massachusetts 02116 or to such other agent or at such other place as LESSOR may designate in writing. The covenants to pay all Annual Base Rent and all Additional Rent hereunder (collectively, "Rent") shall be independent from any and all other covenants of LESSOR to LESSEE hereunder; and all Rent shall be promptly paid when due hereunder.

LESSEE shall pay interest from the date due, at an annual rate of eighteen (18%) percent of any installments of Annual Base Rent, or Additional Rent or other payments which are not received by LESSOR within ten days after written notice from LESSOR that any such Rent was not received.

SCHEDULE OF ANNUAL BASE RENT

Lease Year	Annual Base Rent	Monthly Installment
First Lease Year (first six months)	$243,300.00	$20,275.00
First Lease Year (last six months)	$324,400.00	$27,033.33
Second Lease Year	$356,840.00	$29,736.67
Third Lease Year	$369,005.00	$30,750.42

This Lease is intended to be a triple net lease, and as such LESSEE shall also be responsible for payment of its pro rata share of Operating Expenses (see Section 3 herein), real estate taxes (see Section 4 herein) and utilities (see Section 7 herein). All payments due to LESSOR hereunder in addition to those under Section 2 shall be deemed to be "Additional Rent" characterized as such, or as "Rent" interchangeably.

LESSEE's allocable pro rata share is 6.29 % (the LESSEE's "Allocable Percentage") as that concept is used herein to compute Additional Rent.

3. Additional Rent (Operating Expenses). LESSEE, in addition to the sums payable to LESSOR as Annual Base Rent as determined in Section 2 hereof shall pay to LESSOR for each year (or portion thereof, as applicable) of the Lease Term, as Additional Rent, LESSEE's Allocable Percentage of any and all actual Operating Expenses attributable to the Building for said year of the Lease Term (herein, "Additional Operating Expense Rent"). Operating Expenses as set forth in Exhibit B hereto are the unaudited actuals for calendar year 2008 (and will be subject to change based on actual costs and expenses incurred for each of the categorized Exhibit B costs and expenses in the remainder of 2009 and for each subsequent calendar year during the Term).

"Operating expenses" means the costs incurred by the LESSOR in connection with the operation, management and maintenance of the Building." Operating Expenses" shall not include the following: the costs of LESSEE's or any other tenant's improvements and services for which LESSEE or any tenant is obligated to reimburse LESSOR, or pays third persons at LESSOR's directions; the costs of improvements to other tenants' or vacant tenant spaces (vis a vis common areas) in the Building; income or franchise taxes

of the LESSOR; the costs incurred in any rehabilitation, reconstruction or other work occasioned by any insured casualty (i.e. as to which LESSOR is required to carry insurance hereunder), or by the exercise of the right of eminent domain (except to the extent of any so-called "deductible" amount under policies of insurance or any costs actually incurred for which any insurance company does not reimburse or compensate LESSOR or owner); depreciation or interest payments on the building; general corporate overhead of the LESSOR entity; expenses incurred in any direct dispute with any particular tenant (other than those incurred which are of benefit to or protect the rights of other tenants in the building, generally); costs of renovations to vacant or other tenants' spaces; costs of capital improvements to the Building its systems and appurtenances (but not including maintenance, repairs or replacements), and any rental payments for equipment which, if purchased, would be excluded as a capital improvement under generally accepted accounting standards in LESSOR's reasonable judgment; costs for the removal, encapsulation or other remediation of hazardous substances in the Building or the land unless such hazardous substances were introduced by LESSEE; brokerage and advertising costs in seeking or leasing to new tenants; and penalties incurred due to LESSOR's willful violation or any direct violation of any government order; any ground or underlying lease rental; bad debt expenses and interest, principal, points and fees on debts or amortization on any mortgage or other debt instrument encumbering the building or the property; costs arising from LESSOR's charitable or political contributions; costs of selling, syndicating, financing, mortgaging or hypothecating any of LESSOR's interest in the Building; management fees paid or charged by LESSOR in connection with the management of the building other than a management fee based on five (5%) percent of income which is the management fee uniformly and customarily charged to other tenants in the Building by LESSOR; costs and expenses (including taxes) to operate the parking garage, valet and other parking services for the building, and any replacement garages or parking facilities and any shuttle services as may be placed in service, including any capital improvements to the parking areas; direct expenses in connection with services directly and selectively provided to other tenants of the Building; costs and expenses paid to subsidiaries or affiliates of LESSOR for goods or services to the extent the amount exceeds (without justification) generally accepted costs or expenses incurred by other comparable buildings in Cambridge, Mass.

LESSEE shall pay its Allocable Percentage of Additional Operating Expense Rent to LESSOR based on a prospective annual schedule prepared by the LESSOR, in monthly increments based on said schedule, with each monthly payment of Annual Base Rent due hereunder. LESSOR, at its discretion, may assess LESSEE for any extraordinary item of cost or expense which may actually occur as a direct result of LESSEE's own distinct uses or activities which shall be itemized, invoiced separately, and paid by LESSEE within thirty (30) days of its receipt of the invoice. Within one hundred twenty (120) days of the close of each calendar year, LESSOR shall provide LESSEE with a reasonably detailed accounting of Operating Expenses for such prior calendar year, and shall adjust the prior year's schedule of Additional Operating Expense Rent to account for actual and properly accrued costs, expenses, and liabilities, and shall issue LESSEE a refund or deficiency statement for that year, as appropriate. LESSEE shall pay any

deficiency shown thereon within thirty (30) days of its receipt of said invoice. Any rebates due LESSEE (not contested by LESSOR) shall, in LESSOR's reasonable discretion, be credited toward current monthly Rent or paid to LESSEE within thirty (30) days.

Upon LESSEE's request, subsequent to LESSEE's receipt of such annual accounting, LESSOR shall make available to LESSEE for inspection, during normal business hours and at LESSOR's offices in Massachusetts, all relevant books, records and invoices upon which Operating Expenses are calculated. If there is any dispute, LESSOR and LESSEE shall attempt to negotiate reconciliation thereof, neither party being under any obligation to enter into any such settlement or compromise. If such negotiated reconciliation fails, then either LESSOR or LESSEE, upon thirty (30) days prior written notice to the other, may submit any dispute regarding Operating Expenses to arbitration in the City of Cambridge or Boston, Massachusetts under the Expedited Procedures provisions of the Commercial Arbitration Rules of the American Arbitration Association and the decision and award of the arbitrator(s) shall be final and conclusive on the parties and enforceable in any court of competent jurisdiction. All such arbitration results shall apply to the parties only (and not any other tenants of the Building) and shall be kept confidential by LESSOR and LESSEE. Each party shall be responsible for its own costs and expenses of the arbitration proceedings.

4. Additional Rent (Real Estate Taxes). LESSEE, in addition to the sums payable to LESSOR as Annual Base Rent as determined in Section 2 hereof, shall pay to LESSOR for each year (or portion thereof, as applicable) of the Lease Term, as Additional Rent, LESSEE'S Allocable Percentage of all sums attributable to the municipal real estate taxes on the Building and land on which it is situated (herein the "Additional Real Estate Tax Rent").

Notwithstanding the foregoing, LESSOR shall be under no obligation to file for any abatement of taxes for FY 2009, 2010 or any other fiscal year, and LESSEE shall pay all amounts as invoiced by LESSOR, receiving a rebate based on its Allocable Percentage only if abatement is sought and received by LESSOR.

LESSEE shall pay its Allocable Percentage of Additional Real Estate Tax Rent to LESSOR based on a prospective annual schedule prepared by the LESSOR, in monthly increments based on said schedule, with each monthly payment of Annual Base Rent due hereunder. Within one hundred twenty (120) days of the close of each calendar year, LESSOR shall adjust the prior year's schedule of Additional Real Estate Tax Rent to account for actual and properly accrued costs, expenses, and liabilities, and shall issue LESSEE a refund or deficiency statement for that year, as appropriate. LESSEE shall pay any deficiency shown thereon within thirty (30) days of its receipt of said invoice. In the event of any disagreement, the parties shall engage in the negotiation and arbitration processes set forth in the last paragraph of Section 3 hereof. Any rebates due LESSEE (not contested by LESSOR) shall, in LESSOR's reasonable discretion, be credited toward Additional Rent or paid to LESSEE within thirty (30) days. LESSOR shall provide

copies of the relevant tax bills to LESSEE within a reasonable time after LESSEE's request.

5. Security Deposit. Upon execution hereof, LESSEE shall post with LESSOR (and maintain at all times during the Original and Extended Term), a Security Deposit in the amount of Eighty Four Thousand One Hundred Forty One ($ 84,141.00) Dollars (the "Security Deposit Amount") as described below; which shall be held as security for LESSEE's performance as herein provided, to be returned to LESSEE at the end of this Lease Term (as may be extended), subject to LESSEE's satisfactory compliance with the terms and conditions hereof. To the extent LESSEE has not defaulted (beyond any notice, grace and cure periods) in the performance of any LESSEE's obligations under this Lease prior to the second Lease Year hereunder, then LESSEE may reduce the Security Deposit Amount to Fifty Six Thousand Ninety Four ($ 56,094.00) Dollars for the balance of the Term hereof as of the start of the second Lease Year. LESSEE may do so by delivery of cash or a replacement Letter of Credit to the Letter of Credit posted below.

The Security Deposit Amount shall be delivered to LESSOR, on LESSEE's execution of this Lease, either by:

(a) certified or bank check drawn on a Massachusetts bank (which sum, plus any interest thereon, LESSOR shall be entitled to commingle and use with LESSOR's own funds); or

(b) irrevocable stand-by Letter of Credit, drawn on a commercial bank reasonably acceptable to LESSOR.

If available to LESSEE, the Letter of Credit shall be the full term of this Lease. However, the Letter of Credit may be written on an annual basis with a provision that it may be drawn upon if LESSEE fails to provide a renewal or replacement therefor forty-five (45) days prior to the expiration of the then existing Letter of Credit.

The Letter of Credit shall: (i) name LESSOR as beneficiary; (ii) be for a term equal to the Lease Term (or any extended term, as and when appropriate); (iii) be cancelable only with a minimum 30 days prior notice to LESSOR; and (iv) be substantially in the form attached hereto as Exhibit C and in all respects in form and substance reasonably satisfactory to LESSOR.

LESSOR reserves the right, at any time, at which the LESSOR reasonably questions the economic viability of the bank issuing the then existing Letter of Credit, to require that the original Letter of Credit be replaced by another Letter of Credit issued by another commercial bank reasonably acceptable to LESSOR. LESSEE shall be required to make its substitution within fifteen (15) days from receipt of LESSOR's notice. Failure to

provide said replacement Letter of Credit shall entitle LESSOR to draw on the existing Letter of Credit and hold the cash proceeds thereof as the Security Deposit hereunder.

6. Use of Leased Premises. LESSEE shall use the leased premises for general office, research and development, and laboratory space (inclusive of an adult stem cell collection center) only, which uses LESSOR warrants and represents are currently allowed under local zoning regulations (subject to compliance with federal, state and municipal safety, healthy, building, and sanitary codes). LESSEE will use the Leased Premises in a careful, safe and proper manner and will not do or permit any act or thing which is contrary to any legal or insurance requirement referred to in Section 17 hereof or which might impair the value of the Leased Premises or Building or any part thereof or which constitutes a material risk to the safety, health or well-being of other Lessees in the Building or the community, or creates a public or private or private nuisance or waste.

LESSEE shall not be entitled to bring any animals (including without limitation laboratory mice, rats or other mammals or primates, reptiles or aquatic life); micro-organisms; or bacteriological, biological, or pathological agents into the Building or the Leased Premises without prior written notice to LESSOR and LESSOR's express written consent; which consent LESSOR shall not unreasonably withhold, delay or condition. LESSOR hereby expressly approves LESSEE's use of the animals, micro-organisms, bacteriological, biological, and pathological agents listed on Exhibit E attached hereto in the Leased Premises. As to any of the foregoing, if and to the extent permitted by LESSOR, LESSEE, at its sole cost and expense, shall comply with all applicable local, state and federal governmental statutes, regulations, rulings and orders applicable thereto (including procuring any required permits or authorizations). LESSOR may condition its consent to the presence of such animals based on quantity, type, arrangements for storage, sanitation, transportation, and other physical and logistical considerations as LESSOR may reasonably determine in each instance and from time to time as circumstances may require. LESSEE hereby indemnifies and holds harmless LESSOR from and against any and all damages, liabilities, claims, demands, actions or other losses arising from LESSEE's non-compliance with this clause, or non-compliance with any conditions imposed by LESSOR hereunder in the future.

LESSEE shall have access to the Leased Premises and the Building parking garage for LESSEE's use seven days per week and twenty four hours per day for each day of the Term, subject to the provisions of Section 7 hereof relative to overtime heat and air-conditioning. LESSEE shall keep the Leased Premises in a clean and orderly and presentable condition equivalent to the reasonable standards set by LESSOR for the Building; and LESSEE shall be solely responsible to provide its own cleaning and janitorial services to the Leased Premises, at its sole cost and expense.

LESSEE shall be responsible for its own cleaning of the Leased Premises, and the prompt and proper disposal of all garbage, refuse, debris and other waste as mandated by reasonable Building regulations. LESSOR shall provide and maintain a trash dumpster and/or compactor at the Building loading dock, for the non-exclusive use of all tenants

for disposal of non-hazardous/non controlled materials and substances. LESSEE may, but shall not be obligated (except as required by law) to implement a recycling program, but its implementation, maintenance, or operation shall be, except as required by law, without any cost or expense to LESSOR or any other tenants of the Building. Except as required by law, LESSOR is not obligated to coordinate any such program in any respect.

In addition to its rights to occupy and use the Leased Premises, LESSEE shall also be entitled to use the following areas, as follows:

(a) LESSEE shall be entitled to the shared use (with other tenants) during the Lease Term of an emergency generator provided by LESSOR. LESSOR will maintain and service the emergency generator during the Term. LESSEE is required to install, prior to its use thereof, at its own cost and expense (but under LESSOR's direction), a separate panel to the existing emergency generator panel, along with a separate submeter to allow readings of LESSEE's own use. LESSOR shall be entitled to access the submeter periodically and shall invoice LESSEE for its use, which invoices shall be paid by LESSEE within thirty (30) days of receipt, said payments to be considered to be Additional Rent hereunder. As an express condition to LESSEE's use of the emergency generator as provided above, LESSEE agrees its use of the emergency generator shall be at its sole risk at all times, and that LESSOR shall not be liable for any claims, damages or liabilities arising the operation or malfunction of the emergency generator, unless LESSOR fails to adequately maintain or service the emergency generator.

All tenants sharing use of the emergency generator, from time to time, shall pay their own proportional share for its operation (including without limitation all costs and expenses of service and maintenance), with LESSEE to be responsible for its respective proportional share. Payments shall be made within thirty (30) days of invoicing by LESSOR. Cost sharing allocations shall be based on the amount of power (amperage) allocated to each such tenant by LESSOR, such that all tenants engaged in such sharing shall account for 100% of all such costs. For example two tenants sharing the emergency generator where tenant A is allocated 30% and tenant B allocated 70% shall share all such costs in that proportion; if a third tenant is added such that tenant A is allocated 30%, tenant B allocated 40%, and tenant C allocated 30% then they shall share all such costs in that proportion; etc. Tenant shall have the right to review LESSOR's documentation resulting in any charges to LESSEE hereunder upon request.

Alternative to the use of the shared emergency generator, LESSEE shall have the option in its discretion to install its own emergency generator in a location either on the roof of the Building, or alternatively, in another location designated by LESSOR (e.g. parking garage level) by mutual agreement of LESSOR and LESSEE; LESSOR to approve the specifications therefor (such approval not to be

unreasonably withheld or delayed); with all costs and expenses thereof to be borne by the LESSEE.

(b) LESSEE shall be entitled to install its own additional HVAC equipment, antennas, satellite dishes and other communications equipment on the roof of the Building (with wiring, cabling, ducting, and conduits, as needed through the Building to the Leased Premises); LESSOR to approve the locations and specifications therefor (such approval not to be unreasonably withheld or delayed); with all costs and expenses thereof to be borne by the LESSEE (including all costs and expenses of operation, servicing, maintenance and repair;

(c) LESSEE shall have the exclusive use of an acid neutralization system to be installed by LESSOR in the Leased Premises (LESSOR representing that it is in good operating condition and repair (including lime chips) and proper working order as of the Delivery Date, as required by the MWRA, but otherwise making no representations or warranties with respect thereto); LESSEE being fully responsible to all maintenance, repairs and replacements thereto at its sole cost and expense and for obtaining its own MWRA permit therefor.

7. **Utilities.** LESSOR shall provide to the Leased Premises the building standard facilities for heat and air conditioning for the Leased Premises, and also to the common areas and facilities which LESSEE enjoys the right to use, as required for comfortable occupancy, during 8 AM to 6 PM each business day (herein "Normal Business Hours").

LESSOR shall provide electricity to the Leased Premises (to be distributed throughout the Leased Premises however, at LESSEE's sole cost and expense). Notwithstanding the foregoing, LESSEE shall pay all charges for electricity used on the Leased Premises. LESSEE shall pay all actual charges, without mark-up or profit to LESSOR, for electricity used on the Leased Premises as it may be separately metered to the Leased Premises, or based on LESSEE's Allocable Percentage of the total electric bill for the Building if not separately metered or if only partially separately metered to the Leased Premises (whichever or both as may be applicable), at the reasonable determination of the LESSOR. LESSOR shall determine any such electric charges not separately metered to the Leased Premises in a uniform and non-discriminatory manner relative to other lessees and occupants in the Building whose electric charges are not separately metered. LESSEE shall pay its electrical charges to LESSOR as invoiced by LESSOR on a monthly basis (whether based on actual or estimated charges) within thirty (30) days of its receipt of the invoice. Within one hundred twenty (120) days of the close of each calendar year, LESSOR shall adjust the LESSEE's prior year's electrical payments to account for the actual and properly accrued charges, and shall issue LESSEE a refund or deficiency statement for that year, as appropriate. LESSEE shall pay any deficiency shown thereon within thirty (30) days of its receipt of said invoice. In the event of any disagreement, the parties shall engage in the negotiation and arbitration processes set forth in the last paragraph of Section 3 hereof. Any rebates due LESSEE (not contested by LESSOR) shall, in LESSOR's reasonable discretion, be credited toward then current

Rent. LESSOR shall provide copies of the relevant electric bills, and information regarding which spaces in the Building are not separately metered to other lessees and occupants, to LESSEE upon LESSEE's request.

LESSOR shall maintain an average temperature in the Building between 60 degrees Fahrenheit and 80 degrees Fahrenheit at all times; and an average temperature in the Leased Premises generally between 68 degrees Fahrenheit and 76 degree Fahrenheit during Normal Business Hours. LESSOR shall make available overtime heat and air-conditioning and LESSEE shall pay as additional rent, overtime heat and air-conditioning as may be requested by LESSEE for the Leased Premises on the basis of $ 150.00 per zone (there being one zone in the office portion of the Leased Premises), per hour, (subject to increase by the same percentage amount by which the standard electric rates are increased), as billed by LESSOR. LESSEE shall give LESSOR forty eight (48) hours prior notice of any requirements for specialized overtime heating and air-conditioning. LESSOR shall not be liable to LESSEE for any interruption, interference, damage or loss to LESSEE's research or experimentation occasioned as a result of any failure in the heating, ventilation, air conditioning, or electrical services or other utilities servicing the Building or the Leased Premises not caused by LESSOR's negligence, willful misconduct, or failure to use reasonably diligent efforts to restore any service interruption within its reasonable control. No plumbing or electrical work which affects the base Building systems or which requires a municipal permit or which may interfere with any other tenant in the Building shall be done without LESSOR's approval which approval shall not be unreasonably withheld or delayed and the appropriate municipal permit and inspector's approval. Hot and cold water for domestic type sanitary and drinking purposes and ordinary office pantry purposes (only) shall be supplied at LESSOR's expense. There shall be separately metered and separately paid for by LESSEE, non-potable laboratory water and water for other particularized uses in the Leased Premises.

LESSOR shall also provide the following services in accordance with comparable first class research laboratory and office buildings in the mid-Cambridge submarket at no additional charge: (a) non-exclusive shared passenger and freight elevator service and loading dock service to the Leased Premises on a 24-hour basis, (b) base Building fire and life-safety systems; and (c) janitorial and cleaning service to common lavatories and common areas.

LESSEE shall not be required to pay for any utilities as aforesaid to the extent the same are included in Operating Expenses.

8. **Compliance with Laws.** LESSEE acknowledges that no trade, occupation, or activity shall be conducted in the Leased Premises or use made thereof which will be unlawful, improper, noisy or offensive, or contrary to any federal or state law or administrative regulations, or any municipal ordinance or regulations in force at any time in Cambridge. LESSEE shall keep all employees working in the Leased Premises covered with Worker's Compensation Insurance, as applicable. Specifically, LESSEE shall be responsible for causing the Premises and any work conducted therein to be in full

compliance with the Occupational Safety and Health Act of 1970 and any amendments thereto. LESSEE shall strictly adhere to any and all federal, state, and municipal laws, ordinances, and regulations governing the use of LESSEE's laboratory scientific experimentation. LESSEE shall be solely responsible for procuring and complying at all times with any and all necessary permits directly relating or incident to: the conduct of its office and research activities on the Premises; its scientific experimentation; transportation; storage; handling; use and disposal of any low level radioactive or bacteriological or pathological substances or organisms or other hazardous wastes or environmentally dangerous substances or materials. LESSOR agrees to cooperate (with no direct or indirect costs or expenses, or increase in any liability whatsoever, to LESSOR) with LESSEE's reasonable efforts to obtain and maintain in force and effect all such permits. LESSEE shall promptly give notice to LESSOR of any warnings or violations relative to the above received from any federal, state, or municipal agency or by any Court of Law, and shall promptly cure the conditions causing any such violations; and LESSOR shall permit LESSEE to cure said harm or hazard prior to any active intervention by LESSOR, except where such intervention is necessitated by the emergency nature of the harm or hazard; or where the harm or hazard impairs the value of the Building, (directly or as collateral on any debt); interferes with any other tenant's rights; or is required by any governmental agency or authority.

Throughout the Term, LESSOR shall cause the base Building (including common areas and lavatories) to comply with all applicable laws, governmental rules and regulations.

LESSEE shall fully indemnify and hold harmless in all respects LESSOR from any and all claims, demands, losses, liabilities, and damages (including all necessary and reasonable expenses for contractors, consultants, environmental engineers, attorneys, and other professionals utilized by LESSOR to evaluate and remediate any hazard or harm which LESSEE has failed to cure; and further including any and all fines or fees assessed by any governmental agency relative to any hazard or harm), directly arising from the conduct of its activities on the Leased Premises (especially relating to or involving hazardous substances), or LESSEE's obligations and responsibilities as set forth above and herein, and excepting liability for any claims and damages resulting from the acts or negligence of LESSOR or its agents or employees.

LESSOR shall fully indemnify and hold harmless in all respects LESSEE from any and all claims, demands, losses, liabilities, and damages (including all necessary and reasonable expenses for contractors, consultants, environmental engineers, attorneys, and other professionals utilized by LESSOR to evaluate and remediate any hazard or harm which LESSOR has failed to cure; and further including any and all fines or fees assessed by any governmental agency relative to any hazard or harm), directly arising from the negligence of LESSOR or LESSOR's breach of its obligations under this Lease, and excepting liability for any claims and damages resulting from the acts or negligence of LESSEE or its agents or employees.

9. Fire and General Insurance Requirements. LESSEE shall not permit any use of the Leased Premises which will make voidable, increase any premium (unless LESSEE agrees to pay such increase), or decrease any insurance on the Building and property of which the Leased Premises are a part, or on the contents of said Building, or which shall be contrary to any law, regulation, or order from time to time to established or issued by the local Fire Department, or any similar body, or any restriction contained in any of LESSOR'S insurance policies as to the Building and property of which LESSEE has been notified. LESSEE shall, within 30 days after demand accompanied by reasonable evidence, reimburse LESSOR, all extra insurance premiums caused by LESSEE's use of the Leased Premises for other than standard office purposes. LESSOR shall insure the Building on a replacement cost basis and maintain a policy of commercial liability insurance, all in manner consistent with owners of comparable first class research laboratory and office buildings in the mid-Cambridge submarket. Each party hereby waives any right of recovery against the other for injury or loss covered by insurance maintained or required to be maintained by such party to the extent of the injury or loss covered and paid by the applicable insurance company (or, if such party failed to maintain the insurance required hereunder, which would have been paid by the applicable insurance company if such party had maintained such insurance).

LESSEE shall not vacate the Leased Premises or permit the same to be unoccupied other than during LESSEE's customary non-business days or hours, unless suitable alternative arrangements are made with LESSOR to ensure the security of the Leased Premises and its maintenance in a safe condition not posing any threat of any harm to any other tenants in the Building.

10. Maintenance of Leased Premises. LESSOR shall be responsible for all structural maintenance of the Leased Premises including without limitation the roof of the Building of which the Leased Premises are a part and for the normal maintenance, repair and replacement of all LESSOR's heating and cooling equipment, doors, locks, plumbing, and electrical wiring and base Building electrical and mechanical equipment, elevators, base Building fire and life-safety systems, common areas and lavatories, parking areas and walkways, all in accordance with standards applicable to comparable first class research laboratory and office buildings in the mid-Cambridge submarket, but specifically excluding damage caused by the careless, malicious, willful, or negligent acts of LESSEE, and chemical, water or corrosion damage from any source within the control of LESSEE. LESSEE agrees to maintain at its expense all other elements and components of the Leased Premises in the same condition as they are at the commencement of the Term or as they may be put in during the Term of this lease, normal wear and tear and damage by fire or casualty only excepted, and whenever necessary, to replace light bulbs (after the first six months of the Term), plate glass and other glass therein, acknowledging that the Leased Premises upon delivery are in good order and the light bulbs and glass whole. LESSEE will properly control or vent all solvents, degreasers, and the like and shall not cause the area surrounding the Leased Premises to be in anything other than a neat and clean condition, depositing all waste in appropriate receptacles. LESSEE shall not permit the Leased Premises to be overloaded,

damaged, stripped or defaced, suffer any waste of the Leased Premises, nor keep any animals within the Leased Premises (except as otherwise expressly provided herein). Any maintenance which is the responsibility of LESSOR and which is necessitated by some specific aspect of LESSEE's willful acts or negligent use of the Leased Premises shall be at LESSEE's expense. All maintenance provided by LESSOR shall be performed as reasonably required at LESSOR's discretion and except for emergencies, during LESSOR's normal business hours (unless the same shall materially interfere with the operation of LESSEE'S business, in which case during reasonable times that will minimize interference). LESSEE may not keep any animals on the Leased Premises without prior written notice to and approval from LESSOR in each instance, which approval may be denied or conditioned in LESSOR's reasonable discretion. LESSEE shall be solely responsible for maintenance and operation of any and all of its systems installed or servicing the Leased Premises, and shall waive any and all claims against LESSOR and other tenants in the Building for any damage, impairment, or loss relative to these systems unless caused by the acts or negligent or reckless acts of those persons. Specifically, LESSEE shall maintain, at its sole expense, and pay all charges for electrical service and use of, the following: (a) LESSEE's customized "cold room" or "warm room" (if any) and all equipment associated with its operation; and, (b) backflow preventers; (c) acid neutralization chip tanks; and (d) any other specialized equipment or mechanical systems servicing the Leased Premises.

11. **Lessee's Alterations to Leased Premises – Condition at Lessor's Delivery – Lessee's Construction Allowance.** LESSEE shall not make structural alterations or additions of any kind to the Leased Premises, but may make nonstructural alterations provided LESSOR consents thereto in writing, said consent not to be unreasonably withheld or delayed. Except with respect to decorative work (such as painting and carpeting) for which a building permit is not required, plans and specifications shall be submitted by LESSEE to LESSOR in each instance, in advance of any proposed work, in sufficient detail and scope to enable LESSOR to make a reasonable determination thereon. LESSOR shall not charge LESSEE for any supervisory, management or other fees of its own staff (but may charge LESSEE for any reasonable fees required from third party engineers deemed necessary by LESSOR in order to fully review and approve LESSEE's work). All such allowed alterations shall be at LESSEE's expense and shall be in quality at least equal to the present construction. If LESSOR performs any requested services for LESSEE in connection with such alterations or otherwise, any invoice therefor will be promptly paid. LESSEE shall be responsible to use such contractors as will ensure harmonious labor relations in the Building and on the site; and to prevent strikes, work stoppages, picketing and other labor actions. LESSEE shall provide LESSOR with reasonably acceptable general liability and builder's risk insurance certificates naming LESSOR and its lender as additional insureds prior to the commencement of any work by LESSEE. LESSEE shall not permit any mechanics liens, or similar liens, to remain upon the Leased Premises in connection with work of any character performed or claimed to have been performed at the direction of LESSEE and shall cause any such lien to be released, removed or bonded forthwith without cost to LESSOR. Any alternations undertaken by LESSEE, including without limitation

window blinds or other window treatments, shall be building standard unless LESSOR expressly agrees otherwise. LESSOR shall have the right at any time to change the arrangement of parking areas, stairs, walkways or other common areas of the Building of which the Leased Premises are a part, provided such changes do not interfere with LESSEE's use or access to such areas and facilities.

Notwithstanding the foregoing, prior to the commencement of the Term hereof LESSOR shall, at its sole cost and expense, deliver the Leased Premises to the LESSEE on the Delivery Date as set forth in Section 32 hereof, in an "AS/IS" condition in all respects; but nevertheless such that:

(i) the Leased Premises conforms to LESSOR's standard Building specifications with all base building systems in good working condition and suitable for general laboratory uses;

(ii) the base Building (including common areas and lavatories) is ADA compliant;

(iii) the Leased Premises is ADA compliant, and with code compliant demising walls and common area corridors; and

(iv) the Leased Premises conforms with the specifications for "Landlord's Work" set forth on Exhibit D hereto;

(v) The following items of "additional work" shall be completed:

- Hoods – LESSOR will complete installation of 2 chemical hoods (not including plumbing), with flammable storage bases for the hoods; and LESSOR will cap cup sink openings

- Electric outlets – LESSOR will provide 12 electrical outlets on knee spaces on lab benches

- Ice Machine – LESSOR will install Tenant provided ice machine

- Fire safety – LESSOR will provide the sprinklers to the Leased Premises and smoke detectors, up to code requirements; and LESSOR will provide 4 fire extinguishers to LESSEE for its use (but makes no warranties or representations of any kind with respect to their use)

- Chemical storage – LESSOR will provide additional chemical storage space to LESSEE as designated by LESSOR on the lower level of the Building, at LESSEE's sole cost and expense

- Loading Dock Signage – LESSSOR will provide directional signage on the Loading Dock.

Any other items of work that LESSEE desires to be done by LESSOR shall be separately priced and agreed to in a "side letter", but shall not be deemed to be a condition for delivery of the Leased Premises by LESSOR nor shall it delay the Delivery Date.

LESSEE may make alterations to the Premises, inclusive of installing and equipping the Premises for laboratory and research use, commencing upon LESSOR's approval of LESSEE's plans and specifications as contemplated above (herein, "LESSEE's Build-Out"). LESSEE's customized improvements to the Leased Premises, including without limitation all laboratory equipment (and including but not limited to hoods, vacuum pumps, and RODI water system(s)) shall be provided and installed at LESSEE's sole cost and expense, and shall remain the property of LESSEE. LESSEE may make alterations to the Leased Premises that include, without limitation, the following: (i) transforming an interior lab into a "glasswash facility" including installation of a glasswasher, autoclave, and pure water systems, (ii) placing cable data and telephone drops throughout the Leased Premises; (iii) carpeting lab offices; (iv) installing shelving; and (v) installing electrical outlets within the Leased Premises and tying into the emergency generator system at the appropriate locuses.

12. **Assignment and Subletting.** LESSEE covenants and agrees that neither this Lease nor the Term and estate hereby granted, nor any interest therein will be assigned, mortgaged, pledged, encumbered or otherwise transferred, and that neither the Leased Premises, nor any part thereof, will be encumbered in any manner by reason or by act or omission of LESSEE, or used or occupied, or permitted to be used or occupied, by anyone other than LESSEE, its servants, agents and employees, or for any use or purpose other than as above stated, or be sublet, or offered or advertised for sub-letting, without in each case LESSOR'S prior written consent, which shall not be unreasonably withheld, or delayed. Notwithstanding the foregoing, LESSOR's prior written consent shall not be required for any assignment or sublet to an entity which owns or controls LESSEE, or is owned or controlled by LESSEE, or is under common ownership or control with LESSEE, or any entity succeeding to LESSEE as a direct result of a merger or consolidation or asset or stock transfer ("Permitted Transfer"). Additionally, LESSEE may enter into an office sharing agreement for portions of the Leased Premises with Alnara Pharmaceuticals, Inc., during the first and second Lease Years hereunder (the "Permitted Office Share"). Such Permitted Office Share shall be on terms and conditions satisfactory to LESSEE and will not require LESSOR's consent; shall not be subject to the Rent Mark Up (as defined below) due to the LESSOR; and shall not trigger LESSOR's recapture rights (as set forth below).

The grounds upon which LESSOR may reasonably withhold its consent are as follows:

(i) The prospective assignee's or sublessee's intended use of the Premises is not a permitted use under or will not conform with the restrictions set forth in Section 6 of the Lease; or,

(ii) The nature, character, class and standards of the prospective assignee's or sublessee's business will not be consistent with those of other lessees in the Building; or,

(iii) The financial strength and reliability of a prospective assignee is not sufficient, in LESSOR's reasonable business judgment, to meet all of LESSEE's obligations to be performed as of and from the date of said assignment. The prospective assignee must produce to LESSOR's accountants, if available, a verified and current audited financial statement, (or if none has been prepared by said prospective assignee within the past three years, a CPA or CFO certified current financial statement); or,

(iv) The operations of the prospective assignee or sub-lessee will violate any exclusive or other rights given any other lessees in the Building; or,

(v) The failure of LESSOR's institutional mortgage lender(s) to consent, if required by the terms of the mortgage (LESSOR to use diligent efforts to request such consent).

LESSOR, in addition to Annual Base Rent and all Additional Rent hereunder, shall be entitled to fifty (50%) percent of the amount of any and all sums assessed or collected by LESSEE, in whatever form, attributable arising out of any permitted subletting or assignment (after deduction for reasonable and actual brokerage commissions and reasonable and actual attorneys fees incurred which exceed said Annual Base Rent or Additional Rent hereunder, (herein, "Rent Mark-Up").

Notwithstanding LESSOR's consent to the assignment or subletting, as contemplated above, LESSEE shall remain primarily liable to LESSOR for the payment of all Rent and for the full performance of the covenants and conditions of this Lease; and LESSOR may (immediately in the case of an assignment, or in the case of a sublease after default by LESSEE after notice and expiration or any applicable cure period) collect all sums due as Rent directly from the assignee/subtenant.

Notwithstanding the foregoing, in the event that LESSEE desires to assign this Lease (other than a Permitted Transfer) or sublet the Premises or any portion thereof (other than a Permitted Transfer or a Permitted Office Share), LESSEE shall in each such instance notify the LESSOR in writing, stating the intended effective date of the proposed assignment or sublet (the "Assignment/Sublet Effective Date"). LESSOR shall have a period of 60 days from the date it receives such notice to exercise an election to recapture the Take Back Space (as such term is defined below) in accordance with terms and conditions of this paragraph, in LESSOR's sole discretion and without any obligation to do so. LESSEE shall provide LESSOR, upon request, any material information in the possession of LESSEE (or its intended assignee or subtenant) reasonably necessary for LESSOR to make its decision LESSEE shall identify to LESSOR the space proposed to

be assigned or sublet (the "Take Back Space") and the term of the proposed sublease (if less than the entire remaining term). If LESSOR elects to recapture the Take Back Space, LESSOR shall send written notice thereof to LESSEE within such 60 day period, time of the essence; and LESSEE shall be irrevocably bound to surrender and vacate the Take Back Space as if the Term of the Lease had expired on the Assignment/Sublet Effective Date set forth in the LESSEE's initial notice to LESSOR; and provided LESSEE vacates and surrenders on said date, without being in default of any provision hereof as of said date, this Lease shall be null and void and without recourse to either party hereto with respect to such space (but for terms and conditions contemplated herein to survive termination of this Lease) and, if such recapture is for less than the entire Premises, the Rent and Tenant's Allocable Percentage hereunder shall be adjusted pro-rata. If LESSOR fails to exercise its option to recapture the Take Back Space strictly in accordance with terms of this paragraph then LESSOR shall have no further rights under this section to recapture the Take Back Space and LESSEE shall be free to sublet or assign the Take Back Space subject to LESSOR's consent requirements set forth herein, but only as to the Take Back Space and the identified parties. LESSEE shall not be entitled to any payments, commissions, credits, offsets, or any kind or nature arising from said sublet, nor shall any individual or entity acting by, through, or under LESSEE be so entitled. If LESSOR elects to recapture the Take Back Space in accordance with terms herein, LESSEE shall be subject to the penalties for holding over set forth in this Lease, if it fails to vacate and surrender the Premises or applicable portion thereof by the Sublet/Assignment Effective Date, or if it fails to discharge (or cause its lenders or others with which LESSEE has dealt to discharge) any and all liens or other encumbrances, notices, or restrictions on its leasehold or contractual interest in and to the Premises or applicable portion thereof as of said date. Nothing in this paragraph shall require LESSOR to make an election to take back the Premises or applicable portion thereof, and nothing in the aforesaid process shall relieve LESSEE of its liability under this Lease should LESSOR elect not to take back the Premises or applicable portion thereof.

13. Subordination. This Lease shall be subject and subordinate to any and all instruments of record, mortgages, and other instruments in the nature of a mortgage, extant or coming into existence at any time hereafter, and LESSEE shall, when requested, promptly within fifteen (15) days of request, execute and deliver such reasonable written instruments (on LESSOR's lender's form) as shall be reasonably necessary to show the subordination of this lease to said instruments of record, mortgages, or other such instruments in the nature of a mortgage; and LESSOR shall use best efforts to ensure that the holders of such mortgages provide LESSEE with non-disturbance agreements recognizing the rights of LESSEE under this Lease. The LESSOR's lender's SNDA form attached hereto as Exhibit F and the terms and conditions set forth herein shall be deemed to be presumptively reasonable with respect to the foregoing standard.

Notwithstanding the foregoing, LESSOR shall promptly obtain non-disturbance agreements from any ground or underlying lessors or present or future mortgagees of Landlord's interest in the Leased Premises, in exchange for the execution of the subordination agreement by the LESSEE. The subordination of this Lease to mortgages

hereinafter placed on the Building or land (as described above) shall be conditioned on the receipt by LESSEE from the mortgagee of a non-disturbance agreement, in recordable form, providing in substance that in the event of a foreclosure of such mortgage, this Lease, and LESSEE'S possession shall not be disturbed. The LESSOR's lender's SNDA form attached hereto and the terms and conditions set forth herein shall be deemed to be presumptively reasonable with respect to the foregoing standard.

14. Lessor's Access to Leased Premises. LESSOR or agents of LESSOR may at reasonable times and upon reasonable notice where possible enter to view the Leased Premises and may remove any signs not approved and affixed as herein provided, and may make repairs and alterations as LESSOR is required or elects to do and repairs which LESSEE is required but has failed to do (but only after notice and an opportunity to repair being provided to LESSEE), and may show the Leased Premises to prospective mortgagees, appraisers, brokers, and others and, during the final year of the Term, to prospective tenants. Additionally, to the extent necessary to service other portions of the Leased Premises or the common areas or other tenant spaces in the building; LESSOR may add, relocate, or maintain a chase, pipes, conduits, or ducts, within the Leased Premises provided the aforesaid do not materially interfere with LESSEE's use of the Leased Premises or its aesthetics or materially reduce the useable space within the Leased Premises. Any entry by LESSOR onto the Leased Premises for this purpose shall be done in such manner as to minimally interfere with the business conducted thereon by LESSEE, and undertaken with reasonable steps to protect LESSEE's property.

15. Snow Removal. LESSOR will be responsible for the removal or other treatment of snow and ice on walkways, sidewalks, entryways and parking areas. Notwithstanding the foregoing, however, LESSEE shall hold LESSOR harmless from any and all claims by LESSEE's agents, representatives, employees or business invitees for damage or personal injury resulting in any way from snow or ice on any area serving the Building, provided LESSOR has performed this obligation absent LESSOR's gross negligence or willful misconduct.

16. Access and Parking. LESSEE shall be granted, at current rates (which may be increased from time to time to reflect market increases), the right to park up to twelve (12) cars in the Building's on-site indoor parking lot or facility on an unassigned and unreserved basis, in single or tandem spaces or on a valet basis which LESSOR in its sole discretion shall designate from time to time. The initial parking rate therefor shall be $ 210 per month, per car, which monthly rate may be changed by LESSOR in its discretion subject to and reflective of periodic market changes. All payments for these parking rights shall be considered to be Additional Rent under this Lease. Additionally, LESSEE shall be entitled to up to an additional four (4) parking spaces (i.e. sixteen (16) parking spaces in total) in the building garage (but only on a valet basis, and only to the extent LESSOR is providing valet service to the building garage, which LESSOR shall not be obligated to do), at then current rates as set by LESSOR in its discretion. The Building garage, plus any stairs, walkways or other means of ingress or egress controlled by the LESSOR shall not in any case be considered extensions of the Leased Premises.

LESSEE will not obstruct in any manner any portion of the Building or the walkways or approaches to the Building, and will conform to all reasonable and non-discriminatory rules now or hereafter made by LESSOR for parking, and for the access and egress, security, care, use, or alteration of the Building garage, its facilities and approaches. LESSEE further warrants that LESSEE will not permit any employee or visitor to violate this or any other covenant or obligation to LESSEE. No vehicles shall be stored or left in any parking area for more than three (3) nights without LESSOR's written approval. Unregistered or disabled vehicles, or storage trailers of any type, may not be parked overnight at any time. LESSEE agrees to assume all expense and risk for the towing of any misparked vehicle belonging to LESSEE or LESSEE's agents, employees, business invitees, or callers, at any time. For the purpose of this section the term "space" shall mean general access for one motor vehicle. All vehicles shall be parked and left on the premises at their owners' sole risk and LESSOR shall not be liable for any damages caused to said vehicles while they are parked or left on the premises, except to the extent due to LESSOR'S negligence or willful misconduct.

17. Lessee's Liability Insurance. LESSEE shall be solely responsible as between LESSOR and LESSEE for deaths or personal injuries to all persons whomsoever occurring in or on the Leased Premises from whatever cause arising, (unless caused by the negligent acts or omissions of LESSOR), and damage to property to whomsoever belonging arising out of the use, control, condition or occupation of the Leased Premises by LESSEE; and LESSEE agrees to indemnify and save harmless LESSOR from any and all liability, reasonable expenses, damage, causes of action, suits, claims or judgments caused by or in any way growing out of any matters aforesaid. LESSEE will secure and carry at its own expense a comprehensive general liability policy insuring LESSEE, LESSOR (and its lenders and any other entity reasonably requested by LESSOR) against any claims based on bodily injury (including death) arising out of the condition of the Leased Premises or their use by LESSEE, such policy to insure LESSEE, LESSOR and said other entities against any claim up to Three Million ($3,000,000.00) Dollars per occurrence for personal injury or damage to property. LESSOR and its lenders shall be included in such policy as additional insureds. LESSEE will promptly file with LESSOR certificates showing that such insurance is in force, and thereafter will file renewal certificates prior to the expiration of any such policies. All such insurance certificates shall provide that such policies shall not be canceled without at least thirty (30) days prior written notice to each insured named therein.

18. Fire, Casualty, Eminent Domain. Should a substantial portion of the Leased Premises, or of the property of which they are a part, be substantially damaged by fire or other casualty, or be taken by eminent domain, a just and proportionate abatement of rent shall be made, and LESSOR may elect to terminate this Lease by written notice given within sixty (60) days of the fire, casualty or taking, in which case this Lease shall terminate as of the date of such fire, casualty or taking. When such fire, casualty, or taking renders the Leased Premises substantially unsuitable for LESSEE's use, a just and proportionate abatement of rent shall be made, and LESSEE may elect to terminate this Lease if: (a) LESSOR fails to give written notice within sixty (60) days of intention to

restore Leased Premises, or (b) LESSOR fails to restore the Leased Premises to a condition substantially suitable for LESSEE's use within one hundred eighty (180) days of said fire, casualty or taking, or (c) Leased Premises cannot reasonably be anticipated to be restored to a condition substantially suitable for LESSEE's use within one hundred eighty (180) days of said fire, casualty or taking. If any portion of the Leased Premises are damaged by fire or other casualty or taken by eminent domain and no termination has been elected, a just and proportionate abatement of rent shall be made, and LESSOR shall proceed with diligence to restore the Leased Premises. LESSOR reserves all rights for all damages or injury to the Leased Premises for any taking by eminent domain; except for damage to LESSEE's moveable fixtures, property or equipment, or moving expenses, which are specifically allocated to LESSEE by the taking authority or arbitrators.

19. Brokerage. LESSEE and LESSOR each warrants and represents to the other that they have dealt with no broker or third person with respect to this Lease or the Leased Premises or Building entitled to a commission as a result of this Lease, other than CB Richard Ellis and Colliers Meredith & Grew, whose fee shall be paid by LESSOR pursuant to a separate written agreement; and LESSOR and LESSEE each agree to indemnify and hold harmless the other from any fees, expenses, or damages arising from breach of the above warranty.

20. Signage. LESSEE shall have the right, at LESSOR's expense, to have its name included in any central directory in the Building's lobby maintained by LESSOR listing the Building's other tenants. LESSOR authorizes LESSEE, if desired, to display one sign on LESSEE's office entrance door (at LESSEE's expense) consistent with similar signs of other tenants. LESSEE shall obtain the written consent of LESSOR before erecting any sign on the Leased Premises visible from outside the Leased Premises, which consent may be conditioned on compliance with LESSOR's requests as to size, wording, and location of such signs, but which shall not be unreasonably withheld or delayed.

21. Default. In the event that: (a) LESSEE shall default in the payment of the security deposit or any installment of Annual Base Rent of any Additional Rent, and such default shall continue for five (5) business days after written notice thereof; or (b) LESSEE shall default in the observance or performance of any other of LESSEE's covenants, agreements, or obligations hereunder and such default shall not be corrected within thirty (30) days after written notice thereof or within such longer time as may be reasonably necessary provided LESSEE commences to cure within such 30-day period and diligently pursues such cure to completion; (c) LESSEE shall be declared bankrupt or insolvent according to law, or if any voluntary or involuntary petition for bankruptcy is filed against LESSEE and not discharged within sixty (60) days from filing; or if any assignment shall be made of LESSEE's property for the benefit of creditors; then, while such default continues, and without demand or further notice, LESSOR shall have the right to re-enter and take complete possession of the Leased Premises, to declare the term of this Lease ended, and to remove LESSEE's effects, without being guilty of any manner of trespass and without prejudice to any remedies which might be otherwise used for arrears of rent and other default of breach of covenant. LESSEE shall indemnify

LESSOR against all loss of Rent and other payments which LESSOR may incur by reason of such termination during the remainder of the term, it being expressly understood that LESSOR shall use reasonable efforts to relet the Leased Premises and collect all rents from such reletting. If LESSEE shall default, after reasonable notice thereof, in the observance or performance of any conditions or covenants on LESSEE's part to be observed or performed under or by virtue of any one of the provisions in any section of this Lease, LESSOR, without being under any obligation to do so and without thereby waiving such default, may after the expiration of any applicable cure period, remedy same for the account and at the expense of LESSEE, (including but not limited to application of any or all of the Security Deposit held by LESSOR). If LESSOR pays or incurs any obligations for the payment of money in connection therewith, including but not limited to reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred, with interest at the rate of eighteen percent per annum and costs, shall be paid to LESSOR by LESSEE as additional rent. Upon default of this Lease by LESSEE, and because the payment of Rent in monthly installments is for the sole convenience of LESSEE, the entire balance of the Rent which would accrue hereunder shall at the option of LESSOR become immediately due and payable. The foregoing shall be subject to LESSOR's agreement to take reasonable steps to mitigate its damages (in which case the LESSOR shall repay to LESSEE the mitigated amount against the accelerated Rent paid by LESSEE), but such mitigation shall not be construed to require LESSOR to lease to any substitute tenant: (a) at any Rent that is less than the lower of: (i) the Rent that is set forth in this Lease, or (ii) the Rent for comparable space in the Building being marketed by LESSOR as of the date of the default; (b) for a Term that is less than the remaining balance of the Term of the Lease; (c) on any terms or conditions that are materially less favorable to LESSOR than those set forth in the Lease; or (d) if such substitute tenant is reasonably objectionable to the LESSOR. Notwithstanding the foregoing, LESSEE agrees to pay reasonable attorney's fees incurred by LESSOR in enforcing any or all obligations of LESSEE under this Lease at any time.

22. Notices. Any notice from LESSOR to LESSEE relating to the Leased Premises or to the occupancy thereof shall be deemed duly served if delivered to the Leased Premises or LESSEE's last designated address by reputable overnight courier with receipt acknowledged, or by certified mail, return receipt requested, postage prepaid, addressed to LESSEE. Any notice from LESSEE to LESSOR relating to the Leased Premises or to the occupancy thereof shall be deemed duly served if delivered to LESSOR or reputable overnight courier with receipt acknowledged, or by certified mail, return receipt requested, postage prepaid, addressed to: Rivertech Associates II, LLC 575 Boylston Street, Boston, Massachusetts 02116 or at LESSOR's last designated address. Notices shall be deemed given upon the date of actual delivery or refusal to accept delivery. Time is of the essence in delivery of any notice, and the performance of any obligations relating thereto.

23. Lessee's Occupancy. In the event that LESSEE remains in any part of the Leased Premises after the agreed termination date of this Lease without the written permission of

LESSOR, then all other terms of this Lease shall continue to apply, except that LESSEE shall be liable to LESSOR for any direct loss, damages or expenses incurred by LESSOR (but not consequential damages), and all Annual Base Rent and other Rent shall be due in full monthly installments at a rate of two hundred fifty (250%) percent of that which would otherwise be due under this Lease, it being understood between the parties that such extended occupancy as a tenant at sufferance is solely for the benefit and convenience of LESSEE.

24. **Rules and Regulations.** LESSEE and LESSEE's servants, employees, agents, invitees and licensees shall observe faithfully and comply strictly with such reasonable and non-discriminatory rules and regulations governing the use of the Building and site and all common areas as LESSOR may from time to time, adopt and of which LESSEE has been notified.

25. **Outside Area Limitations.** No goods or things of any type or description shall be held or stored outside the Leased Premises at any time without the express written approval of LESSOR, except bicycles which shall be stored only in the bicycle rack to be provided by LESSOR.

26. **Environmental Compliance.** LESSEE will conduct its operations within the Leased Premises so as not to interfere in any way with the use and enjoyment of other tenants in the Building, by reason of offensive odors, smells, noise, accumulation of garbage or trash, vermin or other pests or otherwise and will, at its expense, employ a professional pest control service if necessary as a result of LESSEE's operations. LESSEE agrees to maintain efficient and effective device for preventing damage to heating equipment from harmful solvents, degreasers, or cutting oils, which may be used within the Leased Premises. No hazardous wastes, radioactive materials chemicals or harmful biological agents or materials of any sort shall be stored or allowed to remain within the Leased Premises at any time, without LESSOR's prior notice and consent, which consent shall not be unreasonably withheld or delayed. LESSOR hereby expressly approves LESSEE's storage and use of the chemicals and materials listed on Exhibit E attached hereto in the Leased Premises.

Prior to vacating the Leased Premises at the end of the Term (or any applicable extension), or sooner in the event of a default hereunder that remains uncured after any notice or cure period, LESSEE at its sole cost and expense shall provide LESSOR with an environmental audit by a qualified environmental engineering firm reasonably satisfactory to LESSOR. The aforesaid environmental audit shall affirmatively certify that the Leased Premises are free from any and all contaminants, pollutants, radioactive materials, hazardous wastes or materials, bacteriological agents or organisms which would render the Leased Premises in violation of G.L.c.21E, CERCLA, or SARA, or any regulations, promulgated thereunder. LESSEE shall be responsible to LESSOR (and any Lenders to the Building) for any and all environmental hazards or conditions which did not appear on the environmental audit provided to LESSOR by the LESSEE, and which preclude or condition the foregoing affirmative certification due from LESSEE as

contemplated above, to the extent said hazards or conditions are reasonably attributable to LESSEE's activities and use of their space.

LESSOR represents and warrants that LESSOR has not received any current outstanding notices that the Building and all tenants of the Building are not in compliance with all applicable laws rules and regulations, including, but not limited to, environmental laws.

27. Responsibility. Except to the extent due to LESSOR's negligence or willful misconduct, LESSOR shall not be held liable to anyone for loss or damage caused in any way by the use, leakage or escape of water or for cessation of any service rendered customarily to said Leased Premises or buildings or agreed to by the terms of this Lease, due to any accident, to the making of repairs, alterations or improvements, to labor difficulties, weather conditions, or mechanical breakdowns, to trouble or scarcity in obtaining fuel, electricity, service or supplies from the sources from which they are usually obtained for said building, or to any cause beyond the LESSOR's immediate control. In the event there is an interruption of either services or any other event within LESSOR's control which materially interferes with LESSEE's use and enjoyment of the Leased Premises (in whole or in substantial part) and which interruption continues uninterrupted for more than five (5) business days, then Rent shall be proportionately abated until use is restored.

28. Surrender. LESSEE shall have the right, but not the obligation, to remove, at the expiration or sooner termination of this Lease, (except upon LESSEE's uncured Event of Default) any and all LESSEE's Property purchased, paid for, and brought into or installed in the Leased Premises by LESSEE after the execution of this Lease, including without limitation trade fixtures, furniture, and equipment (collectively, "Lessee's Property"); however, LESSEE shall, prior to the expiration or sooner termination of the Lease, repair any damage caused by such removal. LESSEE shall deliver to LESSOR the Leased Premises and all keys locks, and, except for LESSEE's Property, all built-in fixtures, built-in equipment, alterations, additions and improvements made to or upon the Leased Premises prior to the execution of this Lease, including but not limited to any offices, partitions, cold room, plumbing and plumbing fixtures, air conditioning equipment and ductwork of any type, exhaust fans or heaters, built-in water coolers, burglar alarms, telephone wiring, wooden or metal shelving which has been bolted, welded or otherwise attached to any concrete or steel, member of the Building, compressors, air or gas distribution piping, cabinetry, overhead cranes, hoists, trolleys or conveyors, counters or signs attached to walls or floors, and all electrical work, including but not limited to lighting fixtures of any type, wiring, conduit, EMT, distribution panels, bus ducts, raceways, outlets and disconnects, and excluding the compressors, and any built-in component work stations that LESSEE may install during the term. LESSEE shall deliver the Leased Premises reasonable wear and tear and damage by fire or other casualty only excepted. In the event of LESSEE's failure to remove any of LESSEE's Property from the premises, LESSOR is hereby authorized, without liability to LESSEE for loss or damage thereto and at the sole risk of LESSEE to remove and store any such property at LESSEE's expense, or to retain same under LESSOR's control or to sell at

public or private sale, without notice, any or all of the property not so removed and to apply the net proceeds of such sale to the payment of any sum due hereunder, or to destroy such property which shall be conclusively deemed to have been abandoned.

29. Quiet Enjoyment. So long as LESSEE keeps, observes and performs each of the terms herein contained on the part of LESSEE to be kept, observed and performed, LESSEE shall quietly enjoy the Leased Premises without hindrance or molestation by LESSOR or any parties claiming through LESSOR.

30. Miscellaneous Provisions. The invalidity or unenforceability of any provision of this Lease shall not affect or render invalid or unenforceable any other provision hereof. The obligations of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that LESSOR shall be liable only for obligations occurring as of the beginning of the term of this lease, or thereafter while LESSOR of the Leased Premises. The obligations of LESSOR and LESSEE shall not be binding upon any director, officer, shareholder, partner, Trustee or beneficiary of LESSOR or LESSEE. Notwithstanding the definition herein of "Commencement Date", "Termination Date", or "Term", or LESSOR's obligations to deliver the Premises, this Lease shall be binding and enforceable as against the parties hereto as of the date of its execution.

31. Waivers and Legal Limitations. No consent or waiver, express or implied, by LESSOR or LESSEE, to or of any other breach of the other party of any covenant, condition or duty of that party shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty. If LESSEE is several persons or a partnership, LESSEE's obligations are joint or partnership and also several. Unless repugnant to the extent. "LESSOR" and "LESSEE" mean the person or persons, natural or corporate, named above as LESSOR and as LESSEE respectively, and their respective heirs, executors, administrators, successors and assigns.

32. Lessor's Delivery of the Leased Premises. The date upon which LESSOR first delivers the Leased Premises to LESSEE in compliance with the terms and conditions of this Lease (including but not limited to providing a current valid Certificate of Occupancy for the Leased Premises) is referred to herein as the "Delivery Date." The Delivery Date shall be conclusively established by delivery of a notice to LESSEE granting LESSEE access to the Leased Premises accompanied by a Certificate of Occupancy for the Leased Premises on the 4th floor of the Building (the "Delivery Notice"). The Lease Premises will comply with the conditions set forth in Section 11 hereof as of the Delivery Date.

Notwithstanding the Delivery Date or subsequent Commencement Date as contemplated in Section 1 hereof, this Lease shall take effect and be binding upon the parties hereto as of its execution.

33. Option to Extend. LESSEE, provided it is not then in default under this Lease after notice and the expiration of any applicable cure period, or has not defaulted after notice and the expiration of any applicable cure period more than two times, shall have an option to extend its tenancy as to the Leased Premises, on the terms and conditions herein, for one additional period of thirty six (36) months at the then current "Market Rent", (including annual escalations thereon for each year of the extended term based on increases in the consumer price index or fixed increases, as the case may be, in accordance with then prevailing market forces), (herein, the "Extended Term"). Said Extended Term shall commence, subject to proper exercise of LESSEE's option hereunder, on the Termination Date of the original Term, and shall terminate on that date which is thirty six (36) months after the original Termination Date.

LESSEE shall exercise its option by delivering to LESSOR its written notice not later than twelve (12) full months prior to the original Termination Date. Once delivered, written notice to extend is irrevocable.

"Market Rent" as used herein shall be that rent charged for comparable first class research laboratory and office space in the mid-Cambridge submarket as of the end of the original Term; but in no event shall "Market Rent" for the Extended Term be less than that figure payable by LESSEE during the last Lease Year of the original Term. If, after good faith attempts, but no later than sixty (60) days prior to the expiration of the original Term, the LESSOR and LESSEE cannot agree on a figure representing Market Rent, then either party, upon written notice to the other, may request arbitration of the issue as provided in this section. Within fourteen (14) days of the request for arbitration, each party shall submit to the other the name of one unrelated individual or entity with proven expertise in the leasing of commercial real estate in greater Boston/Cambridge to serve as that party's appraiser. Each appraiser shall be paid by the party selecting him or it. The two appraisers shall each submit their final reports to the parties within thirty (30) days of their selection. The two appraisers shall meet within the next fourteen (14) days to reconcile their reports and collaboratively determine the Market Rent. They shall make their determination in writing, including a statement if such is the case, that they are at an impasse. Such a statement of impasse shall be submitted to the parties along with the Market Rent figure which each appraiser has selected and his reasons and substantiation therefor. The appraisers, in case of an impasse, shall also agree on one unrelated individual or entity with expertise in commercial real estate in greater Boston, who shall evaluate the reports of the two original appraisers and within fourteen (14) days of submission of the issue to him, and make his own determination as to the figure representing Market Rent. The determination of this individual or entity (i.e. arbitrator) absent, fraud, bias or undue prejudice shall be binding upon the parties.

Annual Base Rent and Additional Rent during any Extended Term shall be payable in advance, in equal monthly installments on the first day of each calendar month.

34. Extended Term Additional Rent. LESSEE in addition to the sums payable annually to LESSOR as Annual Base Rent, shall pay to LESSOR for each year of any

Extended Term, as Additional Rent, LESSEE's Allocable Percentage (as determined by the approximate total rentable space leased) for Operating Expenses, Real Estate Taxes and Utilities as contemplated in Sections 3, 4 and 7 hereof.

35. Estoppel Certificates. Upon not less than fifteen days prior written request by LESSOR, LESSEE shall execute, acknowledge and deliver to LESSOR a statement in writing certifying that that to the best of LESSEE's knowledge this Lease is unmodified and in full force and effect and that LESSEE has at the time of such statement no defenses, offsets or counterclaims against its obligations to pay Annual Base Rent and Additional Rent and any other charges and to perform its other covenants under this Lease (or, if there have been any modifications that the same is in full force and effect as modified and stating the modifications and, if there are any defenses, offsets or counterclaims, setting them forth in reasonable detail), and the dates to which the Annual Base Rent and Additional Rent and other charges have been paid. Any such statement delivered pursuant to this Section may be relied upon by any prospective purchase or mortgagee of the Premises, or any prospective assignee of any such mortgagee or the LESSOR. Upon not less than fifteen days prior written request by LESSEE, LESSOR shall deliver a similar statement in writing to LESSEE, and any such statement may be relied upon by any prospective sublessee or assignee of this Lease.

36. Governing Law. This Lease constitutes the full and complete agreement between the parties shall be construed under and according to the laws of the Commonwealth of Massachusetts. Any provision of this Lease which is deemed void or unenforceable shall not invalidate or render void or unenforceable the entire Lease.

[Signatures Provided on the Following Page]

IN WITNESS WHEREOF, LESSOR AND LESSEE have hereunto set their hands and seals and intend to be legally bound hereby as of the date first written above.

LESSOR

RIVERTECH ASSOCIATES II, LLC
By Rivertech Associates II, Inc.,
its duly authorized Manager

By: _____
Robert Epstein, President

LESSEE

NEOSTEM, INC.

By: _____

By: Robin Smith M.D. CEO

INDENTURE OF LEASE

by and between

RIVERTECH ASSOCIATES II, LLC

("LESSOR")

and

NEOSTEM, INC.

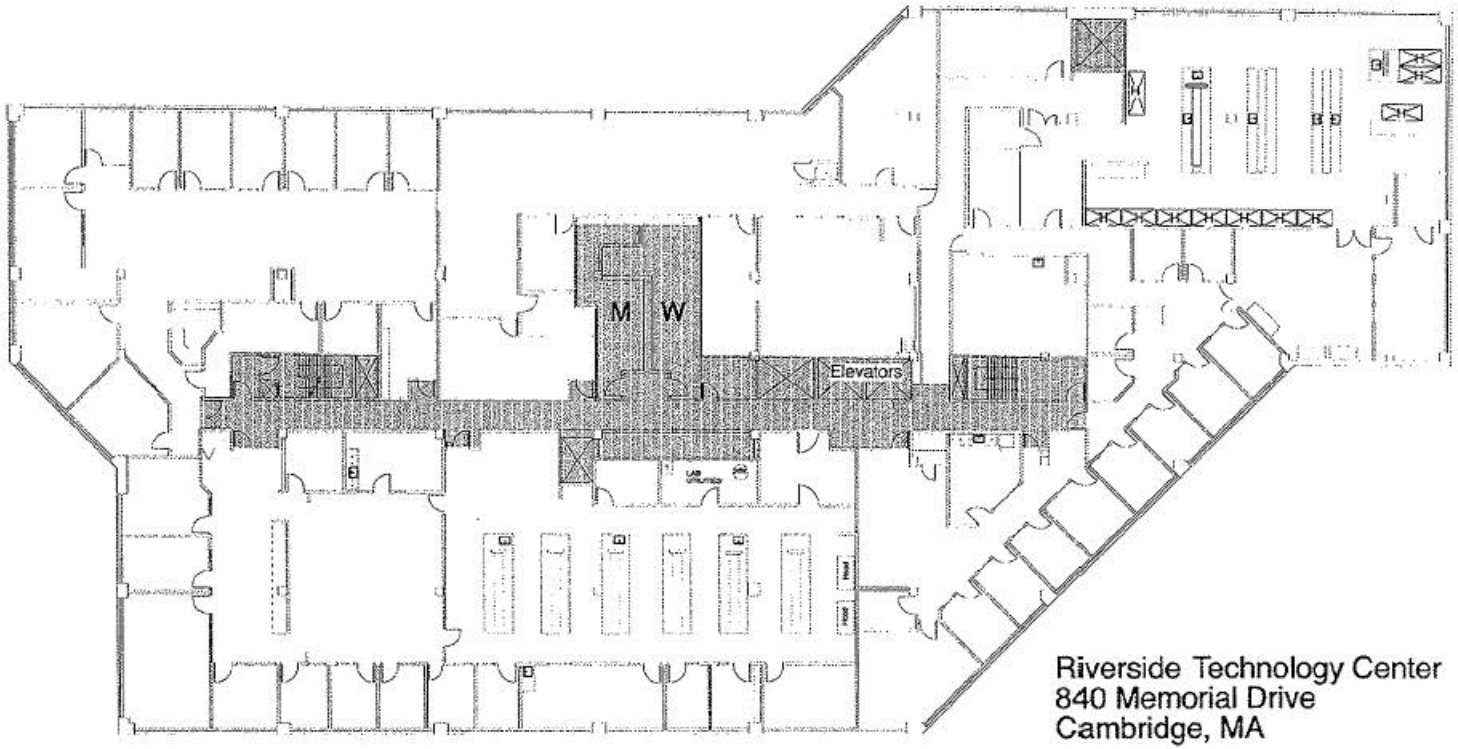
("LESSEE")

RIVERSIDE TECHNOLOGY CENTER

840 Memorial Drive
Cambridge, Massachusetts

NEOSTEM, INC.
EXHIBIT A

See Lease Plan attached hereto and incorporated herein

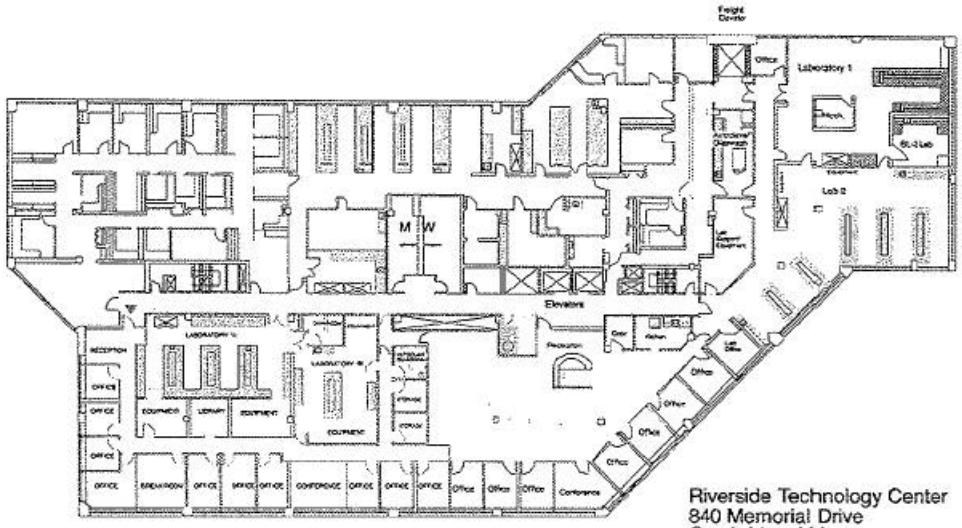


OFFICE/LABORATORY SUITE
8,060 RSF

Riverside Technology Center
840 Memorial Drive
Cambridge, MA

Floor Four

NeoStem



Riverside Technology Center
840 Memorial Drive
Cambridge, MA

Floor Three

ACID WASTE ROOM
50 RSF

NEOSTEM, INC.
EXHIBIT B

See Operating Expense Schedule attached hereto and incorporated herein

Operating Expenses 2008

840 Memorial Drive - Riverside Technology Center

DESCRIPTION	Total	PSF
HEAT	$64,285	$0.50
BUILDING ELECTRIC	$393,372	$3.05
WATER & SEWER	$19,053	$0.15
ELEVATOR MAINTENANCE	$15,398	$0.12
PARKING/CAFÉ EXPENSE	$27,770	$0.22
RUBBISH REMOVAL	$17,526	$0.14
INSURANCE	$33,304	$0.26
GROUNDS CARE	$24,004	$0.19
LEGAL/ACCT/ADMIN	$16,771	$0.13
JANITORIAL SERVICES	$37,737	$0.29
GENERAL MAINTENANCE	$50,100	$0.39
HVAC MAINTENANCE	$45,383	$0.35
LIFE SAFETY SYSTEMS	$24,188	$0.19
MANAGEMENT *	$281,571	$2.18
Total Operating Expenses	$1,050,462	$8.16
Real Estate Taxes (FY 2009)	$735,231	$5.70

* Based upon 5% of income but not less than this amount

Tenant's Applicable Percentage is as follows:
As to the Leased Premises: 6.29%.

NEOSTEM, INC.
EXHIBIT C

See Letter of Credit Form attached hereto and incorporated herein

[Issuing Bank Letterhead]

STANDBY LETTER OF CREDIT NUMBER: [Insert #] Date: [Insert Date]

BENEFICIARY

RIVERTECH ASSOCIATES II, LLC
C/o The Abbey Group
575 Boylston Street 8th Floor
Boston, Massachusetts 02116

APPLICANT

[Insert Applicant's Name Address]

Gentlemen:

At the request and on the instructions of [Insert Tenant Name], we hereby issue our Irrevocable Letter of Credit in your favor in an amount not to exceed in the aggregate USD [Insert Amount] available by your draft(s) drawn at sight on [Insert Bank Name] when accompanied by the following:

(1) The original of this Letter of Credit and amendment(s) if any.
(2) A statement, on the letterhead of and purportedly signed by an authorized officer of the Beneficiary, dated the same date as the draft, exactly in the format of the attached Exhibit A.

This Letter of Credit, including the attached EXHIBIT A (which form an integral part of the Credit), sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended or amplified by reference to any document, instrument or agreement referred to herein or in which this Letter of Credit is referred to or which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

It is a condition of this Letter of Credit that it shall be automatically extended, without amendment, for an additional period of one (1) year from the present or any further expiration date, unless forty five (45) days prior to such date, we notify you in writing by overnight courier service that we elect not to renew this Letter of Credit for any such additional period. The FINAL EXPIRY DATE is [Insert Final Expiration Date]. Our notice of non renewal will be sent to the Beneficiary, at the address given in this Letter of Credit, unless we are otherwise notified by the Beneficiary, in writing via registered mail, return receipt requested, of a charge of address.

Drafts drawn hereunder must be marked: "Drawn under [Insert Issuing Bank Name] Irrevocable Letter of Credit Number [Insert Number] dated [Insert Date].

We engage with you that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon delivery of documents to us at [Insert

Presentation Location] if presented on or before the close of business on **[Insert Initial Expiration Date]** or any automatically extended date.

Except so far as otherwise expressly stated herein, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision) International Chamber of Commerce, Publication No: 400.

Very truly yours,

_____
Authorized Signature

_____
Authorized Signature

IRREVOCABLE LETTER OF CREDIT

Exhibit A

The undersigned is a duly authorized agent of the Landlord, familiar with the Lease to _____, dated _____; hereby affirms that there has occurred an event of default under the Lease that has not been cured within any allowed notice, grace and cure periods (or alternatively, the Letter of Credit has not be timely renewed as required by the Lease); and that Landlord is entitled to liquidate this Letter of Credit to satisfy said default (or renewal obligations) under the terms and conditions of the Lease, in the amount of $ _____.

RIVERTECH ASSOCIATES II, LLC
(Landlord)

By:_____

NEOSTEM, INC.
EXHIBIT D

See "Landlord's Work" specifications attached hereto and incorporated herein

Chris C. Tsouros

From: Goodman Alan [agoodman@THEABBEYGROUP.COM]
Sent: Friday, August 14, 2009 12:07 PM
To: Goldstein Marc
Cc: Chris C. Tsouros
Subject: Neostem clarifications

1. Landlord to install 2 existing chemical fume hoods, including capping cup sink opening and provide flammable storage cabinet on right base of each fume hood. Landlord to provide subcontractor cost to tenant for connecting vacuum to the main piping. Such work shall be separate from the lease and accomplished at tenant's sole cost.

2. Landlord to provide cost for conversion of portion of three existing benches to desk areas as requested by tenant. Such work shall be separate from the lease and accomplished at tenant's sole cost.

3. Landlord shall provide one 110v duplex electrical outlet to one knee space on each side of each of the six benches.

4. Landlord shall install tenant's ice machine in or adjacent to the existing drains in the autoclave room.

5. Landlord shall make available at tenant's sole cost and expense up to a maximium of 150rsf of additional chemical storage space on the lower level of the building if required by the Fire Prevention, City of Cambridge.

NeoStem

Floor Four
840 Memorial Drive
Cambridge, MA

July 23, 2009

CONDITION OF PREMISES

ADMINISTRATIVE AREA and OFFICE SPACE IN R&D AREA

Partitions: Partitions are located as indicated on accompanying plan. Existing and new walls are comprised of gwb over steel studs and extend from floor to the underside of the suspended ceiling. The walls demising the Administrative areas from R&D areas extend to the underside of the deck above. Walls and trim are finished with two coats water based paint.

Glass Panels: Where they exist, glass panels consist of safety glass set in wood frames.

Entry: Entry consists of a glass door with glass sidelight.

Doors: Existing doors have been reused and relocated as necessary. All hardware are lever handles with brushed stainless finish.

Floors: Except for the kitchenette, all areas in the administrative area have been covered with Shaw Contract nylon loop carpet from "Turn Key Collection. 4" vinyl cove base has been installed at intersection of walls and carpet/vct. Vinyl tile has been installed in the floor of the kitchenette.

Ceilings: All existing ceiling tiles have been replaced with new tiles in the existing ceiling grid.

Lighting: All existing fluorescent lights have been removed and replaced with new 2x4 and 2x2 indirect fluorescent lights recessed in existing ceiling grid.

HVAC: The base building HVAC distribution system has been inspected and adjusted as necessary to assure distribution, airflow, and proper operation of thermostats and variable air volume (VAV) boxes. A supplemental air conditioning unit servicing the corner "conference room" has been inspected and put in operable condition.

Kitchenette: A kitchenette has been provided as indicated in the plans consisting of plastic laminate base and upper cabinets, a stainless steel sink with faucet and hot and cold water supply drained to the building sanitary line, and adjacent space for an 18cu ft upright refrigerator to be provided by the tenant. Vinyl tile with vinyl cove base has been installed.

Electrical: Landlord has provided electrical outlets throughout the administration area and the office space in the R&D area in the form of existing and new 110v outlets. All utilities servicing the tenant's premises and equipment are separately metered and will be read monthly by the landlord for reimbursement by the tenant.

Furnishings: No reception desk cubicles, work stations or furniture of any sort shall be provided by the landlord.

R&D AREA

Partitions: New partitions consist of existing walls comprised of 5/8"gwb over steel studs and extending from floor to the underside of suspended ceiling. Walls and trim are finished with two coats water based paint.

Doors: Existing doors have been reused and relocated as necessary. All hardware are lever handles with brushed stainless finish.

Floors: In all laboratory and support areas floors have been covered with vinyl tile with vinyl base. In the Tissue Culture Suite and Glasswash/Autoclave area floors have been covered with seamless vinyl with integral vinyl base.

Ceilings: Except for the Tissue Culture Suite, new building standard ceiling tiles have been installed in the existing grid. In the Tissue Culture Suite new solid surface scrubbable ceiling tiles have been installed in the existing ceiling grid.

Lighting: Except for the Tissue Culture and Glasswash/Autoclave areas, existing 2x4 and 2x2 fluorescent lights have been replaced with new 2x4 and 2x2 indirect fluorescent lights. The existing ceiling grid shall be reused. Solid surface lens type fluorescent lights have been used in the Tissue Culture and Glasswash/Autoclave rooms.

BENCHES: Six lab benches have been installed consisting of oak base cabinets and acid resistant laminate benchtops. Three stainless steel lab sinks with protected hot and cold water and deck mounted emergency eyewash stations have also been installed. Each bench has bench mounted electrical outlets and vacuum turrets which, at tenants cost, may be connected to tenant provided vacuum pump. A two tier reagent shelf is also provided on each benchtop.

HVAC: The base building HVAC distribution system has been inspected and adjusted as necessary to assure distribution, airflow, and proper operation of thermostats and variable air volume (VAV) boxes. The three existing supplemental air conditioning units have been inspected and put in operable condition. Two of these supplementary systems service the main laboratory and one services the Tissue Culture Suite. All tenant specific mechanical systems shall be warranted for proper operation for a period of six months provided tenant enters into an appropriate preventive maintenance agreement for this equipment as stated below. The two six foot existing fume hoods shall be connected to a roof mounted exhaust fan and shall be balanced to assure a minimum of 900cfm airflow exhaust. Make up air shall be provided from a roof mounted make-up-air unit. The cost of operating both exhaust fan and make up air unit shall be a tenant expense. All Tenant-specific mechanical equipment shall be put on a preventive maintenance agreement by the tenant and at Tenant's expense for the duration of the Lease.

Plumbing and Waste: The main cold water supply to the lab is located in the "lab support" room which also contains a hot water heater, a water check meter and a backflow prevention device.

All lab waste is contained in polyethylene piping and leads to an acid waste system consisting of a tank with limestone chips located in an accessible location on the third floor directly below the premises.

Autoclave & Glasswash: The landlord has provided a room in which a glasswash & autoclave can be installed. Actual equipment will be the responsibility of the tenant. A separate laboratory sink with protected hot and cold water and

eyewash shall be provided in a location of the tenant's choosing. Two floor drains have been installed as well as a seamless vinyl floor with integral base.

Electrical: Landlord has provided power to various locations within the laboratory in the form of existing 110v and 208v outlets. If desired, tenant, at their expense, may connect to the back up generator which is located in the building and share the cost of maintenance and repairs with any other tenants who are also connected to it.

All electrical power, natural gas and water to the tenant's premises and equipment will be separately metered and read monthly by the landlord for reimbursement by the tenant.

NEOSTEM, INC.
EXHIBIT E

See list of permitted materials etc. attached hereto and incorporated herein

Narrative provided by NeoStem, Inc. pursuant to Lease Section 6

All the anticipated research activities in NeoStem R&D lab will be at Bio Safety level - 2 (BL-2). Research activities will include: Biological agents - Human and Animal (blood, primary cell cultures, cell lines)

Research Animals - small animals (e.g. rodents - mice, rats, rabbits)
Micro-organisms - Viruses for transfecting cells, etc
Bacteriological agents - Bacteria for molecular cloning experiments, etc
Pathological agents - No select pathological agents will be used

We will have all the required safety mechanisms in place to conduct BL-2 level research.

NEOSTEM, INC.
EXHIBIT F

See LESSOR's current lender's SNDA Form attached hereto and incorporated herein (as a "form" under Lease Section 13)

Recording Requested by
and when Recorded return to:

WELLS FARGO BANK, N.A.
Commercial Mortgage Servicing
1320 Willow Pass Road, Suite 300
Concord, CA 94520

Attention: CMS Asset Admin.
Loan No.: 700201416

SUBORDINATION AGREEMENT
and
ESTOPPEL, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Tenant's Trade Name: NEOSTEM INC.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE MORTGAGE (DEFINED BELOW).

This SUBORDINATION AGREEMENT AND ESTOPPEL, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made as of _____, by and between NeoStem Inc. ("Tenant") and BANK OF AMERICA, NATIONAL ASSOCIATION, as successor by merger to LASALLE BANK, NATIONAL ASSOCIATION, as Trustee for Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2004-TOP14 ("Lender"), with reference to the following facts and intentions of the parties:

RECITALS

A. Rivertech Associates II, LLC ("Owner") is the owner of the land and improvements commonly known as 840 Memorial Drive and more specifically described in Exhibit B attached hereto ("Property") and the owner of the Landlord's interest in the lease identified in Recital B below ("Lease").

B. Tenant is the owner of the tenant's interest in that lease dated August XX, 2009, executed by Owner, as landlord, and Tenant, as tenant. (Said lease is collectively referred to herein as the "Lease").

C. Owner is indebted to Lender under a promissory note in the original principal amount of $43,000,000, which note is secured by, among other things, a mortgage, deed of trust, trust indenture or deed to secure debt encumbering the Property ("Mortgage"), dated January 14, 2004 and recorded January 14, 2004 in the Official Records of the County of Middlesex , State of Massachusetts ("Mortgage").

THEREFORE, The parties agree as follows:

1. SUBORDINATION.

1.1 Prior Lien. The Mortgage, and any modifications, renewals or extensions thereof, shall unconditionally be and at all times remain a lien or charge on the Property prior and superior to the Lease.

1.2 **Entire Agreement**. This Agreement shall be the whole agreement and only agreement with regard to the subordination of the Lease to the lien or charge of the Mortgage, and shall supersede and cancel, but only insofar as would affect the priority between the Mortgage and the Lease, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination of the Lease to a deed or deeds of trust, a mortgage or mortgages, a deed or deeds to secure debt or a trust indenture or trust indentures.

1.3 **Disbursements**. Lender, in making disbursements pursuant to the Note, the Mortgage or any loan agreements with respect to the Property, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat this agreement to subordinate in whole or in part.

1.4 **Subordination**. Tenant intentionally and unconditionally waives, relinquishes and subordinates all of Tenant's right, title and interest in and to the Property, to the lien of the Mortgage.

2. **NON-DISTURBANCE AND ATTORNMENT**.

2.1 **Non-Disturbance**. Notwithstanding anything to the contrary contained in the Lease, so long as there shall exist no breach, default or event of default (beyond any period given to Tenant in the Lease to cure such default) on the part of Tenant under the Lease at the time of any foreclosure of the Mortgage, Lender agrees that the leasehold interest of Tenant under the Lease shall not be terminated by reason of such foreclosure, but rather the Lease shall continue in full force and effect and Lender shall recognize and accept Tenant as tenant under the Lease subject to the provisions of the Lease.

2.2 **Attornment**. Notwithstanding anything to the contrary contained in the Lease, should title to the leased premises and the landlord's interest in the Lease be transferred to Lender or any other person or entity ("New Owner") by, or in-lieu of judicial or non-judicial foreclosure of the Mortgage, Tenant agrees, for the benefit of New Owner and effective immediately and automatically upon the occurrence of any such transfer, that: (a) Tenant shall pay to New Owner all rental payments required to be made by Tenant pursuant to the terms of the Lease for the remainder of the Lease term; (b) Tenant shall be bound to New Owner in accordance with all of the provisions of the Lease for the remainder of the Lease term; (c) Tenant hereby attorns to New Owner as its landlord, such attornment to be effective and self-operative without the execution of any further instrument; (d) New Owner shall not be liable for any default of any prior landlord under the Lease, including, without limitation, Owner, except where such default is continuing at the time New Owner acquires title to the leased premises and New Owner fails to cure same after receiving notice thereof; (e) New Owner shall not be subject to any offsets or defenses which Tenant may have against any prior landlord under the Lease, including, without limitation, Owner, except where such offsets or defenses arise out of a default of the prior landlord which is continuing at the time New Owner acquires title to the leased premises and New Owner fails to cure same after receiving notice thereof; and (f) New Owner shall not be liable for any obligations of landlord arising under the Lease following any subsequent transfer of the title to the leased premises by New Owner.

3. **ESTOPPEL**. Tenant warrants and represents to Lender, as of the date hereof, that:

3.1 **Lease Effective**. The Lease has been duly executed and delivered by Tenant and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Tenant thereunder are valid and binding, and there have been no modifications or additions to the Lease, written or oral, other than those, if any, which are referenced above in Recital B.

3.2 **No Default**. To the best of Tenant's knowledge: (a) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease either by Tenant or Owner; and (b) Tenant has no existing claims, defenses or offsets against rental due or to become due under the Lease.

3.3 Entire Agreement. The Lease constitutes the entire agreement between Owner and Tenant with respect to the Property, and Tenant claims no rights of any kind whatsoever with respect to the Property, other than as set forth in the Lease.

3.4 Minimum Rent. The annual minimum rent under the Lease is $283,850, subject to any escalation, percentage rent and/or common area maintenance charges provided in the Lease.

3.5 Rental Payment Commencement Date: The rents stated in Section 3.4 above will begin or have begun on September XX, 2009.

3.6 Rentable area. The rentable area of the leased premises is 8,110 square feet.

3.7 Commencement Date. The term of the Lease commenced or will commence on September XX, 2009.

3.8 Expiration Date. The term of the Lease will expire on XXXXXXX XX, 2012, subject to Tenant's option to extend set forth in Section 33 of the Lease.

3.9 No Deposits or Prepaid Rent. No deposits or prepayments of rent have been made in connection with the Lease, except as follows: $84,141.00 security deposit (if none, write "None").

3.10 No Other Assignment. Tenant has received no notice, and is not otherwise aware of, any other assignment of the landlord's interest in the Lease.

3.11 No Purchase Option or Refusal Rights. Tenant does not have any option or preferential right to purchase all or any part of the Property, except as follows: None (if none, write "None").

4. MISCELLANEOUS.

4.1 Heirs, Successors and Assigns. The covenants herein shall be binding upon, and inure to the benefit of, the heirs, successors and assigns of the parties hereto. Whenever necessary or appropriate to give logical meaning to a provision of this Agreement, the term "Owner" shall be deemed to mean the then current owner of the Property and the landlord's interest in the Lease.

4.2 Addresses; Request for Notice. All notices and other communications that are required or permitted to be given to a party under this Agreement shall be in writing and shall be sent to such party, either by personal delivery, by overnight delivery service, by certified first class mail, return receipt requested, or by facsimile transmission, to the address or facsimile number below. All such notices and communications shall be effective upon receipt of such delivery or facsimile transmission. The addresses and facsimile numbers of the parties shall be:

Tenant:	Lender:
NeoStem Inc. Attn: 840 Memorial Drive Cambridge, MA 02139	Wells Fargo, N.A., as Master Servicer Attn: Asset Administration 1320 Willow Pass Road, Ste 300 Concord, California 94520
FAX No.: 617-	FAX No.: 925-685-1259
With a copy to:	
Boston, MA 02109	
FAX No.: 617-	

provided, however, any party shall have the right to change its address for notice hereunder by the giving of written notice thereof to the other party in the manner set forth in this Agreement.

4.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

4.4 Section Headings. Section headings in this Agreement are for convenience only and are not to be construed as part of this Agreement or in any way limiting or applying the provisions hereof.

4.5 Attorneys' Fees. If any legal action, suit or proceeding is commenced between Tenant and Lender regarding their respective rights and obligations under this Agreement, the prevailing party shall be entitled to recover, in addition to damages or other relief, costs and expenses, attorneys' fees and court costs (including, without limitation, expert witness fees). As used herein, the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise settlement or judgment. If the party which commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.

5. INCORPORATION. Exhibit A, the Owner's Consent is attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"LENDER"

BANK OF AMERICA, NATIONAL ASSOCIATION, as successor by merger to LASALLE BANK, NATIONAL ASSOCIATION, as Trustee for Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2004-TOP14

By: Wells Fargo Bank, National Association, as Master Servicer under the Pooling and Servicing Agreement dated as of May 1, 2004, among Bear Stearns Commercial Mortgage Securities Inc., Wells Fargo Bank, National Association, Centerline Servicing Inc. (f/k/a Arcap Servicing Inc.), LaSalle Bank National Association and ABN AMRO Bank N.V.

By:_____
Name:_____
Title:_____

STATE OF CALIFORNIA
COUNTY OF _____

On this _ day of _____ 200_, before me, the undersigned notary public, personally appeared _____, the _____ of _____, a California _____, and who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

"TENANT"

NeoStem Inc.

By: _____

Its: _____

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____ as _____ of NeoStem Inc., a Delaware Corporation, known to me or proved to me through satisfactory evidence of identification, which was photographic identification with signature issued by a federal or state governmental agency, oath or affirmation of a credible witness, personal knowledge of the undersigned, to be the person whose name is subscribed to the preceding or attached document and acknowledged that he/she executed the same as his/her free act and deed and the free act and deed of said company, for the purposes therein contained.

_____
Notary Public
My commission expires:

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

ALL SIGNATURES MUST BE ACKNOWLEDGED.

EXHIBIT A
OWNER'S CONSENT

The undersigned, which owns or is about to acquire the Property and the landlord's interest in the Lease, hereby consents to the execution of the foregoing SUBORDINATION AGREEMENT AND ESTOPPEL, NON-DISTURBANCE AND ATTORNMENT AGREEMENT, and to implementation of the agreements and transactions provided for therein.

"OWNER"

Rivertech Associates II, LLC

By: ______________________________

Its: ______________________________

COMMONWEALTH OF MASSACHUSETTS

_____, ss.

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____ as _____ of Rivertech Associates II, LLC, a Massachusetts limited liability corporation, known to me or proved to me through satisfactory evidence of identification, which was photographic identification with signature issued by a federal or state governmental agency, oath or affirmation of a credible witness, personal knowledge of the undersigned, to be the person whose name is subscribed to the preceding or attached document and acknowledged that he/she executed the same as his/her free act and deed and the free act and deed of said company, for the purposes therein contained.

_____
Notary Public
My commission expires:

EXHIBIT B
(Description of Property)

EXHIBIT B to SUBORDINATION AGREEMENT AND ESTOPPEL, NON-DISTURBANCE AND ATTORNMENT AGREEMENT dated as of _____, executed by NeoStem Inc., as "Tenant", and BANK OF AMERICA, NATIONAL ASSOCIATION, as successor by merger to LASALLE BANK, NATIONAL ASSOCIATION, as Trustee for Bear Stearns Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2004-TOP14 as "Lender".

All that certain land located in the County of Middlesex, State of Massachusetts, described as follows:

- - - - - - - - - - - - - - -

EXHIBIT C
Schedule of Sublandlord's Property

- - - - - - - - - - - - - - -

(Immediately Follows)

EXHIBIT C

D=Desk	L=Lateral File Cabinet	DB=Dry Erase Board
C=Chair	T=Table	GC=Guest Chairs
CZ=Credenza	B=Bookcase	MP=Mobile Pedestals
WB=Wall Bin	TB=Tackboard	LC= Lunch Chair

Room 101-COLLECTION ROOM
WB-101 (A) (B)
CZ-101
TB-101

Room 102
D-102
L-102
WB-102 (A)(B)
C-102
B-102
TB-102

Room 103- LG. CONF. ROOM
CZ-103
T-103
C-103 (1-9)

Room 104
L-104 (A)(B)
B-104
D-104
C-104
DB-104
TB-104
WB-104 (A)(B)
GC-104 (A)(B)

Room 105
DB-105
GC-106 (A)(B)
D-105
WB-105(A)(B)
L-105
B-105
C-105
TB-105

Room 106
L-106
DB-106
D-106
WB-106(A)(B)
GC-106(A)(B)
B-106
TB-106
C-106

Room 107
D-107
C-107
B-107
WB-107 (A)(B)
GC-107 (A)(B)
TB-107
DB-107
L-107

Room 108
B-108
GC-108 (A)(B)
D-108
WB-108 (A)(B)
TB-108
C-108
L-108
DB-108

Room 109-LUNCH ROOM
no office furniture

Room 110-EXAM ROOM
no office furniture

Room 100-ADMIN. STATION
D-100
L-100 (A)(B)C
WB-100 (A)(B)
C-100
TB-100

SUBLEASE

NEOSTEM, INC.,

As Sublandlord

AND

SEASIDE THERAPEUTICS, INC.,

As Subtenant

TABLE OF CONTENTS

This index is included only as a matter of convenience of reference and shall not be deemed or construed in any way to define or limit the scope of the above Sublease or the intent of any provision thereof.

Adam S. Brinch
Associate

CB Richard Ellis - N.E. Partners, LP

CBRE
CB RICHARD ELLIS

33 Arch Street, 28th Floor
Boston, MA 02110

T 617.912.7000
D 617.912.6997
F 617.912.7001
C 617.997.5955

adam.brinch@cbre-ne.com
www.cbre-ne.com

April 7, 2011

Mr. Bob Richards
President / Partner
Richards, Barry, Joyce & Partners
53 State Street, 37th Floor
Boston, MA 02462

Re: Proposal to Sublease – Space located at 840 Memorial Drive – Seaside Therapeutics, Inc.

Dear Bob:

On behalf of our client, Neostem, Inc., CB Richard Ellis is pleased to present the following proposal to sublease office space at 840 Memorial Drive, Cambridge, Massachusetts. The following details terms and conditions by which Neostem will enter into negotiations to sublease space in the subject property:

Subtenant:	Seaside Therapeutics, Inc.
Sublandlord:	Neostem, Inc.
Landlord:	Rivertech Associates II, LLC (c/o The Abbey Group) 575 Boylston Street Boston, MA 02116
Building:	The Building located at 840 Memorial Drive, Cambridge, Massachusetts.
Master Lease:	The fully executed lease document between the Landlord and the Sublandlord for the subject Premises.
Premises:	Approximately 3,500 rentable square feet (RSF) consisting of the office portion of Neostem's suite on the 4th floor of the Building per the attached floor plan. Exact square footage shall be mutually agreed upon by Sublandlord and Subtenant.
Use:	The Subtenant shall use the premises for office purposes only.
Commencement:	The later of June 1, 2011 and Landlord consent.
Term:	Approximately fifteen (15) months – through the balance of Sublandlord's lease term, which ends August 31, 2012.
Base Rental Rate:	$32.00 NNN per RSF, as is. This proposal is based on a net rental rate. As such, Subtenant shall pay in addition to Base Rental Rate, its pro rata share of allocable Real Estate Taxes, Operating Expenses and Electrical Utilities for the Building as provided below.
Real Estate Taxes:	Subtenant shall pay its pro-rata share of Real Estate Taxes. The historical real estate taxes, as volunteered by the Landlord in a recent proposal, levied against the land and building by the City of Cambridge are as follows: 2011: $4.89 per RSF 2010: $5.95 per RSF

	2009: $5.70 per RSF
Operating Expenses:	Subtenant shall pay its pro-rata share of Operating Expenses per the terms of the Master Lease. The historical Operating Expenses, as volunteered by the Landlord in a recent proposal, at the Building are as follows: 2009: $8.50 per RSF 2008: $8.50 per RSF
Electrical Utilities:	Per terms of the Master Lease, Subtenant shall pay its pro-rata portion for shared electrical utilities.
Condition of Premises:	Sublandlord shall deliver the space to the Subtenant demised, and in an "as is", broom clean condition. At the commencement of the Sublease, subject to the terms of the Master Lease, Subtenant acknowledges and agrees that the electrical, plumbing and HVAC systems serving the Premises (1) are to be provided by the Landlord pursuant to the terms of the Master Lease and (2) it is the responsibility of the Landlord to comply with all applicable local, state and federal building laws, codes, ordinances, rules and regulations as provided in the Master Lease. Subtenant will be responsible for any licenses for their operations. Subtenant shall be responsible for maintenance and repairs of the Premises during the term of the Sublease to the same extent as Sublandlord was responsible for the same pursuant to the Master Lease. Subtenant acknowledges and agrees that Landford, to the extent provided in the Master Lease shall maintain the base building systems throughout the term of the Sublease. Subtenant shall comply with all provisions of the Master Lease that are applicable to the Sublandlord. Subtenant shall have the right to alter the premises with the prior written consent of the Sublandlord, which consent shall not be unreasonably withheld – subject to the terms and conditions of the Master Lease between the Landlord and Sublandlord which includes obtaining Landlord's consent pursuant to the terms of the Master Lease.
Janitorial:	Subtenant shall be responsible for its own janitorial (cleaning and garbage, waste/debris removal) during the term of the Sublease.
Office Furniture:	During the term of the sublease, Sublandlord will provide and Subtenant may use the office furniture to be separately scheduled by Sublandlord and disclosed to Subtenant prior to the execution of the Sublease, in each case, on an "as is" basis with all faults. Sublandlord makes no representations or warranties of any kind regarding the office furniture, whether express or implied. Subtenant shall maintain the office furniture in good order and repair subject to normal wear and tear and upon termination of the Sublease shall return such furniture to Sublandlord.
Parking:	Subtenant shall, pursuant to Sublease, have Sublandlord's rights to six (6) of Landlord's parking spaces as provided in the Master Lease in the 840 Memorial Drive parking garage, at prevailing market rates as charged by Landlord per the Master Lease, currently $210 per space per month. Subtenant will be responsible for contacting Landlord directly for invoicing and billing of such six (6) parking spaces.
Directory Sign:	At Subtenant's sole cost and expense, Subtenant shall have the right to signage on the building's tenant directory, the Subtenant's main entrance door and the common lobby area located on the 1st floor with the prior consent of the Sublandlord and Landlord.

PROPOSAL TO SUBLEASE
A PORTION OF 840 MEMORIAL DRIVE
CAMBRIDGE, MASSACHUSETTS

RLS

Security Deposit:	Subtenant shall provide Sublandlord with a security deposit equal to ~~$10,000.00~~ two (2) month's rent.
Insurance	Subtenant shall maintain insurance in the amounts required by the Sublandlord pursuant to the Master Lease, naming the Sublandlord and Landlord as additional insureds and loss payees.
Brokerage:	All parties acknowledge that they have dealt with no other brokerage firm other than CB Richard Ellis and Richards Barry Joyce & Partners and that the Sublandlord will be responsible for paying all fees.
Contingencies:	The purpose of this proposal is to memorialize certain business points and the parties are not legally bound by its terms. The parties agree that this proposal is subject to the execution of a mutually acceptable sublease document subject to the terms and conditions of this proposal and to any other terms the parties may agree to and is further subject to the Landlord's consent.

If the foregoing terms are acceptable, please so indicate by signing the enclosed copy of this letter in the space provided below and returning it to the undersigned by 5:00 p.m. on Wednesday, April 13, 2011. If this letter is not signed by you and received by the undersigned by that time, this letter shall be void and have no further force and effect.

If you have questions or comments, please call me at (617) 912-6997.

Sincerely,

Adam S. Brinch
Associate

AGREED TO & ACCEPTED BY:
Seaside Therapeutics, Inc.

By: _____
Title: President and CEO
Date: 11 April 2011

AGREED TO & ACCEPTED BY:
Neostem, Inc.

By: _____
Title: CEO
Date: 11 April 2011

cc: Anthony Salerno, Neostem
Dr. Robert A. Preti,
George S. Goldberger
Curtis Cole, CBRE

STOCK PURCHASE AND ASSIGNMENT AGREEMENT

This **STOCK PURCHASE AND ASSIGNMENT AGREEMENT** (the "Agreement"), dated March 28, 2011, is entered into by and among **BECTON, DICKINSON AND COMPANY**, a New Jersey corporation ("BD"), **PROGENITOR CELL THERAPY, LLC.**, a Delaware limited liability corporation ("PCT") and **ATHELOS CORPORATION**, a Delaware corporation (the "Company"). Each of BD, PCT and the Company are referred to individually as a "Party" and, together, as the "Parties."

WHEREAS, the Parties wish for BD and PCT to contribute certain third party intellectual property and related rights to the Company on the terms and conditions set forth herein;

WHEREAS, in exchange for its contribution to the Company of such third party intellectual property and related rights on the terms and conditions, the Company has agreed to issue and BD has agreed to accept, one hundred ninety nine (199) shares of Common Stock of the Company (the "Shares") on the terms and conditions set forth herein; and

WHEREAS, in anticipation of the aforementioned contributions of property and in consideration for its services related to the formation and establishment of the Company, the Company previously issued eight hundred one (801) shares of Common Stock of the Company to PCT.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements herein set forth, the Parties hereto agree as follows:

1. Transactions; Deliveries.

(a) Sale of Shares; Stockholders' Agreement. In consideration for the BD Assigned IP Rights, the Company hereby sells and BD hereby purchases the Shares subject to the terms and conditions set forth in this Agreement. BD shall have certain anti-dilution rights and the right to appoint a non-voting observer to the Board of Directors of the Company as set forth in the Stockholders Agreement, dated of even date herewith, by and among the Company, BD and PCT (the "Stockholders' Agreement"). Upon execution of this Agreement and the Stockholders' Agreement by BD and the Company, the Company shall deliver to BD a certificate representing the Shares (the "Certificate").

(b) Assignment of Intellectual Property Rights.

(i) Prior to, or simultaneously with the execution of this Agreement, BD shall obtain and provide to the Company all necessary consents to assign BD's licensed patent rights and other intellectual property rights and other related rights, obligations and interest in and under the agreements described on Schedule A as the "ExCell Intellectual Property Rights and Related Rights and Obligations" and the "U. Penn Intellectual Property Rights and Related Rights and Obligations" (the ExCell Intellectual Property Rights and Related Rights and Obligations together with the U. Penn Intellectual Property Rights and Related Rights and Obligations are referred to collectively herein as the "BD Assigned IP Rights") from each of ExCell Therapeutics, LLC ("ExCell"), David A. Horowitz, M.D., The University of Pennsylvania ("U. Penn") and the University of Southern California ("USC"). BD hereby represents and warrants that it has all consents required of each of ExCell, Dr. Horowitz, U. Penn and USC, as applicable and hereby irrevocably bargains, sells, grants, conveys, assigns, transfers, and delivers to the Company, and the Company hereby irrevocably bargains, purchases, accepts and assumes all of BD's licensed patent rights and other intellectual property rights and related rights, obligations and interest in and under the BD Assigned IP Rights to have and hold, for itself and for its successors and assigns forever.

(ii) PCT shall, within ninety (90) days of the date of this Agreement, use commercially reasonable efforts to irrevocably bargain, sell, grant, convey, assign, transfer, and deliver to the Company, and the Company shall irrevocably bargain, purchase, accept and assume all of PCT's licensed patent rights and other intellectual property rights and related rights, obligations and interest in and under the agreements described on Schedule A as the "Life Technologies Intellectual Property Rights and Related Rights and Obligations" (the "PCT Assigned Rights") to have and hold, for itself and for its successors and assigns forever.

(c) The Parties intend that the contributions of property to the Company by BD and PCT pursuant to Section 1(b) of this Agreement shall each constitute a tax-free exchange under Section 351 of the Internal Revenue Code.

(d) Commercially Reasonable Efforts. Following the assignment and transfer of BD Assigned IP Rights as set forth above, the Company will use commercially reasonable efforts to perform the activities set forth in Schedule B (the "Activities"). Upon completion of the Activities, the Company will progress to clinical trials in a timely manner. In the event that the Company fails to use commercially reasonable efforts to perform the Activities and does not address such failure within thirty (30) days of written notice from BD, BD may, at its option, request the Company to assign to it, in whole or in part, the BD Assigned IP Rights.

2. Acknowledgements. BD hereby acknowledges and understands that:

(a) In selling the Shares to BD, the Company is relying upon BD's representation and warranty set forth herein that BD is an accredited investor, as defined in the Securities Act of 1933, as amended (the "Securities Act").

(b) An investment in the Shares is speculative in nature and involves a high degree of risk and, therefore, BD is assuming a substantial risk of its entire investment in the Company.

(c) No federal or state agency has made any finding or determination as to the fairness of an investment in the Company, or any recommendation or endorsement thereof. BD acknowledges that the Company has made available to it at a reasonable time prior to its investment the opportunity to ask questions and receive answers concerning the terms and conditions of BD's investment and to obtain any additional information which the Company possesses or can acquire without unreasonable effort or expense that is relevant to BD's decision to make the investment.

(d) The Shares have not been registered under the Securities Act or any state securities law, and the Company has made no undertaking to effect any such registration. Accordingly, BD must bear the economic risk of the investment indefinitely because none of the Shares may be sold or otherwise disposed of, and (without limiting any restrictions contained in the Certificate) the Company will not transfer any of the Shares on its books, unless such Shares are subsequently registered under the Securities Act and any applicable state securities law or with the Company's consent pursuant to the Stockholders' Agreement. Further, there is no present public market for the Shares and there can be no assurance that a market for the Shares or any other securities of the Company will ever develop.

(e) The certificate(s) evidencing the Shares will contain legends substantially as follows:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, MADE SUBJECT TO A SECURITY INTEREST, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND SUCH LAWS, OR AS OTHERWISE SET FORTH HEREIN AND IN THE STOCKHOLDERS' AGREEMENT OF THE COMPANY, AS MAY BE AMENDED FROM TIME TO TIME. THE CORPORATION WILL FURNISH A COPY OF SAID STOCKHOLDERS' AGREEMENT TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.

3. Representations and Warranties of BD. BD hereby represents and warrants that:

(a) BD is duly incorporated and existing in the State of New Jersey and it has full power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement constitutes the valid and legally binding obligation of BD, enforceable against BD in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization and other similar laws relating to or affecting the rights of creditors generally. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of any authorizing or governing document of BD, or any mortgage, indenture, lease or other agreement or instrument, statute, law, ordinance, rule, regulation, judgment, order, decree, permit, concession, grant, franchise or license applicable to BD.

(c) The Company has made available to BD all documents that BD has requested relating to the Company and has provided answers to all of BD's questions concerning BD's investment. BD is an "accredited investor" as defined in the Securities Act, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Company, and has received adequate information regarding the Company for purposes of evaluating the suitability of BD's investment in the Company.

(d) BD is acquiring the Shares for its own account for investment and not with a view to their resale or distribution. BD has no need for liquidity in this investment and is financially able to bear the economic risk of this investment, including the ability to hold the Shares indefinitely or to afford a complete loss of BD's investment in the Shares.

(e) BD understands that, in the view of the Securities and Exchange Commission, a purchase now with a present intent to resell by reason of a foreseeable specific contingency or any anticipated change in the market value, or in the condition of the Company, or that of the industry in which the business of the Company is engaged or in connection with a contemplated liquidation, or in the settlement of any loan obtained by the undersigned for the acquisition of the Shares, or for which such Shares may be pledged as security or as donations to religious or charitable institutions for the purpose of securing a deduction on an income tax return would, in fact, represent a purchase with an intent inconsistent with BD's representations to the Company. The Securities and Exchange Commission would then regard such sale as one for which no exemption from registration is available.

(f) BD has provided or obtained all necessary notices to, or consents, authorizations or approvals of, any third party or governmental authority that are required for the due execution, delivery and performance of this Agreement, including, without limitation, the assignment of the BD Assigned IP Rights, and no other notices, consents, authorizations or approvals of any third party or governmental authority are required for BD to execute and deliver this Agreement.

(g) BD possesses all necessary rights to hold and use the BD Assigned IP Rights and to assign them as contemplated by this Agreement. To the knowledge of BD, the BD Assigned IP Rights are free and clear of any lien, encumbrance or other adverse claim.

(h) BD has not been the subject of any pending or, to the knowledge of BD, threatened legal proceedings which involve a claim of infringement, misappropriation, unauthorized use or violation of any intellectual property rights of any third party or challenging BD's use, validity or enforceability of the BD Assigned IP Rights. BD has not received notice of any such threatened claim and to the knowledge of BD, there are no facts or circumstances that would form the basis for any such claim. All of BD's rights in and to BD Assigned IP Rights are valid and enforceable in all material respects.

(i) The Company acknowledges that USC has indicated that, based on certain alleged breaches of the license agreement between USC and ExCell, that USC may have a right to terminate such agreement with ExCell. Notwithstanding any language to the contrary herein, BD is not making any representation or warranty as to any rights by USC to terminate its license agreement with ExCell, the exercise of such rights by USC and the implications thereof to the License Agreement between ExCell and BD referenced in Section B.1 of Schedule A, which is being assigned by BD to the Company hereunder.

(j) The Company further acknowledges that that USC consents to the assignment and assumption of the License Agreement by and between ExCell Therapeutics, LLC and Becton, Dickinson and Company, dated as of September 16, 2005, as amended August 31, 2007 on the terms set forth in the in the letter dated simultaneously herewith, a copy of which is attached as Schedule C.

4. Representations and Warranties of Company.

(a) The Company is duly incorporated and existing in the State of Delaware and it has full power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization and other similar laws relating to or affecting the rights of creditors generally. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of any authorizing or governing document of the Company, or any mortgage, indenture, lease or other agreement or instrument, statute, law, ordinance, rule, regulation, judgment, order, decree, permit, concession, grant, franchise or license applicable to the Company.

5. Representations and Warranties of PCT.

(a) PCT is duly incorporated and existing in the State of Delaware and it has full power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement constitutes the valid and legally binding obligation of PCT, enforceable against PCT in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization and other similar laws relating to or affecting the rights of creditors generally. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of any authorizing or governing document of PCT, or any mortgage, indenture, lease or other agreement or instrument, statute, law, ordinance, rule, regulation, judgment, order, decree, permit, concession, grant, franchise or license applicable to PCT.

6. Indemnification.

(a) By BD. BD hereby agrees to indemnify, defend and hold harmless the Company, its affiliates and their officers, directors, employees, agents and representatives (each a "Company Indemnified Party") from and against all demands, claims, actions or causes of action, litigation, assessments, judgments, damages, liabilities, reasonable attorneys' fees, expenses, interest, and penalties (collectively "Damages"), resulting to, imposed upon or incurred by a Company Indemnified Party by reason of or resulting from: (i) a breach of any representation or warranty of BD set forth in this Agreement, including, without limitation with respect to the BD Assigned IP Rights; and (ii) any failure of BD to perform or observe any covenant or obligation of BD set forth in this Agreement.

(b) By the Company. The Company hereby agrees to indemnify, defend and hold harmless BD, its affiliates and their officers, directors, employees, agents and representatives (each a "BD Indemnified Party") from and against all Damages resulting to, imposed upon or incurred by a BD Indemnified Party by reason of or resulting from: (i) a breach of any representation or warranty of the Company set forth in this Agreement; and (ii) any failure of the Company to perform or observe any covenant or obligation of the Company set forth in this Agreement.

(c) By PCT. PCT hereby agrees to indemnify, defend and hold harmless each Company Indemnified Party from and against all Damages resulting to, imposed upon or incurred by a Company Indemnified Party by reason of or resulting from: (i) a breach of any representation or warranty of PCT set forth in this Agreement, including, without limitation with respect to the PCT Assigned IP Rights; and (ii) any failure of PCT to perform or observe any covenant or obligation of PCT set forth in this Agreement.

(d) Indemnification Process. Each Party shall give the other Party prompt written notice of any event or assertion of which such Party obtains knowledge concerning any Damages and as to which a Party may request indemnification hereunder, *provided, however,* that failure to give such notice will not affect the indemnified Party's rights furnished hereunder unless, and then solely to the extent that, the rights of the indemnifying Party are materially prejudiced as a result of such failure. The Parties shall cooperate with each other in determining the validity of any claim or assertion requiring indemnity hereunder and in defending against third parties with respect to the same. The defense of such litigation shall be within the control of the indemnifying Party; provided, however, that the indemnifying Party's choice of counsel shall be reasonably satisfactory to the Party seeking indemnification. The indemnified Party may participate in the defense of any claim or assertion requiring indemnity hereunder and, in such event, such Party shall cooperate fully in connection therewith. If the indemnifying Party fails to perform any of its obligations under this Section 5, then the other Party may directly assume the defense of the claim or assertion at issue, and the indemnifying Party shall promptly reimburse the other Party for all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith. The Parties hereby agree not to settle or compromise any such third-party suit, claim or proceeding without prior written consent of the Party seeking indemnification, which consent shall not be unreasonably withheld.

7. General

(a) Further Assurances. The Parties agree to execute any and all such other and further instruments and documents, and to take any and all such further actions, reasonably required to effectuate this Agreement and the intent and purposes hereof.

(b) Governing Law; Venue. The corporate law of the State of Delaware shall govern all issues and questions concerning the relative rights of the Company and BD and PCT as stockholders therein. All other issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement hereto shall be governed by, and construed in accordance with the laws of the State of New Jersey without giving effect to principles of conflicts of laws, and shall be binding upon BD's legal representatives and permitted successors and assigns. Any Party to this Agreement shall be entitled to bring an action to enforce any provision of, or based on any right arising out of, relating to or in connection with this Agreement, in any court having competent jurisdiction in the State of New Jersey. Each Party expressly agrees to waive any challenge to either jurisdiction or venue in any of the aforementioned courts.

(c) No Assignment. This Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Neither Party may assign any rights, benefits, duties or obligations under this Agreement without the prior written consent of the other Party. No third party shall be entitled to enforce any provision hereof and no third party is intended to benefit from this Agreement.

(d) Amendments and Waivers. This Agreement may not be amended, modified or supplemented except by a written instrument executed by the Parties. No provision of this Agreement may be waived except by an instrument in writing executed by the Party authorized to grant the waiver. The waiver by either Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach of the same or another provision. No failure on the part of either Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(e) Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be mailed via certified mail, return receipt requested, sent via a nationally-recognized overnight courier service or faxed. All such notices shall be deemed to have been duly given or made on the day of delivery (with delivery confirmed by such return receipt, courier service or fax transmission report). All notices, requests and demands are to be given or made to the parties at the addresses set forth herein or such other address specified in a notice given pursuant hereto as follows:

If to the Company: Athelos Corporation
c/o Progenitor Cell Therapy, LLC
4 Pearl Court, Suite C
Allendale, NJ 07401
Attention: Robert A. Preti, Ph.D.
Facsimile: (201) 996-9246

If to BD: Becton Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07410
Attention: General Counsel
Facsimile: (201) 848-8698

If to PCT: Progenitor Cell Therapy, LLC
4 Pearl Court, Suite C
Allendale, NJ 07401
Attention: Andrew Pecora, M.D.
Facsimile: (201) 996-9246

A Party may change its address by notice given pursuant to this Section 7(e).

(f) Entire Agreement. This Agreement and the documents referred to herein contain the entire agreement and understanding between the Parties with respect to the transactions contemplated hereby and supersede all other agreements, understandings and undertakings between the Parties on the subject matter hereof.

(g) Facsimile; Counterparts. This Agreement may be executed by either or both of the Parties via facsimile. Facsimile transmissions of any executed original document and/or retransmission of any executed facsimile transmission shall be deemed to be the same as the delivery of an executed original. At the request of any Party, the other Party shall confirm facsimile transmissions by executing duplicate original documents and delivering the same to the requesting Party. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

ATHELOS CORPORATION

By: /s/ Robert A. Preti
Robert A. Preti
Its: President

BECTON, DICKINSON AND COMPANY

By: /s/ Robert Hallenbeck
Robert Hallenbeck
Its: VP Advanced Bioprocessing

PROGENITOR CELL THERAPY, LLC

By: /s/ Andrew Pecora, M.D.
Andrew Pecora, M.D.
Its: Chief Medical Officer

STOCKHOLDERS' AGREEMENT

This **STOCKHOLDERS' AGREEMENT** (the "Agreement") is made as of March 28, 2011, by and among **ATHELOS CORPORATION**, a Delaware corporation (the "Company") **PROGENITOR CELL THERAPY, LLC**, a Delaware limited liability company ("PCT"), and **BECTON, DICKINSON AND COMPANY**, a New Jersey corporation ("BD") (PCT and BD are referred to together as the "Stockholders," and each as a "Stockholder").

1. Stockholders. Each Stockholder holds shares of Common Stock of the Company (the "Shares") in the amounts set forth on Exhibit A hereto, as may be updated from time to time by the Company to include any additional Shares issued or transferred to either or both Stockholders.

2. Transfers. Until such time as the Shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or as expressly provided in this Agreement, neither Stockholder shall sell, assign, transfer, give, bequeath, devise, donate or otherwise dispose of, or pledge, deposit or otherwise encumber, in any way or manner whatsoever, whether voluntary or involuntary any legal or beneficial interest in any of the Shares now or hereafter owned (of record or beneficially) by such Stockholder except with the prior written consent of the Company and following the Company's receipt of a written opinion of counsel reasonably satisfactory to the Company that an exemption from such registration is available.

3. Anti-Dilution Rights.

(a) With respect to the first Five Million Dollars ($5,000,000) of investment in the Company following the date hereof, BD shall have certain anti-dilution rights as follows:

(i) If the investment is by PCT, then, with respect to amounts up to and including the first Three Million Dollars ($3,000,000) of investment from PCT, the Shares owned by PCT (and BD) shall remain as set forth on Exhibit A as of the date first set forth above and neither PCT nor BD shall receive additional Shares or other equity nor have its respective percentage ownership of the Company increase or decrease. Instead, PCT shall have additional basis in its Shares as of the date hereof in the amount of such additional capital. With respect to amounts invested by PCT up to and including the next Two Million Dollars ($2,000,000), to the extent that the total investment by PCT following the date of this Agreement has not exceeded Five Million Dollars ($5,000,000), BD shall be diluted proportionately, *provided, however,* that the ownership of BD shall not be reduced to less than ten percent (10%) of the total Shares outstanding based on the additional investment.

(ii) If the investment is by any third party other than PCT, then, with respect to amounts up to and including the first Five Million Dollars ($5,000,000) of such investment, the Stockholders shall be diluted proportionately, *provided, however,* that the ownership of BD shall not be reduced to less than ten percent (10%) of the total Shares outstanding based on such third party investment. If, based on the valuation used in such investment, such investment would otherwise dilute the ownership of BD below such threshold, PCT shall transfer such number of its Shares to BD as necessary to maintain the ownership of BD at ten percent (10%) of the issued and outstanding shares of Common Stock following the closing of such investment.

(b) Once the Company has received a total of Five Million Dollars ($5,000,000) of investment following the date of this Agreement, whether from PCT or any third parties, or a combination thereof, BD shall not have any special anti-dilution rights and all the Stockholders shall be diluted proportionately based on any investment thereafter, except to the extent that the Stockholder(s) are participating in the investment.

4. Board of Directors.

(a) The number of the directors appointed to the Board shall be in accordance with the Bylaws of the Company, as may be amended from time to time. In any election of directors of the Company, the Stockholders shall vote such number of Shares then owned by them (or as to which they then have voting power) as may be necessary to elect the individuals nominated by PCT to the Board.

(b) BD shall have the right to appoint one non-voting observer (the "Observer") who is entitled to observe the Board, and who shall receive notice of all board meetings and copies of any materials as and when provided to the Board; *provided, however,* that the Company reserves the right to withhold any information or to exclude the Observer from any meeting or portion thereof if the Company reasonably believes that withholding such information or excluding such representative is necessary to preserve the attorney-client privilege between the Company and its counsel, to protect confidential or proprietary information or for other similar reasons, or if BD or the Observer is a competitor of the Company, as determined by the Company in its reasonable discretion. BD may, at anytime, and from time to time, remove and replace the Observer by providing prior written notice to the Company.

5. General.

(a) Further Assurances. The Company and the Stockholders each agree to execute any and all such other and further instruments and documents, and to take any and all such further actions, reasonably required to effectuate this Agreement and the intent and purposes hereof.

(b) Governing Law; Venue. The corporate law of the State of Delaware shall govern all issues and questions concerning the relative rights of the Company and the Stockholders. All other issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement hereto shall be governed by, and construed in accordance with the laws of the State of New Jersey without giving effect to principles of conflicts of laws, and shall be binding upon the Company, the Stockholders and their legal representatives and permitted successors and assigns. The Company and each Stockholder shall be entitled to bring an action to enforce any provision of, or based on any right arising out of, relating to or in connection with this Agreement, in any court having competent jurisdiction in the State of New Jersey. The Company and each Stockholder expressly agrees to waive any challenge to either jurisdiction or venue in any of the aforementioned courts.

(c) No Assignment. This Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assignees. Neither Party may assign any rights, benefits, duties or obligations under this Agreement without the prior written consent of the other Party. No third party shall be entitled to enforce any provision hereof and no third party is intended to benefit from this Agreement.

(d) Amendments and Waivers. This Agreement may not be amended, modified or supplemented except by a written instrument executed by the Company and each of the Stockholders. No provision of this Agreement may be waived except by an instrument in writing executed by the party authorized to grant the waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach of the same or another provision. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(e) Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be mailed via certified mail, return receipt requested, sent via a nationally-recognized overnight courier service or faxed. All such notices shall be deemed to have been duly given or made on the day of delivery (with delivery confirmed by such return receipt, courier service or fax transmission report). All notices, requests and demands are to be given or made to the parties at the addresses set forth herein or such other address specified in a notice given pursuant hereto, with copies to the attorneys for the respective parties, as follows:

If to the Company:
Athelos Corporation
c/o Progenitor Cell Therapy, LLC
4 Pearl Court, Suite C
Allendale, NJ 07401
Attention: Robert A. Preti, Ph.D.
Facsimile: (201) 996-9246

If to PCT:
Progenitor Cell Therapy, LLC
4 Pearl Court, Suite C
Allendale, NJ 07401
Attention: Andrew Pecora, M.D.
Facsimile: (201) 996-9246

If to BD:
Becton Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07410
Attention: General Counsel
Facsimile: 201-848-9228

Any party may change its address by notice given pursuant to this Section 5(e).

(f) Entire Agreement. This Agreement and the documents referred to herein contain the entire agreement and understanding among the parties with respect to the transactions contemplated hereby and supersede all other agreements, understandings and undertakings between the parties on the subject matter hereof.

(g) Facsimile; Counterparts. This Agreement may be executed by one or more of the parties via facsimile. Facsimile transmissions of any executed original document and/or retransmission of any executed facsimile transmission shall be deemed to be the same as the delivery of an executed original. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Stockholders' Agreement as of the date first above written.

ATHELOS CORPORATION

By /s/ Robert A. Preti

Name: Robert A. Preti

Title: President

STOCKHOLDERS' AGREEMENT SIGNATURE PAGE

STOCKHOLDER:

PROGENITOR CELL THERAPY LLC

By /s/ Andrew Pecora, M.D

Andrew Pecora, M.D.

Title: Chief Medical Officer

STOCKHOLDER:

BECTON, DICKINSON AND COMPANY

By /s/ Robert M. Hallenbeck

Robert M. Hallenbeck

Title: Vice President, Advanced Bioprocessing

EXHIBIT A

STOCKHOLDERS OF ATHELOS CORPORATION

Common Stock

STOCKHOLDER	No. Shares of Common Stock	Percentage Held
Progenitor Cell Therapy LLC	801	80.1%
Becton Dickinson & Company	199	19.9%

Consigned Management and Technology Service Agreement

by and among

Tianjin Niou Biotechnology Co., Ltd.

NeoStem (China), Inc.

and

The Shareholder of Tianjin Niou Biotechnology Co., Ltd.

May 14th, 2011

Consigned Management and Technology Service Agreement

This Consigned Management and Technology Service Agreement ("this Agreement") is entered into on May 14th , 2011 between the following Parties:

(1) **Tianjin Niou Biotechnology Co., Ltd.** ("Party A") is a limited liability company, duly incorporated in Tianjin City, People's Republic of China ("PRC") whose legal address is: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China

(2) **NeoStem (China), Inc.** ("Party B"), is a wholly foreign owned enterprise ("WFOE") and duly incorporated under PRC Laws, whose registered address is Room 403A, Building C, No.12 XiangGangZhong Road, Shinan District, Qingdao City.

(3) **Sole shareholder of Tianjin Niou Biotechnology Co., Ltd.** (the "Shareholder")

Name of the Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Jihua	100		Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China

(Party A, Party B and the Shareholder are referred to collectively in this agreement as the "Parties" or "the Parties", and individually as "a Party" or "each Party".)

WHEREAS:

(1) Party A's business scope is as follows: development, consultation, service and transfer of biotechnology; import and export of goods and technology, lease of mechanical equipment (The aforesaid business scope should be operated with relevant permits if such permits are required and within valid business operation term; and if there is any specialty or exclusive operation required by national regulations, such national regulations must be complied with.).

(2) Party B's business scope is the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by

state-operated trade, import & export quota license, export quota bidding, export permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required);

(3) The Parties agree that, Party A consigns Party B to manage all its business and human resources, etc., and engages Party B to provide technology services such as the update and maintenance of internal software and hardware, technology training and technology support;

(4) The Shareholder holds 100% of equity interests of Party A.

NOW THEREFORE, the Parties hereby agree through friendly negotiation as follows:

Article 1 Definition

1.1 "PRC" refers to the People's Republic of China, for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;
1.2 "PRC Laws" refers to all PRC laws, administrative regulations and government rules in effect;
1.3 "RMB" refers to the legal currency within the PRC;
1.4 "Party A Staff" refers to the senior management staff of Party A and the manager of each plant;
1.5 "Consigned Management and Technology Service Fee" or "Consideration" refers to the consideration as defined in Article 3.1 and paid to Party B by Party A.

Article 2 Contents of Consigned Management and Technology Services

2.1 Contents of Consigned Management Services

2.1.1 Business Management Services

2.1.1.1 Target

Provide services on management and staff training so as to enhance the professional management and eventually promote economic achievement of Party A.

2.1.1.2 Contents

(1) Training to Party A Staff
A. Latest biotech industry knowledge training
B. Related operating methods and skills training
C. Preserve and maintenance of equipments training

D. Management principals and skills training

(2) Business Management
A. Procedure management
B. Operation and technology management
C. Equipment management
D. Field management
E. Quality management
F. Sales and Marketing management
G. Service management

2.1.2 Advertising and Development Services

2.1.2.1 Target

Improve the economic benefits of the Company, ensure the healthy development of the Company, improve the fame of the Company, establish the image of the Company, gain the good reputation, contribute to the public welfare, and expand the popularity of the Company.

2.1.2.2 Contents of Service

(1) Advertising Services
A. Products planning
B. Price planning
E. Sales planning
F. Advertising planning
G. Marketing planning
H. Promotion planning
I. Public relation planning
J. Brand planning
K. Corporate image planning

(2) Development Services
A. Conduct research on the market and provide suggestions on the selection of location and layout of new businesses;
B. Conduct research on the impressions of customers, and provide suggestions for perfection of customer services in accordance with the results of that research.
C. Conduct research on the potential cooperative partners, and provide suggestions for business expansion and cooperation development in accordance with the results of that research.

2.1.3 Human Resources Management Services

2.1.3.1 Target: Achieve the proper distribution of human resources, maintain the stability of the management team, and stimulate the employees to positively work so as to increase the economic achievement.

2.1.3.2 Contents of Service

(1) Recommend and nominate the candidates of senior management staff of Party A, and Party A shall appoint such candidates in accordance with the requirement of the position;
(2) Facilitate to perfect the organizational structure to improve the effects of the management;
(3) Establish the labor management system for Party A, including, but without limitation, employment policies, training, systems of leaves and vocations, overtime working, resignation, demission and etc.;
(4) Complete the employees' salary system including its senior management staff;
(5) Facilitate to complete the working effectiveness assessment system of the employees and perfect the salary incentive system;
(6) Provide training of labor management in the human resources department of Party A;
(7) Provide consultancy services to Party A in relation to the labor policies and social insurance;
(8) Facilitate Party A to standardize the management of human resources and establishment of related system.

2.1.4 Internal Control Services

Party B shall assist Party A to establish internal control system and provide the proper suggestions on the following systems:

(1) Rules for stamp usage
(2) Rules for receipts and checks
(3) Rules of budgeting management
(4) Assets management system
(5) Quality management system
(6) Authorization and agency system

2.2 Contents of Technology Services

2.2.1 Select, purchase and update the proper software in accordance with practical requirements of Party A with respect to human resources and business management, etc., and conduct training on the use of such software, and provide relevant consulting services.

2.2.2 Assist with other related systems and software in accordance with the specific requirements of Party A, and the relative costs shall be borne by Party A.

2.2.3 If necessary, seek qualified network service companies to provide services to Party A with respect to its application for the domain name and design of website, assist Party A in communication with the network service company on matters relating to the domain name and website.

2.2.4 Assist with the computers, server and other facilities in accordance with the requirements of Party A.

2.2.5 Make periodic maintenance and necessary update on hardware facilities in accordance with the requirements of Party A.

2.2.6 Conduct technology training of the technical employees of Party A.

(1) Conduct training to Party A for the operation of technologies with regard to latest bio-technologies, regenerative medical technologies, anti-aging technologies, etc.
(2) Conduct training to Party A with regard to research and development of relevant technologies.
(3) Strengthen the training of Party A's staff to use new apparatus and equipments, quickly apply the new equipments into research and operation, and improve the capacity and efficiency.

2.2.7 In the event of occurrence of technical problems of Party A, Party B shall designate relevant staff to perform on-site research for assisting Party A to resolve such problems if necessary.

2.2.8 Party B shall be the sole and exclusive owner of all rights, title, interests and intellectual property rights arising from the performance of this Agreement (including but not limited to, any copyrights, patent, know-how, commercial secrets and otherwise), regardless developed independently by Party B or by Party A based on Party B's intellectual property or by Party B based on Party A's intellectual property. Party A shall not claim against Party B on any rights, ownership, interests or intellectual property.

If such development is conducted on the basis of Party A's intellectual property, Party A shall ensure that such intellectual property is clear and free from any lien or encumbrance or license, or Party A shall indemnify Party B any and all damages incurred thereby. In case Party B shall be liable to any third party by reason thereof, Party B shall be compensated in full by Party A as long as Party B has compensated the third party.

Article 3 Consigned Management and Technology Service Fee

3.1 Party A shall pay the Consigned Management and Technology Service Fee, equal to 51-90% % of its total annual after-tax profit on a yearly basis as the Consideration of services provided Party B as set forth in Article 2 hereunder.

3.2 Party A shall pay to Party B the last year's Consigned Management and Technology Service Fee before each calendar day of January 31st.

3.3 Whereas the daily business operations of Party A shall bear a material impact on its capacity to make the payments due to Party B, the Shareholders of Party A jointly agree that they will immediately and unconditionally pay or transfer to Party B any bonus, dividends or any other incomes or benefits (regardless of the forms) obtained from Party A as the shareholders of Party A at the time when such payables occur and provide all necessary documents or take all necessary actions required by Party B to realize such payment or transfer .

3.4 Party B shall be entitled to request Party A in writing to adjust the Consideration in accordance with the quantity and quality of the consigned services. The Parties shall positively negotiate with each other in respect of the Consigned Management and Technology Service Fee, and Party A shall agree with such adjustment.

Article 4 Warranties and Undertakings by Party A

4.1 Within the term of this Agreement, Party B shall be the entity exclusively consigned by Party A to provide the services as set forth in Article 2 hereunder, and Party A shall not consign any other entities to provide to Party A any services same as or similar with those services provided in Article 2 hereunder.

4.2 Without the prior written consent by Party B, Party A shall not change its business target.

4.3 Without the prior written consent by Party B, Party A shall not change its rules and policies regarding the business operation, management, human resources and finance.

4.4 Without the prior written consent by Party B, Party A shall not change its internal control system.

4.5 Without the prior written consent by Party B, Party A shall not change its internal organization.

4.6 Without the prior written consent by Party B, Party A shall not replace any senior management staff itself.

4.7 Party A shall provide Party B information regarding the business operation, management and finance of Party A.

4.8 Party A shall promptly and proactively notify Party B of any matters that adversely affect Party A.

4.9 Party A shall give full cooperation to Party B, and provide assistance and convenience to Party B for its on-site working, and shall not hinder Party B to provide services as set forth in Article 2 hereunder.

4.10 Party A shall promptly make full payment of Consigned Management and Technology Service Fee to Party B in accordance with the provisions hereunder.

4.11 Without the prior written consent by Party B, Party A shall not take any action that would materially affect Party B's rights and interests hereunder.

Article 5 Warrants and Undertakings by Party B

5.1 Party B shall take advantage of its capacity and resources to provide the services as stipulated in Article 2 hereunder.

5.2 Party B shall timely adjust and improve the services in accordance with the practical request from Party A.

5.3 In the event that Party B proposes to provide services to any other entities engaged in similar business as Party A, it shall give prior notice to Party A and strictly keep the confidential information obtained during the course of providing services to Party A .

5.4 Party B shall accept any reasonable suggestions from Party A during the course of providing services to Party A.

Article 6 Guaranty for this Agreement

6.1 To secure the performance of the obligations assumed by Party A hereunder, Shareholder agree to pledge all their equity interests in Party A to Party B, and the Parties agree to execute the Equity Pledge Agreement with respect thereto.

Article 7 Taxes and Expenses

7.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and fees arising from the execution and performance of this Agreement.

Article 8 Assignment of the Agreement

8.1 Party A shall not transfer part or all its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

8.2 The Parties agree that Party B shall be entitled to transfer, at its own discretion, any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to Party A.

Article 9 Liability of Breach

9.1 If Party A fails to duly pay the Consigned Management and Technology Service Fee in accordance with the provisions of Article 3 hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.2 If Party A violates its representations and warranties hereunder and fails to redress such violation within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.3 If Party B is in non-performance, or incomplete performance of this Agreement, or is otherwise in default of any of its representations and warranties hereunder, Party A shall be entitled to request Party B to redress its default.

Article 10 Indemnification

Party B shall indemnify and hold the Shareholder harmless from and against all personal liabilities incurred by the Shareholder beyond the amount of Party A's registered capital arising from the management and operation of Party A under this Agreement.

The Party B covenants to the Party A that all the provided services, management and operation shall be in compliance with PRC laws, and all responsibilities due to non-compliance shall be assumed by the Party B. The Party B hereby covenants to the Party A that, in the event that the Company suffers any losses due to the Party A's exercise of Party B's instructions, the Party A shall no assume any responsibilities. Party B further covenants to the Party A that, in the event that Party A suffers any losses due to the Party A's exercise of Party B's instructions, the Party B shall be responsible for compensating all losses suffered by Party A

Article 11 Effect, Modification and Cancellation

11.1 This Agreement shall take effect on the day of execution hereof, and the valid term hereof shall be expired upon the day of completion of the acquisition of all or the substantial part of assets or the equity of Party A by Party B or its designated third party.

11.2 The modification of this Agreement shall not be effective without written agreement of the Parties through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.

11.3 This Agreement shall not be discharged or canceled without written agreement of the Parties through negotiation, provided Party B may, by giving a thirty (30)-day prior notice to the other Parties hereto, terminate this Agreement.

Article 12 Confidentiality

12.1 Any information, documents, data and all other materials (herein "Confidential Information") arising out of the negotiation, signing, content and implementing of this Agreement, shall be kept in strict confidentiality by the Parties. Without the written approval by the other Parties, none of the Parties shall disclose to any third party any confidential information, but the following shall not be considered to be "confidential information":

(1) The materials that are known by the general public (but not include the materials disclosed by a Party receiving the materials in breach of this Agreement);

(2) The materials required to be disclosed subject to the applicable laws or the rules or provisions of any stock exchange; or

(3) The materials disclosed by each Party to its legal or financial consultants relating the transactions under this Agreement, provided the legal or financial consultants shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.

12.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 11 shall not be affected or impaired.

Article 13 Force Majeure

13.1 "Force Majeure" refers to any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), governmental acts, strikes or riots.

13.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide

detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

Article 14 Governing Law and Dispute Resolution

14.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under the PRC Laws.

14.2 Any dispute arising out of this Agreement shall be resolved by the Parties through friendly negotiation. If the Parties could not reach an agreement within thirty (30) days since the dispute is brought forward, each Party may submit the dispute to Tianjin Arbitration Commission for arbitration under its applicable rules. The arbitration award should be final and binding upon the Parties.

14.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to dispute resolution.

Article 15 Miscellaneous

15.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

15.2 This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereof.

15.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: five (5) business days after deposit in the mail; (2) personal delivery and fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:
Contact person: Fu Jihua
Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China
Tel:

Fax:

Party B:
Contact person: Zhang Yeyan
Address:
Tel:
Fax:

The Shareholder
Contact person: Fu Jihua
Address: Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China
Tel:
Fax:

15.4 This Agreement is executed in four (4) originals with each of the person for signing this Agreement holding one original, and one (1) submitting to the governmental authority for filing. Each of originals shall be equally valid and authentic. In the event that the governmental authority will request no filing of this Agreement, the parties hereby agree to hold the corresponding original version with the Party B

[Signature Page Follows]

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

Party A Tianjin Niou Biotechnology Co., Ltd.

Legal Representative: Fu Jihua

Signature and Common seal: Fu Jihua

Party B NeoStem (China), Inc.

Legal Representative: Zhang Yeyan

Signature and Common Seal:

The Shareholder of Tianjin Niou Biotechnology Co., Ltd.

Name of the Shareholder	Signature
Fu Jihua	Fu Jihua

Equity Pledge Agreement

By and among

The Shareholder of Tianjin Niou Biotechnology Co., Ltd.

Tianjin Niou Biotechnology Co., Ltd.

and

NeoStem (China), Inc.

May 14th, 2011

EQUITY PLEDGE AGREEMENT

THIS EQUITY PLEDGE AGREEMENT (hereinafter referred to as "this Agreement") is executed by the following parties on May 14th, 2011 in Beijing, People's Republic of China (the "PRC"):

(1) Sole shareholder of Tianjin Niou Biotechnology Co., Ltd. (hereinafter as "Party A" or "Pledgor")

Name of the Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Jihua	100		Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China

(2) NeoStem (China), Inc. (hereinafter as "Party B" or "Pledgee")

Registered Address: Room 403A, Building C, No.12 XiangGangZhong Road, Shinan District, Qingdao City
Legal Representative:

(3) Tianjin Niou Biotechnology Co., Ltd. (hereinafter as "Party C" or the "Company")

Registered Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China

Legal Representative: Fu Jihua

(Pledgor, Pledgee and the Company may be collectively called the "Parties" and individually as "Each Party".)

WHEREAS,

1. The Company is a domestic company incorporated and validly existing under PRC Laws, and its business license No. is 120193000044299;

2. The Pledgor, the PRC citizen, legally holds 100% Equity Interests in the Company;

3. The Pledgee, as a wholly foreign-owned enterprise, was duly incorporated and

validly existing under the PRC Laws;

4. Party B signed a consigned management and technology service agreement (the "Consigned Management and Technology Service Agreement") on May 14th, 2011 with Party C and Party A, and Party A agrees to pledge all his equities in Party C to Party B as a guaranty for the performance of the obligations thereunder.

5. The Parties signed an exclusive purchase option agreement (the "Exclusive Purchase Option Agreement") on May 14th, 2011, and the Parties thereto agree that Party A shall pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations assumed by Party A and Party C thereunder.

6. Party A and Party B signed a loan agreement (the "Loan Agreement") on May 14th 2011, and the Party A agrees to pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations thereunder. The Parties agree to engage such Loan Agreement to supersede any related agreements among the Parties (both oral and written).

NOW THEREFORE, the Parties, through friendly negotiations, hereby enter into this Agreement with respect to the equity pledge.

1. Definitions and Interpretation

Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

1.1 "PRC" refers to the People's Republic of China, excluding the HongKong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;

1.2 "PRC Laws" refers to all PRC laws, administrative regulations and government rules in effect;

1.3 "Pledged Equity" refers to all the equity in the Company as provided in Article2.1;

1.4 "Main Agreements" refers to the Loan Agreement, Consigned Management and Technology Service Agreement and Exclusive Purchase Option Agreement and the Appendixes thereof (if applicable);

1.5 "Right of Pledge" refers to the right owned by the Pledgee to be first compensated from the money converted from or the proceeds from the auction or sale of the Pledged Equity by the Pledgor to the Pledgee in the event of default of Pledgor and/or Party C, and such right shall cause the Pledgee to be

entitled to the bonus arising from Pledged Equity;

1.6 "AICB" refers to the competent Administration Bureau of Industry and Commerce which is authorized in accordance with PRC Laws to register the Pledged Equity hereunder;

1.7 "Event of Default" refers to the event as defined in Article 8 hereunder.

1.8 "Business Day" refers to any day except Saturday, Sunday and other public holidays as permitted by PRC Laws;

2. Equity Pledge

2.1 The Parties agree that Pledgor shall pledge all his Equities, namely, the contributed registered capital (RMB 10,000,000) of the Company, in the Company to the Pledgee as a guaranty for the performance of the obligations assumed by the Pledgor and/or the Company under each of the Main Agreements.

2.2 The Parties understand and acknowledge that, pursuant to reasonable assessment of the guaranteed obligations among the Pledgee, Pledgor and Company, the Parties jointly recognize and agree that the guaranteed obligations, being guaranteed by the Pledged Equity, are in an amount as of RMB 200,000,000. The Parties further agree that prior to the Pledgee's exercise of the Right of Pledge, the Parties can amend the amount of the guaranteed obligations and enter into separate written agreements upon mutual negotiation

2.3 In case the Pledgor increase the registered capital in the Company during the term of this Agreement, such increased capital shall be equally deemed as the Pledged Equity.

2.4 In case any act conducted by the Pledgor or the Company may cause the Right of Pledge damaged so as to harm the interests of the Pledgee, the Pledgee is entitled to require the Pledged Equity to be auctioned or sold in advance and the proceeds from such auction or sale shall be used to discharge the debt secured by the Pledged Equity in advance.

3. Registration of Pledge

3.1 Upon the execution of this Agreement, the Pledgor shall cause the Company to record the Right of Pledge in the register of shareholders and deliver it with the common seal of the Company as well as the original of equity contribution certificate of the Pledgor to the Pledgee for keeping. Within the term of this

Agreement, Party B shall return the register of shareholders and equity contribution certificate to the Company for modification registration with AICB, and the Company shall complete the modification registration within 10 business days upon receipt of the register of shareholders and equity contribution certificate, and Party A together with the Company shall continue to deliver such modified register of shareholders and equity contribution certificate to Party B within 2 business days following the completion of the aforesaid registration.

3.2 The Parties agree that if AICB accept the registration with respect to the equity pledge, he will promptly cause the Pledged Equity under this Agreement to be recorded at AICB, and the Parties confirm that whether the Pledged Equity is recorded as above or not shall not affect the validity of this Agreement unless compulsorily required by PRC Laws.

3.3 After the signing of this Agreement, the Pledgor shall in accordance with the Pledgee's written request which may be made by the Pledgee from time to time, together with the Pledgee, notarized this agreement as well as the register of shareholders with the recorded Pledged Equity in a notary public office as designated by the Pledgee, and Party A and the Company shall give assistant with respect to the notarization following the delivery of the notice with the request of notarization by Party B.

4. Representations and Warranties

4.1 Each Party under this Agreement represents and warrants to other Parties that:
(1) it has relevant power, rights and authorizations for the execution hereof, and performance of the obligations hereunder;
(2) the execution and performance of this Agreement shall not violate or conflict with any of the terms and conditions of other agreements signed between the Parties.

4.2 The Pledgor represent and warrant to the Pledgee that:
(1) he is the legal owner of the Pledged Equity, and have fulfilled the obligations of capital contribution in the registered capital of the Company;
(2) except for the Right of Pledge as setup hereunder, the Pledged Equity is not subject to any pledge, guaranty or other form of encumbrances;
(3) he does not or will not transfer the Pledged Equity to any third party or make any agreements, whether oral or written, with respect to the transfer of Pledged Equity.

4.3 The Company agrees to undertake the joint liability with respect to the representations and warrants made by the Pledgor.

5. Obligations of Pledgor

5.1 The dividend and bonus arising from the Pledged Equity shall be deposited in an escrow account for the supervision of the Pledgee.

5.2 Apart from the encumbrance set forth hereunder and under the Exclusive Purchase Option Agreement, without the Pledgee's prior written consent, the Pledgor shall not sell, transfer, mortgage or otherwise dispose of the Pledged Equity, nor shall place encumbrances on such Pledged Equity;

5.3 Without the Pledgee's prior written consent, the Pledgor shall not supplement or amend the articles of association of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;

5.4 The Pledgor shall not approve for the resolutions on the dissolution, liquidation and change of legal form of the Company;

5.5 The Pledgor shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without the Pledgee's prior written consent; At the Pledgee's request, it shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend;

5.6 At the Pledgee's request, the Pledgor shall provide the Pledgee with all information regarding the business operation and financial condition of the Company;

5.7 The Pledgor shall not incur or succeed to any debts or liabilities which may adversely affect his equity interests in the Company without the Pledgee's prior written consent;

5.8 The Pledgor shall appoint, and appoint only, the candidates nominated by the Pledgee to be the executive director of the Company, and shall not replace such candidates without the Pledgee's prior written consent;

5.9 The Pledgor shall not approve any acquisition of, any consolidation with, or any investment in any third party without the Pledgee's prior written consent;

5.10 The Pledgor shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve the assets, business or incomes of the Company, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;

5.11 The Pledgor shall not commit any conducts or omissions that may adversely

affect the assets, business operation, the debts and liabilities of the Company without the Pledgee's prior written consent;

5.12 To the extent permitted by the PRC laws and regulations, and at any time upon Pledgee's request, the Pledgor shall promptly and unconditionally transfer his equity interests of the Company to Pledgee or its designated third party in accordance with the Exclusive Purchase Option Agreement;

5.13 The Pledgor shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;

5.14 The Pledgor shall make every efforts to cause the Company perform the obligations of Article 6 hereunder;

5.15 The Pledgor shall, to the extent permitted by applicable laws, cause the business term of Party C (including the circumstance of change of business terms) not shorter than that of Party B(including the circumstance of change of business terms);

5.16 The Pledgor shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

5.17 The Pledgor hereby authorizes the Pledgee to exercise all the shareholder's rights as the Party C's shareholder within the scope permitted by the PRC laws and articles of association of Party C on behalf of the Pledgor, including the voting right and decision right in Party C. As for those matters, pursuant to the PRC laws and regulations, for which shall be solely performed by the Pledgor on behalf of shareholder of the Company, the Pledgor shall perform under the instruction of the Pledgee. In connection with the Pledgor's position serving as shareholder of the Company, and all issues with regard to operation of the Company, in the event that there is any losses to be suffered by the Company and/or the Pledgee due to the Pledgor's non-compliance with Pledgee's instruction, whatever intentionally or due to defect, the Pledgor shall compensate any and all losses (either direct or indirect) suffered by the Company and/or Pledgee.

6. Obligations of the Company

6.1 Without the Pledgee's prior written consent, it shall not supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;

6.2 It shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;

6.3 Unless as required necessary for the business operation of the Company or upon the prior written consent by Party B , it shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect the Pledgee's security interests hereunder;

6.4 It shall not incur or succeed to any debts or liabilities unless as required necessary for the business operation of the Company or upon the prior written consent by Party B;

6.5 Without the Pledgee's prior written consent, it shall not enter into any material contract (exceeding RMB100,000 in value), except for the routine business contracts;

6.6 Without the Pledgee's prior written consent, it shall not provide any loans or guaranty to any third party;

6.7 At the Pledgee's request, it shall provide the Pledgee with all information regarding its business operation and financial condition;

6.8 The Company shall purchase insurance from insurance companies acceptable to the Pledgee in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;

6.9 Without the Pledgee's prior written consent, it shall not acquire or consolidate with any third party, nor shall they invest in any third party;

6.10 It shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve its assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;

6.11 Without the Pledgee's prior written consent, it shall not distribute any dividends or interests to the Pledgor in any manner.

6.12 Without the Pledgee's prior written consent, it shall not commit any act or omission that would materially affect its assets, business or liabilities;

7. Obligation of the Pledgee

The Pledgee hereby covenants to the Pledgor that, in the event that the Company suffers any losses due to the Pledgor's exercise of Pledgee's instructions, the Pledgor shall no assume any responsibilities. The Pledgee further covenants to the Pledgor that, in the event that Pledgor suffers any losses due to the Pledgor's exercise of Pledgee's instructions, the Pledgee shall be responsible for compensating all losses suffered by Pledgor.

8. Exercise of Right of Pledge

8.1 The Pledgee may exercise the Right of Pledge at any time following the delivery of Notice of Default as provided in Article 9.2 to the Pledgor.

8.2 The Pledgee is entitled to be first compensated with the money converted from or the proceeds from auction or sale of all or part of Pledged Equity in accordance with legal proceedings unless the Pledgor has duly and completely performed the obligations under Main Agreements.

8.3 Within the term of this Agreement, If the Pledged Equity hereunder is subjected to any compulsory measures implemented by a court or other departments due to the Pledgor' failing to repay the debts which fall due or violation of PRC Laws or state policies etc., the Pledgor shall,
(1) notify the Pledgee in written form of such compulsory measures within three (3) days following its occurrence;
(2) use all efforts (including but not limited to provide other security to the court or other government authorities), in order to dismiss the compulsory measures taken by the court or other government authorities over the Pledged Equity.

8.4 The Pledgor shall not hinder the Pledgee from exercising the Right of Pledge and shall give necessary assistance so that the Pledgee could realize its Right of Pledge.

9. Event of Default

9.1 The following events shall be regarded as the Events of Default:

9.1.1 Any Party breaches any of the representations or warranties hereunder;

9.1.2 The Pledgor and/or the Company breache(s) any of the representations or warranties under the Main Agreements;

9.1.3 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations hereunder;

9.1.4 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations under the Main Agreements;

9.1.5 Any other external borrowing, guaranty, compensation or other liabilities of the Pledgor: (1) is required for an early repayment or performance prior to the scheduled date due to any breach by the Pledgor; or (2) is due but can not be repaid or perform as scheduled, which , at the discretion of the Pledgee, has an adverse effect on the Pledgor' ability of performing the obligations under this Agreement;

9.1.6 The properties owned by Pledgor have significant adverse changes, which, at the discretion of Pledgee, has an adverse effect on Pledgor's ability of performing the obligations under this Agreement;

9.2 Unless the Pledgor takes the action to Pledgee's satisfaction to remedy the defaults as listed in Article 9.1 hereof, the Pledgee may give a written notice about default ("Notice of Default") to the Pledgor when such default occurs or at any time thereafter.

10. Taxes and Expenses

10.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and expenses arising from the execution and performance of this Agreement.

11. Assignment

11.1 The Pledgor shall not transfer part or all of the rights and obligations under this Agreement without prior written consent from the Pledgee.

11.2 To the extent being permitted by law, the Pledgee shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to the Pledgor or the Company without its approval.

11.3 The Pledgor shall have the right to request the Pledgee to appoint a third party so that he can transfer all of his rights and obligations hereunder to such third party. The Pledgee shall complete such change within a reasonable period in line with provisions under the Loan Agreement, Exclusive Equity Purchase Option Agreement, and the Consigned Management and Technology Service Agreement.

12. Effectiveness Modification and Cancellation

12.1 This Agreement shall be executed on the date set forth in the first page and shall become effective on the day on which the Pledged Equity is recorded on the register of the shareholders.

12.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.

12.3 This Agreement shall not be discharged or canceled without written agreement through negotiation.

13. Confidentiality

13.1 Any information, documents, data and all other materials (herein "Confidential Information") arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any Confidential Information, but the following circumstances shall be excluded:

a. The materials that is known or may be known by the Public (but not include the materials disclosed by each Party receiving the Confidential Information);

b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or

c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of such Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.

13.2 This Clause shall survive whatever this Agreement is invalid, amended, revoked, terminated or unable to implement by any reason.

14. Force Majeure

14.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;

14.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure

shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

15. Applicable Law and Dispute Resolution

15.1 The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.

15.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each Party can submit such matter to Tianjin Arbitration Commission for arbitration in accordance with its rules. The arbitration award shall be final conclusive and binding upon the Parties.

15.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to the dispute resolution.

16. Miscellaneous

16.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

16.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

16.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery or delivery by fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal

delivery.

Party A
Contact person: Fu Jihua
Address: Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China
Tel:
Fax:

Party B
Contact person: Zhang Yeyan
Address:
Tel:
Fax:

Party C
Contact person: Fu Jihua
Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China
Tel:
Fax:

16.4 This Agreement is executed in four (4) originals with each of the person for signing this Agreement holding one original, and one (1) submitting to the governmental authority for filing. Each of originals shall be equally valid and authentic. In the event that the governmental authority will request no filing of this Agreement, the parties hereby agree to hold the corresponding original version with the Party B.

[***Signature page follows***]

IN WITNESS WHEREOF, each party has caused this Agreement to be executed and delivered as of the date first above written.

Party A The Shareholder of Tianjin Niou Biotechnology Co., Ltd. ("Pledgor")

Name of the Shareholder	Signature
Fu Jihua	Fu Jihua

Party B NeoStem (China), Inc. ("Pledgee")

Legal Representative: Zhang Yeyan
Signature and Company Seal:

Party C Tianjin Niou Biotechnology Co. Ltd. ("Company")

Legal Representative: Fu Jihua
Signature and Company seal: Fu Jihua

EXCLUSIVE PURCHAE OPTION AGREEMENT

by and among

NEOSTEM (CHINA), INC.

TIANJIN NIOU BIOTECHNOLOGY CO., LTD.

and

THE SHAREHOLDER OF TIANJIN NIOU BIOTECHNOLOGY CO., LTD.

May 14th , 2011

EXCLUSIVE PURCHASE OPTION AGREEMENT

This Exclusive Option Purchase Agreement (the "Agreement") is executed by the following parties on May 14th, 2011 in Beijing, the People's Republic of China.

(1) NeoStem (China), Inc. ("Party A")

Registered Address: Room 0403A, Building C, No.12 XiangGangZhong Road, Shinan District, Qingdao City

Legal representative: Zhang Yeyan

(2) Tianjin Niou Biotechnology Co., Ltd. ("Party B")

Registered Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China
Legal representative: Fu Jihua

(3) Sole shareholder of Tianjin Niou Biotechnology Co., Ltd.
(hereinafter called the "Shareholder")

Name of the Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Jihua	100		Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China

Party A, Party B, and Shareholder of Party B are hereinafter from time to time, collectively, referred to as the "**Parties**", and each of them is hereinafter from time to time referred to as a "**Party**". The equity interests in Party B held by the Shareholder now existing or hereafter acquired is hereinafter from time to time referred to as the "**Equity Interests**" or "**Equity**".

WHEREAS:

1. Party A, a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China (the "**PRC**"), which engages the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export

permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required).

2. Party B, as a domestic limited liability company, incorporated under PRC laws in Tianjin, and licensed by Tianjin Administration for Industry and Commerce, it engages in the development, consultation, service and transfer of biotechnology; import and export of goods and technology, lease of mechanical equipment (The aforesaid business scope should be operated with relevant permits if such permits are required and within valid business operation term; and if there is any specialty or exclusive operation required by national regulations, such national regulations must be complied with.).

3. As of the date of this Agreement, the percentage ownership of the Equity Interests in Party B held by the Shareholder shall be set forth as described above.

4. To secure the performance of the obligations assumed by Party B and the Shareholder under this Agreement, the Shareholder agrees to pledge all their equity in Party B to Party A, and has executed Equity Pledge Agreement on May 14th, 2011 with respect thereto (the "**Equity Pledge Agreement**").

NOW, THEREFORE, the Parties through mutual negotiations hereby enter into this Agreement with respect of the exclusive purchase option right:

1. THE GRANT AND EXERCISE OF PURCHASE OPTION

1.1 Each Shareholder hereby irrevocably grants to Party A an exclusive purchase right at any time, or designate any third party to purchase all or part of such Shareholder' Equity Interests in Party B, provided permitted under the PRC laws and regulations and Party B agrees to such grant by such Shareholder to Party A. Apart from Party A or any third party designated by Party A, no other person shall have the right to purchase such Equity Interests. Each of the Shareholder shall transfer its Equity Interests in Party B to Party A in accordance with its percentage ownership of such Equity Interests provided Party A selects to purchase such Shareholder' Equity Interests.

1.2 Party B hereby irrevocably grants to Party A an exclusive purchase option, at any time to acquire all or a portion of such Shareholder' Equity Interests, or all or substantial part of Party B's assets, provided permitted under the PRC laws and regulations and the Shareholder agrees to such grant by Party B to Party A.

1.3 For the purpose of this Agreement, a "third party" or a "person" may be a natural person, company, partnership, enterprise, trust agency or other non-corporate entity.

1.4 To the extent permitted under the PRC laws and regulations, Party A shall

determine at any time and at its own option to exercise such exclusive right to (i) purchase the Equity Interests as provided in Section 1.1 by written notice to the applicable Shareholder(s) specifying the amount of equity to be purchased (hereinafter referred to as "**Equity Transfer**") or (ii) purchase all or substantially all of Party B's assets as provided in Section 1.2 (hereinafter referred to as "**Assets Transfer**") by written notice to Party B (each an "**Exercise Notice**").

1.5 Within thirty (30) days of the receipt of the Exercise Notice, the applicable Shareholder and Party B shall execute a share/asset transfer agreement and other documents (collectively, the "**Transfer Documents**") necessary to effect the respective transfer of equity or assets to Party A (or any eligible party designated by Party A), and shall unconditionally assist Party A to obtain all approvals, permits, registrations, filings and other procedures necessary to effect the Equity or Assets Transfer.

1.6 Unless otherwise required under the PRC laws and regulations, the transaction price for the Equity Transfer or the Assets Transfer hereunder, as applicable, shall be the lowest price permitted under the PRC laws and regulations.

1.7 The consideration after tax payment (the "Consideration of Equity Transfer") obtained by the Shareholder from Equity Transfer in Party B hereunder shall be used to satisfy their repayment obligations under the Loan Agreement dated as of May 14th, 2011 signed by and among, Party A and the Shareholder (the "Loan Agreement");

The consideration after tax payment (the "Consideration of Assets Transfer") by the Party B, if as applicable, from Assets Transfer hereunder shall be allocated to the Shareholder, to the largest extent as permitted by PRC laws and regulations, through profit allocation proposal and fulfill their payment obligations under the Loan Agreement, and Party B shall give full cooperation;

And if the Consideration of Equity Transfer or Assets Transfer is higher than the total principal under the Loan Agreement due to the requirement by the applicable law or any other reasons, the excess shall be deemed as loan interests and/or utilizing fees of the Loan to the largest extent being permitted by PRC Laws, and be paid to Party A by the Shareholder together with loan principal.

2. REPRESENTATIONS AND WARRANTIES

2.1 Each Party hereto represents to the other Parties that: (1) it has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder; and (2) the execution or performance of this Agreement shall not violate or conflict with the terms of any other contracts or agreements to which it is a party.

2.2 The Shareholder hereby represents to Party A that: (1) the Shareholder is the legally registered shareholder of party B and has paid full amount of registered capital in Party B as required to be contributed by such Shareholder under the PRC laws and regulations; (2)Except for the Equity Pledge Agreement executed among the Parties, the Shareholder has not created any other mortgage, pledge, secured interests or other form of debt liabilities over the Equity Interests held by the Shareholder; and (3) the Shareholder has not transfer to any third party (and entered into any agreement in respect of) such Equity Interests.

2.3 Party B hereto represents to Party A that: (1) it is a limited liability company duly registered and validly existing under the PRC laws and regulations; and (2) its business operations are in compliance with applicable laws and regulations of the PRC in all material respects.

3. OBLIGATIONS OF PARTY B AND ALL SHAREHOLDER

The Parties further agree as follows:

3.1 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, Party B:

a. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;

b. shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;

c. shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party A's security interests unless as required necessary for the business operation of Party B or upon prior written consent by Party A ;

d. shall not incur or succeed to any debts or liabilities without Party A's prior written consent;

e. without Party A's prior written consent, shall not enter into any material contract (exceeding RMB 100,000 in value) except for the routine business contracts;

f. without Party A's prior written consent, shall not provide any loans or guaranty to any third party;

g. at Party A's request, it shall provide Party A with all information regarding

Party B's business operation and financial condition;

h. shall purchase insurance from insurance companies acceptable to Party B in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;

i. without Party A's prior written consent, shall not acquire or consolidate with any third party, nor shall they invest in any third party;

j. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;

k. without Party A's prior written consent, shall not distribute any dividends or interests to the Shareholder in any manner;

l. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;

m at Party A's request, shall promptly and unconditionally transfer its assets to Party A or its designated third party as permitted by PRC laws and regulations;

n shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

3.2 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, the Shareholder:

a. apart from relevant provisions in each of the Equity Pledge Agreements, without Party A's prior written consent, shall not transfer, sell, mortgage or otherwise dispose of the Equity Interests in Party B; nor shall the Shareholder places encumbrances on the Equity Interests that would affect Party A's interest hereunder and thereunder;

b. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease its registered capital or change the shareholding structure in any manner;

c. without Party A's prior written consent, shall not approve for the resolutions on the dissolution, liquidation and change of legal form of Party B;

d. shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without Party A's written consent; At Party A's request, he shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend.

e. at Party A's request, shall provide Party A with all information regarding Party B's business operation and financial condition;

f. shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests in Party B without Party A's prior written consent;

g. shall appoint, and appoint only, the candidates nominated by Party A to be the executive director of Party B, and shall not replace such candidates without Party A's prior written consent;

h. shall not approve any acquisition of, any consolidation with, or any investment in any third party without Party A's prior written consent;

i. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;

j. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;

k. to the extent permitted by the PRC laws and regulations, and at any time upon Party A's request, shall promptly and unconditionally transfer their Equity Interests in Party B to Party A or a third party designated by Party A;

l. shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;

m. shall make every efforts to cause Party B perform the obligations of Section 3.1 hereunder; and

n. shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

3.3 The Shareholder shall, to the extent permitted by applicable laws, cause Party B's operational term (including the circumstance of change of business terms) to be extended to equal the operational term of Party A (including the circumstance of change of business terms).

4. GUARANTY OF THIS AGREEMENT

4.1 To secure the performance of the obligations assumed by the Shareholder and Party B hereunder, the Parties agree to execute the Equity Pledge Agreement with respect thereto.

5. TAXES AND FEES

5.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes arising from Equity or Assets transfer and related registration formalities and other charges during the transactions contemplated herein and therein.

6. ASSIGNMENT OF AGREEMENT

6.1 Party B and the Shareholder shall not transfer such Shareholder's rights and obligations under this Agreement to any third party without the prior written consent of Party A.

6.2 Each Shareholder and Party B agree that Party A shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six(6)-day written notice to such Shareholder and Party B without approval by the Shareholder and Party B.

7. EVENTS OF DEFAULT

7.1 Any violation of any provision hereof, incomplete performance of any obligation provided hereunder, any misrepresentation made hereunder, material concealment or omission of any material fact or failure to perform any covenants provided hereunder by any Party shall constitute an event of default. The defaulting Party shall assume all the legal liabilities pursuant to the applicable PRC laws and regulations.

7.2 In the event of default by Party B or the Shareholder, Party A shall be entitled to exercise the Pledgee's right under the Equity Pledge Agreement in the event that Party B and Shareholder commit an event of default and fail to redress such default within sixty (60) business days upon receipt of written notification from Party A.

8. EFFECTIVEMESS, MODIFICATION AND CANCELLATION

8.1 This Agreement shall be effective upon the execution hereof by all Parties hereto.

8.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this

Agreement remains effective.

8.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided Party A may, by giving a thirty (30) days prior notice to the other Parties hereto, terminate this Agreement.

9. CONFIDENTIALITY

9.1 Any information, documents, data and all other materials (herein "confidential information") arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any relevant materials, but the following circumstances shall be excluded:

a. The materials that is known or may be known by the Public (but not include the materials disclosed by each Party receiving the materials);

b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or

c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the confidential materials by staff or employed institution of any Party shall be deemed as the disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.

9.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 9 shall not be affected or impaired.

10. FORCE MAJEURE

10.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;

10.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

11. APPLICABLE LAW AND DISPUTE RESOLUTION

11.1 Applicable Law

The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.

11.2 Dispute Resolution

The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to Tianjin Arbitration Commission for arbitration in accordance with its rules. The arbitration shall take place in Tianjin. The arbitration award shall be final conclusive and binding upon the Parties.

12. MISCELLANEOUS

12.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

12.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

12.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery.

Party A
Contact person: Zhang Yeyan
Address:
Tel:

Fax:

Party B
Contact person: Fu Jihua
Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China
Tel:
Fax:

The Shareholder
Contact person: Fu Jihua
Address: Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Provir China
Tel:
Fax:

12.4 Copies

This Agreement is executed in four (4) originals with each of the person for signing this Agreement holding one original, and one (1) submitting to the governmental authority for filing. Each of originals shall be equally valid and authentic. In the event that the governmental authority will request no filing of this Agreement, the parties hereby agree to hold the corresponding original version with the Party A.

[***Signature page follows***]

IN WITNESS THEREFORE, the parties hereof have caused this Agreement to be executed and delivered as of the date first written above.

Party A NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative): Zhang Yeyan

Party B Tianjin Niou Biotechnology Co., Ltd. (Seal)

Legal Representative (or Authorized Representative): Fu Jihua

The Shareholder

Name of the Shareholder	Signature
Fu Jihua	Fu Jihua

Loan Agreement

By and between

The Shareholder of Tianjin Niou Biotechnology Co., Ltd.

and

NeoStem (China), Inc.

May 14th, 2011

Loan Agreement

This Loan Agreement (this "Agreement") is executed by and between the following Parties on May 14th, 2011, in Beijing, the PRC.

(1) Sole Shareholder of Tianjin Niou Biotechnology Co., Ltd. (hereinafter as the "Borrower" or "Party A"):

Name of Each Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Jihua	100		Xinyang Rd 1#,Hanyang District, Wuhan City, Hubei Province, China

(2) NeoStem (China), Inc. (hereinafter as the "Lender" or "Party B")
Legal Representative: Zhang Yeyan
Address: Room 403A, Building C, No.12 XiangGangZhong Road, Shinan District, Qingdao City.

(Party A and Party B are collectively called "the Parties" and individually called "each Party" or "a Party" in this Agreement.)

WHEREAS:

(1) The Borrower (Party A) hold 100% of the equity interests in Tianjin Niao Biotechnology Co., Ltd. (the "Company");

(2) Party B is a wholly foreign-owned enterprise incorporated under the PRC laws;

(3) Party A desires to secure a loan from Party B, for the purpose of establishing the Company and contributing the registered capital of the Company, by pledging its equity in the Company to Party B as a guaranty of the loan, and Party B agrees to provide the loan to Party A ;

NOW, THEREFORE, The Parties have agreed through friendly negotiation to the terms and conditions with respect to the loan hereunder as follows:

1. DEFINITION

Except where provided otherwise, the terms used in this Agreement shall mean:

1.1 "PRC" refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;

1.2 "PRC Laws" refers to all PRC laws, administrative regulations and government rules in effect;

1.3 "RMB" refers to the legal currency within the PRC;

1.4 "Loan" refers to the Total Principal to be loaned to the Borrower by the Lender in accordance with Article 2 hereunder;

1.5 "The Company" refers to Tianjin Niao Biotechnology Co., Ltd., a domestic company which is incorporated and validly existing under PRC Laws; its business license No. is 120193000044299, and its registered address is Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China;

1.6 "Shareholder" refers to the sole Shareholders of the Company;

1.7 "Equity" or "Equity Interests" refers to the equity interests in the Company;

1.8 "Equity Transfer" refers to the assignment of Equity Interests in the Company held by Party A to Party B or its designated third party in accordance with the provisions of the exclusive purchase option agreement (the "Exclusive Purchase Option Agreement") executed on May 14th, 2011.

1.9 "Asset Transfer" refers to the assignment of the assets of the Company by the Company to Party B or its designated third party in accordance with the provisions of the Exclusive Purchase Option Agreement.

1.10 "Consideration for Equity Transfer" has the meaning set forth in Section 6 of this Agreement.

1.11 "Consideration for Assets Transfer" has the meaning set forth in Section 6 of this Agreement.

2. THE TOTAL LOAN AMOUNT

2.1 The total principal amount of the loan(s) hereunder is RMB 10,000,000 Yuan (the "Total Principal"), and the amount and ratio of the loan to be made to the Shareholder is as set forth in the following table:

Name of the Shareholder	Amount of the Loan (Yuan)	Percentage of Total Principal (%)
Fu Jihua	RMB 10,000,000	100%

3. TERM OF THIS AGREEMENT

3.1 Unless otherwise provided, the term of this Agreement shall begin from the Effective Date and expire when the loan is completely repaid by the Borrower in accordance with the provisions of Article 6 hereunder.

4. LOAN USAGE

4.1 The full amount of the loan provided hereunder shall be used to establish the Company and contribute the registered capital of the Company, and the Borrower shall in no event change the usage without the prior written consent of the Lender.

4.2 The Borrower shall cause the Company to complete the registration of the Company with the competent Administration Bureau of Industry and Commerce in respect of the establishment of the Company and contribution in the registered capital of the Company within thirty (30) business days upon receipt of the Loan hereunder, and such period may be prolonged upon the consent of the Lender.

5. LOAN INTEREST

5.1 Except as provided in Section 5.2 hereunder, the Loan hereunder shall be interest-free.

5.2 If the Consideration for Equity Transfer or the Consideration for Asset Transfer, in accordance with Section 6 hereof, is higher than the Total Principal as a result of the requirements of then applicable law or for any other reason, the excess shall be deemed to be loan interest/utilizing fees of the Loan to the largest extent permitted by PRC Laws, and will be paid to Party B by Party A together with loan principal.

6. LOAN REPAYMENT

6.1 The Loan shall be repaid upon receipt of written notice sent by Party B to Party A (the "Repayment Notice"), which shall instruct Party A to repay the Loan in accordance with Section 6.3 hereof.

6.2 The Repayment Notice shall indicate the term of repayment, which shall be adjusted from time to time by Party B in accordance with the provisions of PRC Laws regarding equity transfers (the "Repayment Term").

6.3 Except as provided otherwise by the Repayment Notice, Party A shall make payment to Party B during the Repayment Term as follows:

6.3.1 In the event of any Equity Transfer by Party A, the after-tax consideration paid to Party A in exchange for such Equity Transfer (including the principal

and interest of the loan, if applicable) (hereinafter as the "Consideration for Equity Transfer") shall be used by Party A to repay the Loan to Party B;

6.3.2 In the event that the Company receives consideration for any Asset Transfer, Party A shall cause the Company to adopt a plan of profit distribution to transfer all after-tax income of the Company to Party B to the greatest extent permitted by PRC Laws, in order to repay the loan made by Party B under this agreement.

6.4 If the Consideration for Equity Transfer or Consideration for Asset Transfer is lower than the total principal under this Agreement, Party A shall be exempted from the shortfall repayment obligation.

7. CONDITONS FOR GRANTING OF THE LOAN

7.1 The loan shall be granted only upon satisfaction of all the following conditions:

7.1.1 Party A shall approve contributing the registered capital by an amount equal to the loan;

7.1.2 Party A, or the Company on behalf of Party A, shall execute all documents necessary for the registration with the competent Administration Bureau of Industry and Commerce in respect of the establishment of the Company and contribution of registered capital of the Company.

7.2 Party B shall grant the Loan immediately and deposit it in the escrow account as agreed by Party B for contributing the registered capital of the Company after it receives written evidence which proves that Party A has fulfilled all the conditions under Section 7.1 hereof.

7.3 Both the Borrower and the Lender agree that, the Lender had provided the Total Principal to the Borrower in one-lump sum dated Mar 9th 2011, and the Borrower had received the Total Principal, namely, the RMB 10,000,000 Yuan, from the Lender dated Mar 9th 2011.

8. WARRANTIES AND UNDERTAKINGS

8.1 Party A hereby represents and warrants to Party B that, as of the execution date of this Agreement:

8.1.1 Party A legally holds 100% of the Equity in the Company;

8.1.2 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, there is no pledge or other form of encumbrance on the Equity;

8.1.3 There are no material debts which will adversely affect the Equity of Party A;

8.1.4 Execution of this Agreement by Party A shall not constitute a breach of the articles of association of the Company.

8.2 Party A warrants to Party B that, as of the execution date of this Agreement:

8.2.1 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, without Party B's prior written consent, Party A shall not transfer, sell, mortgage or otherwise dispose of assets or income of the Company;

8.2.2 Without Party B's prior written consent, Party A shall not supplement or amend the articles of association or rules of the Company, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;

8.2.3 Without Party B's prior written consent, Party A shall not approve the resolutions for the Company to dissolve, liquidate or change legal form;

8.2.4 Without Party B's prior written consent, Party A shall not approve any Profit Distribution Proposal, nor shall he accept such a distributed dividend; and at Party B's request, Party A shall promptly approve a Profit Distribution Proposal and accept such a distributed dividend;

8.2.5 At Party B's request, Party A shall provide Party B with all information regarding Party B's business operations and financial condition;

8.2.6 Without Party B's prior written consent, Party A shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests;

8.2.7 Party A shall appoint, and appoint only, the candidates nominated by Party B to be the executive director of the Company, and shall not replace such candidates without Party B's written consent;

8.2.8 Without Party B's prior written consent; Party A shall not approve any acquisition of, any consolidation with, or any investment in any third party;

8.2.9 Party A shall promptly notify Party B of any pending or threatened lawsuit, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such lawsuit, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;

8.2.10 Without Party B's prior written consent, Party A shall not commit any act or omission that would materially affect the Company's assets, business or liabilities; and

8.2.11 Party A shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

8.3 Party A warrants to Party B that it shall use its best efforts to and to ensure that the Company:

8.3.1 exercise any and all shareholder's rights under the instruction from the Party B, including without limitation execute the shareholder's resolution, execute the documents to be registered or filed with the governmental authorities. In connection with the Party A's position serving as shareholder of the Company, and all issues with regard to operation of the Company, in the event that there is any losses to be suffered by the Company and/or Party B due to the Party A's non-compliance with Party B's instruction, whatever intentionally or due to defect, the Party A shall compensate any and all losses (either direct or indirect) suffered by the Company and/or Party B.

8.3.2 shall not, without Party B's prior written consent, supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the aforesaid entities in any manner;

8.3.3 shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets under the instruction of the Party B;

8.3.4 shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party B's security interests unless as required for the business operations of the Company or upon prior written consent by Party B;

8.3.5 shall not incur or succeed to any debts or liabilities without Party B's prior written consent;

8.3.6 without Party B's prior written consent, shall not enter into any contract;

8.3.7 without Party B's prior written consent, shall not provide any loans or guaranty to any third party;

8.3.8 at Party B's request, shall provide Party B with all information regarding the Company's business operation and financial condition;

8.3.9 without Party B's prior written consent, shall not acquire or consolidate with any third party, nor shall it invest in any third party;

8.3.10 shall promptly notify Party B of any pending or threatened litigation, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such litigation, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;

8.3.11 without Party B's prior written consent, shall not distribute any dividends to the Shareholder in any manner or obtain interests in whatever manner from the Company;

8.3.12 without Party B's prior written consent, shall not commit any act or omission that would materially affect the Company's assets, business or liabilities.

8.4 The Party B hereby covenants to the Party A that, in the event that the Company suffers any losses due to the Party A's exercise of Party B's instructions, the Party A shall no assume any responsibilities. Party B further covenants to the Party A that, in the event that Party A suffers any losses due to the Party A's exercise of Party B's instructions, the Party B shall be responsible for compensating all losses suffered by Party A.

9. GUARANTY OF THE LOAN

9.1 To secure the repayment of the debts under this Agreement, Party A agrees to pledge all his equity in the Company to Party B, and both Parties agree to execute the Equity Pledge Agreement with respect thereto.

10. TAX AND EXPENSE

10.1 The Parties shall pay their respective taxes and expenses in relation to the execution and performance hereof in accordance with PRC Laws.

10.2 Party B shall pay taxes and expenses in accordance with Section 6.4 hereof (if applicable).

11. ASSIGNMENT OF AGREEMENT

11.1 Party A shall not transfer any or all of its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

11.2 The Parties agree that Party B shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) days' written notice to Party A without approval by Party A.

12. LIABILITIES AND INDEMITIES FOR BREACH OF THIS AGREEMENT

12.1 If Party A uses the Loan other than in compliance with the terms of this Agreement without Party B's written consent, Party B shall require Party A repay the improperly used part promptly.

12.2 If Party A breaches the warranties and undertakings as provided in Article 8 hereof or other provisions under this Agreement and fails to redress such breach within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to require Party A to repay the granted Loan promptly.

12.3 If Party A fails to duly repay the Loan in accordance with the provisions hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

13. EFFECTIVENESS, MODIFICATION AND CANCELLATION

13.1 This Agreement shall take effect on the date of execution hereof by Party A and the duly authorized representative of Party B.

13.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties do not reach an agreement as to modification, this Agreement remains effective.

13.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided that Party B may, by giving thirty (30) days' prior notice to Party A, terminate this Agreement.

13.4 Unless Party B fails to grant the Loan as required hereunder after the satisfaction of all conditions as set forth in Section 7.1 hereof by Party A, Party A shall in no event unilaterally terminate this Agreement.

13.5 If Party B fails to provide the Loan in accordance with the terms hereof, this Agreement shall be automatically terminated.

14. CONFIDENTIALITY

14.1 Any information, documents, data and all other materials (herein "confidential information") arising out of the negotiation, signing, and implementing of this Agreement shall be kept in strict confidence by the Parties. Without the written approval of the other Parties, no Party shall disclose to any third party any relevant materials, but the following circumstances shall be excluded:

(1) Material that is known or may be known by the Public (but not including material disclosed by each Party receiving the materials);

(2) Material required to be disclosed subject to the applicable laws or the rules or provisions of a stock exchange; or

(3) Material disclosed by each Party to its legal or financial consultant relating to the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of confidential material by staff or a consignee of any Party shall be deemed to be disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.

14.2 This Clause shall survive whether this Agreement is invalid, amended, revoked, terminated or incapable of implementation for any reason.

15. FORCE MAJEURE

15.1 "Force Majeure" refers that any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquakes, flood or fire), government acts, strikes or riots.

15.2 If an event of force majeure occurs, any of the Parties that is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event, shall take appropriate means to minimize or remove the negative effects of force majeure on the other Party and shall not assume the liabilities for breaching this Agreement. The Parties shall continue performing this Agreement after the event of force majeure disappears.

16. GOVERNING LAW AND DISPUTE RESOLUTION

16.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under PRC Laws.

16.2 Any dispute arising out of this Agreement shall be resolved by both Parties through mutual negotiation. If both parties cannot reach an agreement within thirty (30) days from the date on which the dispute is brought forward, either Party may

submit the dispute to the Tianjin Arbitration Commission for arbitration under its applicable rules. The arbitration award shall be final and binding upon both Parties.

16.3 During the process of dispute-resolution, both parties shall continue to perform other terms under this Agreement, except for the provisions subject to the dispute resolution.

17. MISCELLANEOUS

17.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters herein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings, including without limitation the Loan Agreement entered into by and between the Borrower and the Lender dated Mar 7th 2011.

17.2 This Agreement shall bind and benefit the successor of each Party and any transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereto.

17.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be delivered by personal delivery, fax or registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:
Contact person: Fu Jihua
Address: Room 2085, Torch Building, No. 2. Huatiandao, Huayuan Industrial District, Tianjin City, China
Tel:
Fax:

Party B:
Contact person: Zhang Yeyan
Address:
Tel:
Fax:

17.4 This Agreement is executed in three (3) originals with each of the person for signing this Agreement holding one original, and one (1) submitting to the governmental authority for filing. Each of originals shall be equally valid and authentic. In the event that the governmental authority will request no filing of this

Agreement, the parties hereby agree to hold the corresponding original version with the Party B.

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

For and on behalf of

Party A The Shareholder of Tianjin Niao Biotechnology Co., Ltd.

Name of the Shareholder	**Signature**
Fu Jihua	Fu Jihua

Party B NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative):
Signature _____

Exhibit 31.1

CERTIFICATION

I, Robin Smith, M.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NeoStem, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

/s/ Robin Smith, M.D.
Name: Robin Smith, M.D.
Title: Chief Executive Officer of NeoStem, Inc.

A signed original of this written statement required by Section 302 has been provided to NeoStem, Inc. and will be retained by NeoStem, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

CERTIFICATION

I, Larry A. May, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NeoStem, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

/s/ Larry A. May
Name: Larry A. May
Title: Chief Financial Officer of NeoStem, Inc.

A signed original of this written statement required by Section 302 has been provided to NeoStem, Inc. and will be retained by NeoStem, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NeoStem, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robin Smith, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of the dates presented and the results of operations of the Company for the periods presented.

Dated: May 16, 2011

/s/ Robin Smith, M.D.
Robin Smith, M.D.
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to NeoStem, Inc. and will be retained by NeoStem, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NeoStem, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry A. May, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended ; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of the dates presented and the results of operations of the Company for the periods presented.

Dated: May 16, 2011

/s/ Larry A. May
Larry A. May
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to NeoStem, Inc. and will be retained by NeoStem, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.