

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

FORM 8-K

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

Date of Report (Date of earliest event reported): September 26, 2014

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

Delaware
(State or Other Jurisdiction
of Incorporation)

001-33650
(Commission
File Number)

22-2343568
(IRS Employer
Identification No.)

420 Lexington Avenue, Suite 350, New York, New York 10170
(Address of Principal Executive Offices)(Zip Code)

(212) 584-4180
Registrant's Telephone Number

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Item 1.01. Entry into a Material Definitive Agreement.

On September 26, 2014, NeoStem, Inc. and its subsidiaries (collectively, the "Company") entered into a loan and security agreement (the "Loan and Security Agreement") with Oxford Finance LLC (together with its successors and assigns, the "Lender") pursuant to which the Lender has agreed to lend the Company up to \$20,000,000. Upon entering into the Loan and Security Agreement, the Lender disbursed \$15,000,000 ("Term Loan A"). Under the terms of the Loan and Security Agreement, during the Second Draw Period, the Company may, subject to certain conditions, borrow from Lender an additional \$5,000,000 ("Term Loan B", together with Term Loan A, the "Term Loans"). The "Second Draw Period" is the period of time: (a) commencing on the date that Lender receives evidence in a form and substance satisfactory to Lender that the Company has entered into a strategic arrangement in a form and substance acceptable to Lender with respect to NeoStem, Inc.'s NBS10 (also referred to as AMR-001) drug for ST Elevation Myocardial Infarction and receives an upfront payment of not less than \$10,000,000 in connection therewith, and (b) ending on the earlier of September 19, 2015 and the occurrence of an event of default under the Term Loans. After repayment of all outstanding amounts due under two loans from TD Bank, N.A. in the amount of approximately \$3,100,000, the proceeds from Term Loan A and Term Loan B may be used to satisfy the Company's future working capital needs, including the development of its cell therapy product candidates.

The Company will make interest only payments on the outstanding amount of Term Loans on a monthly basis until October 1, 2015 at a rate of 8.5% per annum; provided however, such interest-only period may be extended to April 1, 2016, in the event of either (1) the signing of a partnership for (x) traumatic brain injury indication for the NeoStem, Inc.'s AMR-001 asset or for its "Very Small Embryonic Cell" program; or (y) critical limb ischemia indication for its CD34 program; or (2) the initiation of 'The Intus Study', a Phase III study evaluating the Company's product candidate NBS20 (also referred to as DC/TC) in patients with Stage IV or recurrent Stage III metastatic melanoma. Commencing on the date that principal payments commence, the Company shall make consecutive monthly payments of principal and interest based upon a repayment schedule equal to (a) 36 months, if the Term Loans begin amortizing on October 1, 2015, or (b) 30 months, if the Term Loans begin amortizing on April 1, 2016. The Term Loans mature on September 1, 2018. At its option, the Company may prepay all amounts owed under the Loan and Security Agreement (including all accrued and unpaid interest), subject to a prepayment fee that is determined based on the date the loan is prepaid. The Company is also required to pay Lender a final payment fee equal to 8% of the Term Loan A and Term Loan B (if disbursed). The Company paid a facility fee in the amount of \$100,000 in connection with Term Loan A. In the event the proceeds of Term Loan B are disbursed, the Company will be required to pay an additional facility fee of \$33,333.

Under the Loan and Security Agreement and a related mortgage, the Company granted to Lender a security interest in all of the Company's real property and personal property now owned or hereafter acquired, excluding intellectual property, and certain other assets and exemptions. The Company also entered into a Mortgage and Absolute Assignment of Leases and Rents (the "Mortgage"). The Company also granted Lender a security interest in the shares of the Company's subsidiaries. The Loan and Security Agreement restricts the ability of the Company to: (a) convey, lease, sell, transfer or otherwise dispose of any part of its business or property; and (b) incur any additional indebtedness. The Loan and Security Agreement provides for standard indemnification of Lender and contains representations, warranties and certain covenants of the Company. Upon the occurrence of an event of default by the Company under the Loan and Security Agreement, Lender will have customary acceleration, collection and foreclosure remedies.

The description of the Loan and Security Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the Loan and Security Agreement, which is attached hereto as Exhibit 10.1, and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 regarding the Loan and Security Agreement is incorporated by reference into this Item 2.03.

Item 8.01. Other Events

On Monday, September 29, 2014, the Company issued a press release announcing that it entered into the Loan and Security Agreement, as well as additional Company updates. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Loan and Security Agreement, dated September 26, 2014, by and between NeoStem, Inc., and Oxford Finance LLC.
10.2	Form of Mortgage dated September 26, 2014
99.1	Press Release dated September 29, 2014*

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

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 hereunto duly authorized.

NEOSTEM, INC.

By: /s/ Catherine M. Vaczy

Name: Catherine M. Vaczy, Esq.

Title: General Counsel

Dated: September 29, 2014

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as the same may from time to time be amended, modified, supplemented or restated, this “**Agreement**”) dated as of September 19, 2014 (the “**Effective Date**”) among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 (“**Oxford**”), as collateral agent (in such capacity, “**Collateral Agent**”), the Lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including Oxford in its capacity as a Lender (each a “**Lender**” and collectively, the “**Lenders**”), NEOSTEM, INC., a Delaware corporation with offices located at 420 Lexington Avenue, Suite 350, New York, NY 10170 (“**Parent**”), the other borrowers listed on the signature page hereto (individually and collectively, jointly and severally, “**Borrower**”), provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders. The parties agree as follows:

1. ACCOUNTING AND OTHER TERMS

1.1 Accounting terms not defined in this Agreement shall be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. All references to “**Dollars**” or “**\$**” are United States Dollars, unless otherwise noted.

2. LOANS AND TERMS OF PAYMENT

2.1 **Promise to Pay.** Borrower hereby unconditionally promises to pay each Lender, the outstanding principal amount of all Term Loans advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 **Term Loans.**

a. Availability.

(i) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make one (1) term loan to Parent on the Effective Date in an aggregate amount of Fifteen Million Dollars (\$15,000,000.00) according to each Lender’s Term A Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a “**Term A Loan**”, and collectively as the “**Term A Loans**”). After repayment, no Term A Loan may be re-borrowed.

(ii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Second Draw Period, to make term loans to Borrower in an aggregate amount up to Five Million Dollars (\$5,000,000.00) according to each Lender’s Term B Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a “**Term B Loan**”, and collectively as the “**Term B Loans**”; each Term A Loan or Term B Loan is hereinafter referred to singly as a “**Term Loan**” and the Term A Loans and the Term B Loans are hereinafter referred to collectively as the “**Term Loans**”). After repayment, no Term B Loan may be re-borrowed.

b. Repayment. Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Funding Date of each Term Loan, any initial partial monthly interest payment otherwise due for the period between the Funding Date of each Term Loan and the first Payment Date thereof. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender’s Term Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to (x) thirty-six (36) months, if the Amortization Date is October 1, 2015, or (y) thirty (30) months, if the Amortization Date is April 1, 2016. All unpaid principal and accrued and unpaid interest with respect to the Term Loan is due and payable in full on the Maturity Date. The Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

c. Mandatory Prepayments. If the Term Loans are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (ii) the Final Payment, (iii) the Prepayment Fee, plus (iv) all other Obligations that are due and payable, including Lenders’ Expenses and interest at the Default Rate with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Payment had not previously been paid in full in connection with the

prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the Final Payment in respect of the Term Loan(s).

d. **Permitted Prepayment of Term Loans.** Borrower shall have the option to prepay all, but not less than all, of the Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least thirty (30) days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (B) the Final Payment, (C) the Prepayment Fee, plus (D) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts.

2.3 **Payment of Interest on the Credit Extensions.**

a. **Interest Rate.** Subject to Section 2.3(b), the principal amount outstanding under the Term Loans shall accrue interest at a fixed per annum rate (which rate shall be fixed for the duration of the applicable Term Loan) equal to the Basic Rate, determined by Collateral Agent on the Funding Date of the applicable Term Loan, which interest shall be payable monthly in arrears in accordance with Sections 2.2(b) and 2.3(e). Interest shall accrue on each Term Loan commencing on, and including, the Funding Date of such Term Loan, and shall accrue on the principal amount outstanding under such Term Loan through and including the day on which such Term Loan is paid in full.

b. **Default Rate.** Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

c. **360-Day Year.** Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days.

d. **Debit of Accounts.** Collateral Agent and each Lender may debit (or ACH) any deposit accounts, maintained by Borrower or any of its Subsidiaries, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes the Lenders under the Loan Documents when due. Any such debits (or ACH activity) shall not constitute a set-off.

e. **Payments.** Except as otherwise expressly provided herein, all payments by Borrower under the Loan Documents shall be made to the respective Lender to which such payments are owed, at such Lender's office in immediately available funds on the date specified herein. Unless otherwise provided, interest is payable monthly on the Payment Date of each month. Payments of principal and/or interest received after 12:00 noon Eastern time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by Borrower hereunder or under any other Loan Document, including payments of principal and interest, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.4 **Secured Promissory Notes.** The Term Loan shall be evidenced by a Secured Promissory Note or Notes in the form attached as **Exhibit D** hereto (each a "**Secured Promissory Note**"), and shall be repayable as set forth in this Agreement. Borrower irrevocably authorizes each Lender to make or cause to be made, on or about the Funding Date of any Term Loan or at the time of receipt of any payment of principal on such Lender's Secured Promissory Note, an appropriate notation on such Lender's Secured Promissory Note Record reflecting the making of such Term Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Term Loan set forth on such Lender's Secured Promissory Note Record shall be prima facie evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Secured Promissory Note Record shall not limit or otherwise affect the obligations of Borrower under any Secured Promissory Note or any other Loan Document to make payments of principal of or interest on any Secured Promissory Note when due. Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

2.5 **Fees.** Borrower shall pay to Collateral Agent:

a. **Facility Fee.** A fully earned, non-refundable facility fee of (i) One Hundred Thousand Dollars (\$100,000.00) to be shared between the Lenders pursuant to their respective Commitment Percentages payable on the Effective Date, receipt of which hereby is acknowledged; and (ii) Thirty-Three Thousand Three Hundred Thirty-Three and 33/100 Dollars (\$33,333.33) to be shared between the Lenders pursuant to their respective Commitment Percentages payable on the Funding Date of the Term B Loan;

b. **Final Payment.** The Final Payment, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares;

c. **Prepayment Fee.** The Prepayment Fee, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares; and

d. **Lenders' Expenses.** All Lenders' Expenses incurred through and after the Effective Date, when due.

2.6 **Withholding.** Payments received by the Lenders from Borrower hereunder will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any governmental authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to the Lenders, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, each Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, within ten (10) Business Days of a written request, furnish the Lenders with proof reasonably satisfactory to the Lenders indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

3. **CONDITIONS OF LOANS**

3.1 **Conditions Precedent to Initial Credit Extension.** Each Lender's obligation to make a Term Loan is subject to the condition precedent that Collateral Agent and each Lender shall consent to or shall have received, in form and substance satisfactory to Collateral Agent and each Lender, such documents, and completion of such other matters, as Collateral Agent and each Lender may reasonably deem necessary or appropriate, including, without limitation:

- a. original Loan Documents, each duly executed by Borrower and each Subsidiary, as applicable;
- b. duly executed original Control Agreements with respect to any Collateral Accounts maintained by Borrower or any of its Subsidiaries;
- c. duly executed original Secured Promissory Notes in favor of each Lender according to its Term Loan Commitment Percentage;
- d. the Operating Documents and good standing certificates of Borrower and its Subsidiaries certified by the Secretary of State (or equivalent agency) of Borrower's and such Subsidiaries' jurisdiction of organization or formation and each jurisdiction in which Borrower and each Subsidiary is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;
- e. a completed Perfection Certificate for Borrower and each of its Subsidiaries;
- f. the Annual Projections, for the current calendar year;
- g. duly executed original officer's certificate for Borrower and each Subsidiary that is a party to the Loan Documents, in a form reasonably acceptable to Collateral Agent and the Lenders;
- h. certified copies, dated as of date no earlier than thirty (30) days prior to the Effective Date, of financing statement searches, as Collateral Agent shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;
 - i. a landlord's consent executed in favor of Collateral Agent in respect of all of Borrower's and each Subsidiaries' leased locations other than with respect to 420 Lexington Avenue, Suite 350, New York, New York 10170;
 - j. a bailee waiver executed in favor of Collateral Agent in respect of each third party bailee where Borrower or any Subsidiary maintains Collateral having a book value in excess of Two Hundred Thousand Dollars (\$200,000.00);
 - k. a duly executed legal opinion of counsel to Borrower dated as of the Effective Date;
 - l. evidence satisfactory to Collateral Agent and the Lenders that the insurance policies required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Collateral Agent, for the ratable benefit of the Lenders;
 - m. a payoff letter from TD Bank in respect of the Existing Indebtedness;
 - n. evidence that (i) the Liens securing the Existing Indebtedness will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements and/or control agreements, have or will, concurrently with the initial Credit Extension, be terminated;
 - o. intentionally omitted; and
 - p. payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof.

3.2 **Conditions Precedent to all Credit Extensions.** The obligation of each Lender to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

- a. receipt by Collateral Agent of an executed Disbursement Letter in the form of Exhibit B attached hereto;
- b. the representations and warranties in Section 5 hereof shall be true, accurate and complete in all material respects on the date of the Disbursement Letter and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing

or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in Section 5 hereof are true, accurate and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

c. in such Lender's sole but reasonable discretion, there has not been any Material Adverse Change or any material adverse deviation by Borrower from the Annual Projections of Borrower presented to and accepted by Collateral Agent and each Lender;

d. to the extent not delivered at the Effective Date, duly executed original Secured Promissory Notes, in number, form and content acceptable to each Lender, and in favor of each Lender according to its Commitment Percentage, with respect to each Credit Extension made by such Lender after the Effective Date; and

e. payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof, if any.

3.3 **Covenant to Deliver.** Borrower agrees to deliver to Collateral Agent and the Lenders each item required to be delivered to Collateral Agent under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Collateral Agent or any Lender of any such item shall not constitute a waiver by Collateral Agent or any Lender of Borrower's obligation to deliver such item, and any such Credit Extension in the absence of a required item shall be made in each Lender's sole discretion.

3.4 **Procedures for Borrowing.** Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan set forth in this Agreement, to obtain a Term Loan, Borrower shall notify the Lenders (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 noon Eastern time three (3) Business Days prior to the date the Term Loan is to be made. Together with any such electronic, facsimile or telephonic notification, Borrower shall deliver to the Lenders by electronic mail or facsimile a completed Disbursement Letter executed by a Responsible Officer or his or her designee. The Lenders may rely on any telephone notice given by a person whom a Lender reasonably believes is a Responsible Officer or designee. On the Funding Date, each Lender shall credit and/or transfer (as applicable) to the Designated Deposit Account, an amount equal to its Term Loan Commitment.

4. **CREATION OF SECURITY INTEREST**

4.1 **Grant of Security Interest.** Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's Lien. If Borrower shall acquire a commercial tort claim (as defined in the Code), in excess of Twenty Five Thousand Dollars (\$25,000.00), Borrower shall promptly notify Collateral Agent in a writing signed by Borrower, as the case may be, of the general details thereof (and further details as may be reasonably required by Collateral Agent) and grant to Collateral Agent, for the ratable benefit of the Lenders, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent.

If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Credit Extensions has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

4.2 **Authorization to File Financing Statements.** Borrower hereby authorizes Collateral Agent to file financing statements or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights under the Loan Documents, including a notice that any disposition of the Collateral, except to the extent permitted by the terms of this Agreement, by Borrower, or any other Person, shall be deemed to violate the rights of Collateral Agent under the Code.

4.3 **Pledge of Collateral.** Borrower hereby pledges, assigns and grants to Collateral Agent, for the ratable benefit of the Lenders, a security interest in all the Shares, together with all proceeds and substitutions thereof, all cash, stock and other moneys and property paid thereon, all rights to subscribe for securities declared or granted in connection therewith, and all other cash and noncash proceeds of the foregoing, as security for the performance of the Obligations. On the Effective Date, or, to the extent not certificated as of the Effective Date, within ten (10) Business Days of the certification of any Shares, the certificate or certificates for the Shares will be delivered to Collateral Agent, accompanied by an instrument of assignment duly executed in blank by Borrower. To the extent required by the terms and conditions governing the Shares, Borrower shall cause the books of each entity whose Shares are part of the Collateral and any transfer agent to reflect the pledge of the Shares. Upon the occurrence and during the continuance of an Event of Default hereunder, Collateral Agent may effect the transfer of any securities included in the Collateral (including but not limited to the Shares) into the name of Collateral Agent and cause new (as applicable) certificates representing such securities to be issued in the name of Collateral Agent or its transferee. Borrower will execute and deliver such

documents, and take or cause to be taken such actions, as Collateral Agent may reasonably request to perfect or continue the perfection of Collateral Agent's security interest in the Shares. Unless an Event of Default shall have occurred and be continuing, Borrower shall be entitled to exercise any voting rights with respect to the Shares and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be inconsistent with any of the terms of this Agreement or which would constitute or create any violation of any of such terms. All such rights to vote and give consents, waivers and ratifications shall terminate upon the occurrence and continuance of an Event of Default. Collateral Agent reserves the right to take such action as Collateral Agent reasonably deems necessary to perfect the pledge of Shares of any Foreign Subsidiary, other than an Excluded Subsidiary, in the jurisdiction of organization (or otherwise) of such Subsidiary.

5. **REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants to Collateral Agent and the Lenders as follows:

5.1 **Due Organization, Authorization: Power and Authority.** Borrower and each of its Subsidiaries is duly existing and in good standing as a Registered Organization in its jurisdictions of organization or formation and Borrower and each of its Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, Borrower and each of its Subsidiaries has delivered to Collateral Agent a completed perfection certificate signed by an officer of Borrower or such Subsidiary (each a "**Perfection Certificate**" and collectively, the "**Perfection Certificates**"). Borrower represents and warrants that (a) Borrower and each of its Subsidiaries' exact legal name is that which is indicated on its respective Perfection Certificate and on the signature page of each Loan Document to which it is a party; (b) Borrower and each of its Subsidiaries is an organization of the type and is organized in the jurisdiction set forth on its respective Perfection Certificate; (c) each Perfection Certificate accurately sets forth each of Borrower's and its Subsidiaries' organizational identification number or accurately states that Borrower or such Subsidiary has none; (d) each Perfection Certificate accurately sets forth Borrower's and each of its Subsidiaries' place of business, or, if more than one, its chief executive office as well as Borrower's and each of its Subsidiaries' mailing address (if different than its chief executive office); (e) Borrower and each of its Subsidiaries (and each of its respective predecessors) have not, in the past five (5) years, changed its jurisdiction of organization, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificates pertaining to Borrower and each of its Subsidiaries, is accurate and complete (it being understood and agreed that Borrower and each of its Subsidiaries may from time to time update certain information in the Perfection Certificates (including the information set forth in clause (d) above) after the Effective Date to the extent permitted by one or more specific provisions in this Agreement); such updated Perfection Certificates subject to the review and approval of Collateral Agent. If Borrower or any of its Subsidiaries is not now a Registered Organization but later becomes one, Borrower shall notify Collateral Agent of such occurrence and provide Collateral Agent with such Person's organizational identification number within five (5) Business Days of receiving such organizational identification number.

The execution, delivery and performance by Borrower and each of its Subsidiaries of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's or such Subsidiaries' organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or such Subsidiary, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b), or (v) constitute an event of default under any material agreement by which Borrower or any of such Subsidiaries, or their respective properties, is bound. Neither Borrower nor any of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its assets is bound in which such default could reasonably be expected to have a Material Adverse Change.

5.2 **Collateral.**

a. Borrower and each its Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect of which Borrower or such Subsidiary has given Collateral Agent notice and taken such actions as are necessary to give Collateral Agent a perfected security interest therein (the foregoing shall not apply to deposit accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees). The Accounts are bona fide, existing obligations of the Account Debtors.

b. On the Effective Date, and except as disclosed on the Perfection Certificate (i) the Collateral is not in the possession of any third party bailee (such as a warehouse), and (ii) no such third party bailee possesses components of the

Collateral in excess of One Hundred Thousand Dollars (\$100,000.00). None of the components of the Collateral shall be maintained at locations other than as disclosed in the Perfection Certificates on the Effective Date or as permitted pursuant to Section 6.11.

c. All Inventory is in all material respects of good and marketable quality, free from material defects.

d. Borrower and each of its Subsidiaries is the sole owner of the Intellectual Property each respectively purports to own, free and clear of all Liens other than Permitted Liens. Except as noted on the Perfection Certificates, neither Borrower nor any of its Subsidiaries is a party to, nor is bound by, any material license or other material agreement with respect to which Borrower or such Subsidiary is the licensee that (i) prohibits or otherwise restricts Borrower or its Subsidiaries from granting a security interest in Borrower's or such Subsidiaries' interest in such material license or material agreement or any other property, or (ii) for which a default under or termination of could interfere with Collateral Agent's or any Lender's right to sell any Collateral. Borrower shall provide written notice to Collateral Agent and each Lender within ten (10) Business Days of Borrower or any of its Subsidiaries entering into or becoming bound by any license or agreement with respect to which Borrower or any Subsidiary is the licensee (other than over-the-counter software that is commercially available to the public).

5.3 **Litigation.** Except as disclosed (i) on the Perfection Certificates, or (ii) in accordance with Section 6.9 hereof, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Two Hundred Fifty Thousand Dollars (\$250,000.00).

5.4 **No Material Deterioration in Financial Condition; Financial Statements.** All consolidated financial statements for Borrower and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Borrower and its Subsidiaries, and the consolidated results of operations of Borrower and its Subsidiaries. There has not been any material deterioration in the consolidated financial condition of Borrower and its Subsidiaries since the date of the most recent financial statements submitted to any Lender.

5.5 **Solvency.** Borrower and each of its Subsidiaries is Solvent.

5.6 **Regulatory Compliance.** Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

None of Borrower, any of its Subsidiaries, or any of Borrower's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower and any of their Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

5.7 **Investments; Excluded Subsidiaries.** Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments. No Excluded Subsidiary has any assets.

5.8 **Tax Returns and Payments; Pension Contributions.** Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower and each of its Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower and such Subsidiaries, in all jurisdictions in which Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in accordance with the following sentence. Borrower and each of its Subsidiaries, may defer payment of any contested taxes, provided that Borrower or such Subsidiary, (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Collateral Agent in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Neither Borrower nor any of its Subsidiaries is aware of any claims or adjustments proposed for any of Borrower's or such Subsidiaries', prior tax years which could result in additional taxes becoming due and payable by Borrower or its Subsidiaries. Borrower and each of its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and neither Borrower nor any of its Subsidiaries have, withdrawn from participation in, and have not permitted partial

or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.9 **Use of Proceeds.** Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes. A portion of the proceeds of the Term Loans shall be used by Borrower to repay the Existing Indebtedness in full on the Effective Date.

5.10 **Shares.** Borrower has full power and authority to create a first lien on the Shares and no disability or contractual obligation exists that would prohibit Borrower from pledging the Shares pursuant to this Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. The Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

5.11 **Full Disclosure.** No written representation, warranty or other statement of Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.12 **Definition of "Knowledge."** For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

6. **AFFIRMATIVE COVENANTS**

Borrower (except as otherwise indicated) shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1 **Government Compliance.**

a. Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Comply with all laws, ordinances and regulations to which Borrower or any of its Subsidiaries is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

b. Obtain and keep in full force and effect, all of the material Governmental Approvals necessary for the performance by Borrower and its Subsidiaries of their respective businesses and obligations under the Loan Documents and the grant of a security interest to Collateral Agent for the ratable benefit of the Lenders, in all of the Collateral. Borrower shall promptly provide copies to Collateral Agent of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries.

6.2 **Financial Statements, Reports, Certificates.**

a. Parent shall deliver to each Lender:

i. as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Borrower and its Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent;

ii. as soon as available, but no later than one hundred twenty (120) days after the last day of Parent's fiscal year or within five (5) days of filing with the SEC, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Collateral Agent in its reasonable discretion;

iii. as soon as available after approval thereof by Parent's Board of Directors, but no later than ten (10) days after the last day of each of Parent's fiscal years, Parent's annual financial projections for the entire current fiscal year as approved by Parent's Board of Directors, which such annual financial projections shall be set forth in a month-by-month format (such annual financial projections as originally delivered to Collateral Agent and the Lenders are referred to herein as the "**Annual Projections**"; provided that, any revisions of the Annual Projections approved by Parent's Board of Directors shall be delivered to Collateral Agent and the Lenders no later than seven (7) days after such approval);

iv. within five (5) days of delivery, copies of all material statements, reports and notices made available to Borrower's security holders or holders of Subordinated Debt;

v. in the event that Borrower becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, within five (5) days of filing, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission,

- vi. prompt notice of any material amendments of or other changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries, together with any copies reflecting such amendments or changes with respect thereto;
- vii. prompt notice of any event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property;
- viii. as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month-end account statements for each Collateral Account maintained by Borrower or its Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s), and
- ix. other information as reasonably requested by Collateral Agent or any Lender.

Notwithstanding the foregoing, documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address.

b. Concurrently with the delivery of the financial statements specified in Section 6.2(a)(i) above but no later than thirty (30) days after the last day of each month, deliver to each Lender, a duly completed Compliance Certificate signed by a Responsible Officer.

c. Keep proper books of record and account in accordance with GAAP in all material respects, in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior written notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than once every year unless (and more frequently if) an Event of Default has occurred and is continuing. Borrower shall at Collateral Agent's or any Lender's request, allow Collateral Agent or such Lender, as applicable, to access Borrower's on-line books and records-keeping systems. For the avoidance of doubt, such access to Borrower's on-line books and records-keeping systems shall not constitute an alternative to the delivery of financial statements or any other statements, reports or documents required to be delivered to the Lenders under this Agreement.

d. Deliver to Collateral Agent and Vanni Business Park, LLC, as soon as available, but no later than (i) thirty (30) days after the end of each fiscal quarter; and (ii) thirty (30) after the last day of each month in which Progenitor Cell Therapy, LLC has delivered in excess of One Hundred Thousand Dollars (\$100,000.00) worth of new Collateral to the property located at 291 Bernardo Avenue, Mountain View, CA 94943 (the "Mountain View Property"), an updated fully comprehensive, Exhibit A to the landlord lien waiver among Vanni Business Park, LLC, Progenitor Cell Therapy, LLC and Collateral Agent. Notwithstanding the foregoing, Borrower shall not be required to deliver an updated Exhibit A pursuant to item (i) above, if, during the applicable time period, there have been no changes to the Collateral at the Mountain View Property.

6.3 **Inventory; Returns.** Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective Account Debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date. Borrower must promptly notify Collateral Agent and the Lenders of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars (\$100,000.00) individually or in the aggregate in any calendar year.

6.4 **Taxes; Pensions.** Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely file, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Lenders, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with the terms of such plans.

6.5 **Insurance.** Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lenders. All property policies shall have a lender's loss payable endorsement showing Collateral Agent as lender loss payee and waive subrogation against Collateral Agent, and all liability policies shall show, or have endorsements showing, Collateral Agent, as additional insured. The Collateral Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Collateral Agent, that it will give the Collateral Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled. At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Collateral Agent's option, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars (\$100,000.00)

with respect to any loss, but not exceeding One Hundred Thousand Dollars (\$100,000.00), in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Collateral Agent, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. If Borrower or any of its Subsidiaries fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make, at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

6.6 Operating Accounts.

a. Maintain all of Borrower's and its Subsidiaries' Collateral Accounts, other than the Excluded Accounts, the Credit Card Account and the TD Accounts, in accounts which are subject to a Control Agreement in favor of Collateral Agent; provided that Parent shall provide evidence to Collateral Agent, (x) within five (5) Business Days of the date that TD Bank is in receipt of payment in full of the Existing Indebtedness, evidence that the balances in the TD Accounts immediately prior to the Effective Date have been transferred to one (1) or more Collateral Accounts; and (y) within thirty (30) days of the date that TD Bank is in receipt of payment in full of the Existing Indebtedness, evidence of the closure of such TD Accounts; in each case, in form and content reasonably acceptable to Collateral Agent.

b. Borrower shall provide Collateral Agent five (5) days' prior written notice before Borrower or any of its Subsidiaries establishes any Collateral Account at or with any Person other than any account identified in a Perfection Certificate delivered to Collateral Agent as of the Effective Date and subject to a Control Agreement in favor of Collateral Agent. In addition, for each Collateral Account that Borrower or any of its Subsidiaries, at any time maintains, Borrower or such Subsidiary shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account, which Control Agreement may not be terminated without prior written consent of Collateral Agent. The provisions of the previous sentence shall not apply to (i) deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any of its Subsidiaries', employees and identified to Collateral Agent by Borrower as such in the Perfection Certificates, (ii) the Excluded Accounts, (iii) the Credit Card Account or (iv) the TD Accounts.

c. Neither Borrower nor any of its Subsidiaries shall maintain any Collateral Accounts except Collateral Accounts maintained in accordance with Sections 6.6(a) and (b).

6.7 Protection of Intellectual Property Rights. Borrower and each of its Subsidiaries shall: (a) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its Intellectual Property that is material to Borrower's business; (b) promptly advise Collateral Agent in writing of any known material infringement by a third party of its Intellectual Property; and (c) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Collateral Agent's prior written consent. Borrower may enter into new intellectual property arrangements at its discretion, provided the same constitute Permitted Licenses.

6.8 Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders (and upon reasonable notice to Borrower), Borrower and each of Borrower's officers, employees and agents and Borrower's Books, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third-party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

6.9 Notices of Litigation and Default. Borrower will give prompt written notice to Collateral Agent and the Lenders of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of Two Hundred Fifty Thousand Dollars (\$250,000.00) or more or which could reasonably be expected to have a Material Adverse Change. Without limiting or contradicting any other more specific provision of this Agreement, promptly (and in any event within three (3) Business Days) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, Borrower shall give written notice to Collateral Agent and the Lenders of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

6.10 Intentionally Omitted.

6.11 Landlord Waivers; Bailee Waivers. In the event that Borrower or any of its Subsidiaries, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower or such Subsidiary will first receive the written consent of Collateral Agent (which consent shall not be unreasonably withheld or delayed) and, in the event that the Collateral at any new location is valued in excess of Two Hundred Thousand (\$200,000.00) in the aggregate or if any new location is the headquarters of Borrower, such bailee or landlord, as applicable, must execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Collateral Agent prior to the addition of any

new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be. Additionally, if the landlord, as of the Effective Date, of Borrower's headquarters located at 420 Lexington Avenue, Suite 350, New York, New York 10170 changes, or if the title to the building in which such address is located is transferred to another owner or financing vehicle, the landlord of such location must execute and deliver a landlord waiver, in form and substance reasonably satisfactory to Collateral Agent, within sixty (60) days of Borrower's knowledge or notice of such event.

6.12 **Creation/Acquisition of Subsidiaries.** In the event Borrower, or any of its Subsidiaries creates or acquires any Subsidiary, Borrower shall provide prior written notice to Collateral Agent and each Lender of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Collateral Agent or any Lender to cause each such Subsidiary to become a co-Borrower hereunder or to guarantee the Obligations of Borrower under the Loan Documents and, in each case, grant a continuing pledge and security interest in and to the assets of such Subsidiary (substantially as described on Exhibit A hereto); and Borrower (or its Subsidiary, as applicable) shall grant and pledge to Collateral Agent, for the ratable benefit of the Lenders, a perfected security interest in the Shares; provided, however, that solely in the circumstance in which Borrower or any Subsidiary creates or acquires a Foreign Subsidiary in an acquisition permitted by Section 7.7 hereof or otherwise approved by the Required Lenders, (i) such Foreign Subsidiary shall not be required to guarantee the Obligations of Borrower under the Loan Documents and grant a continuing pledge and security interest in and to the assets of such Foreign Subsidiary, and (ii) Borrower shall not be required to grant and pledge to Collateral Agent, for the ratable benefit of Lenders, a perfected security interest in more than sixty-five percent (65%) of the Shares of such Foreign Subsidiary, if Borrower demonstrates to the reasonable satisfaction of Collateral Agent that such Foreign Subsidiary providing such guarantee or pledge and security interest or Borrower providing a perfected security interest in more than sixty-five percent (65%) of the Shares would create a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code.

6.13 **Investments in Subsidiaries; Excluded Subsidiaries.** Borrower shall not, and shall not permit any Subsidiary to, contribute, assign or otherwise transfer assets to any Subsidiary or Subsidiaries other than Permitted Investments. Without limiting the foregoing, (x) neither Borrower nor any Subsidiary shall contribute, assign or otherwise transfer assets to, or make any Investment in, any Excluded Subsidiary; and (y) no Excluded Subsidiary shall acquire or maintain any assets.

6.14 **Further Assurances.**

- a. Execute any further instruments and take further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement.
- b. Deliver to Collateral Agent and Lenders, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to Borrower's business or otherwise could reasonably be expected to have a Material Adverse Change.

7. **NEGATIVE COVENANTS**

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

7.1 **Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments and Permitted Licenses; and (d) of Excluded Collateral to clients of Borrower pursuant to Service Agreements.

7.2 **Changes in Business, Management, Ownership, or Business Locations.** (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) any Key Person shall cease to be actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent within five (5) days of such change, or (ii) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty nine percent (49%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering, a private placement of public equity or to venture capital investors so long as Borrower identifies to Collateral Agent the venture capital investors prior to the closing of the transaction). Borrower shall not, without at least thirty (30) days' prior written notice to Collateral Agent: (A) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Hundred Thousand Dollars (\$100,000.00) in assets or property of Borrower or any of its Subsidiaries); (B) change its jurisdiction of organization, (C) change its organizational structure or type, (D) change its legal name, or (E) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 **Mergers or Acquisitions.** Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person. A Subsidiary may merge or consolidate into another Subsidiary (provided such surviving Subsidiary is a "co-Borrower" hereunder or has provided a secured guaranty of Borrower's Obligations hereunder) or with (or into) Borrower provided Borrower is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom. Without limiting the foregoing, an Excluded Subsidiary may (x) merge into Borrower or another Subsidiary, as long

as Borrower or such other Subsidiary is the surviving legal entity; or (y) dissolve. Borrower shall not, without Collateral Agent's prior written consent, enter into any binding contractual arrangement with any Person to attempt to facilitate a merger or acquisition of Borrower, unless (i) no Event of Default exists when such agreement is entered into by Borrower, (ii) such agreement does not give such Person the right to claim any fees, payments or damages from Borrower in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), and (iii) Borrower notifies Collateral Agent in advance of entering into such an agreement. Notwithstanding the foregoing, Borrower may enter into and consummate any Permitted Acquisitions.

7.4 **Indebtedness.** Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 **Encumbrance.** Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens that are permitted by the terms of this Agreement to have priority over Collateral Agent's Lien), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "**Permitted Liens**" herein.

7.6 **Maintenance of Collateral Accounts.** Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7 **Distributions; Investments.** (a) Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans, or similar plans, provided such repurchases do not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) in the aggregate per fiscal year) or (b) directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 **Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower or any of its Subsidiaries, except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, and (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

7.9 **Subordinated Debt.** (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to the Lenders.

7.10 **Compliance.** Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.11 **Compliance with Anti-Terrorism Laws.** Collateral Agent hereby notifies Borrower and each of its Subsidiaries that pursuant to the requirements of Anti-Terrorism Laws, and Collateral Agent's policies and practices, Collateral Agent is required to obtain, verify and record certain information and documentation that identifies Borrower and each of its Subsidiaries and their principals, which information includes the name and address of Borrower and each of its Subsidiaries and their principals and such other information that will allow Collateral Agent to identify such party in accordance with Anti-Terrorism Laws. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Borrower and each of its Subsidiaries shall immediately notify Collateral Agent if Borrower or such Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that

evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

8. **EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an “**Event of Default**”) under this Agreement:

8.1 **Payment Default.** Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 **Covenant Default.**

a. Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notice of Litigation and Default), 6.11 (Landlord Waivers; Bailee Waivers), 6.12 (Creation/Acquisition of Subsidiaries) or 6.13 (Further Assurances) or Borrower violates any covenant in Section 7; or

b. Borrower, or any of its Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Grace periods provided under this Section shall not apply, among other things, to financial covenants or any other covenants set forth in subsection (a) above;

8.3 **Material Adverse Change.** A Material Adverse Change occurs;

8.4 **Attachment; Levy; Restraint on Business.**

a. (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Subsidiaries or of any entity under control of Borrower or its Subsidiaries on deposit with any Lender or any Lender’s Affiliate or any bank or other institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; and

b. (i) any material portion of Borrower’s or any of its Subsidiaries’ assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

8.5 **Insolvency.** (a) Borrower or any of its Subsidiaries is or becomes Insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while Borrower or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.6 **Other Agreements.** There is a default in any agreement to which Borrower or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) or that could reasonably be expected to have a Material Adverse Change;

8.7 **Judgments.** One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars (\$250,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of ten (10) days after the entry thereof (provided that no Credit Extensions will be made prior to the satisfaction, vacation, or stay of such judgment, order or decree);

8.8 **Misrepresentations.** Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 **Subordinated Debt.** A default or breach occurs under any agreement between Borrower or any of its Subsidiaries and any creditor of Borrower or any of its Subsidiaries that signed a subordination, intercreditor, or other similar agreement with Collateral Agent or the Lenders, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10 **Governmental Approvals.** Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term *and* such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; or

8.11 **Lien Priority.** Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens which are permitted to have priority in accordance with the terms of this Agreement; provided, this Event of Default shall not apply to the extent any defective perfection has resulted from the acts of Collateral Agent or any Lender.

9. **RIGHTS AND REMEDIES**

9.1 **Rights and Remedies.**

a. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may, and at the written direction of Required Lenders shall, without notice or demand, do any or all of the following: (i) deliver notice of the Event of Default to Borrower, (ii) by notice to Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations shall be immediately due and payable without any action by Collateral Agent or the Lenders) or (iii) by notice to Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders (but if an Event of Default described in Section 8.5 occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders shall be immediately terminated without any action by Collateral Agent or the Lenders).

b. Without limiting the rights of Collateral Agent and the Lenders set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right at the written direction of the Required Lenders, without notice or demand, to do any or all of the following:

- i. foreclose upon and/or sell or otherwise liquidate, the Collateral;
- ii. apply to the Obligations any (a) balances and deposits of Borrower that Collateral Agent or any Lender holds or controls, or (b) any amount held or controlled by Collateral Agent or any Lender owing to or for the credit or the account of Borrower; and/or
- iii. commence and prosecute an Insolvency Proceeding or consent to Borrower commencing any Insolvency Proceeding.

c. Without limiting the rights of Collateral Agent and the Lenders set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

i. settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing Borrower money of Collateral Agent's security interest in such funds, and verify the amount of such account;

ii. make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Collateral Agent requests and make it available in a location as Collateral Agent reasonably designates. Collateral Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Collateral Agent a license to enter and occupy any of its premises, without charge, to exercise any of Collateral Agent's rights or remedies;

iii. ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, the Collateral. Collateral Agent is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's and each of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this Section 9.1, Borrower's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Collateral Agent, for the benefit of the Lenders;

iv. place a "hold" on any account maintained with Collateral Agent or the Lenders and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

v. demand and receive possession of Borrower's Books;

vi. appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of Borrower or any of its Subsidiaries; and

vii. subject to clauses 9.1(a) and (b), exercise all rights and remedies available to Collateral Agent and each Lender under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

Notwithstanding any provision of this Section 9.1 to the contrary, upon the occurrence of any Event of Default, Collateral Agent shall have the right to exercise any and all remedies referenced in this Section 9.1 without the written consent of Required Lenders

following the occurrence of an Exigent Circumstance. As used in the immediately preceding sentence, “**Exigent Circumstance**” means any event or circumstance that, in the reasonable judgment of Collateral Agent, imminently threatens the ability of Collateral Agent to realize upon all or any material portion of the Collateral, such as, without limitation, fraudulent removal, concealment, or abscondment thereof, destruction or material waste thereof, or failure of Borrower or any of its Subsidiaries after reasonable demand to maintain or reinstate adequate casualty insurance coverage, or which, in the judgment of Collateral Agent, could reasonably be expected to result in a material diminution in value of the Collateral.

Collateral Agent agrees not to exercise exclusive control over any Collateral Account unless an Event of Default has occurred.

9.2 **Power of Attorney.** Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower’s or any of its Subsidiaries’ name on any checks or other forms of payment or security; (b) sign Borrower’s or any of its Subsidiaries’ name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower’s insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney-in-fact to sign Borrower’s or any of its Subsidiaries’ name on any documents necessary to perfect or continue the perfection of Collateral Agent’s security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to make Credit Extensions hereunder. Collateral Agent’s foregoing appointment as Borrower’s or any of its Subsidiaries’ attorney in fact, and all of Collateral Agent’s rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent’s and the Lenders’ obligation to provide Credit Extensions terminates.

9.3 **Protective Payments.** If Borrower or any of its Subsidiaries fail to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower or any of its Subsidiaries is obligated to pay under this Agreement or any other Loan Document, Collateral Agent may obtain such insurance or make such payment, and all amounts so paid by Collateral Agent are Lenders’ Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Collateral Agent will make reasonable efforts to provide Borrower with notice of Collateral Agent obtaining such insurance or making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Collateral Agent are deemed an agreement to make similar payments in the future or Collateral Agent’s waiver of any Event of Default.

9.4 **Application of Payments and Proceeds.** Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Collateral Agent from or on behalf of Borrower or any of its Subsidiaries of all or any part of the Obligations, and, as between Borrower on the one hand and Collateral Agent and Lenders on the other, Collateral Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Collateral Agent may deem advisable notwithstanding any previous application by Collateral Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the Lenders’ Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the principal amount of the Obligations outstanding; and fourth, to any other indebtedness or obligations of Borrower owing to Collateral Agent or any Lender under the Loan Documents. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation “ratably,” “proportionally” or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Collateral Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender’s portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Collateral Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Collateral Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender’s ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lenders’ claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders

shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Collateral Agent and other Lenders for purposes of perfecting Collateral Agent's security interest therein.

9.5 **Liability for Collateral.** So long as Collateral Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Collateral Agent and the Lenders, Collateral Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 **No Waiver; Remedies Cumulative.** Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 **Demand Waiver.** Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

10. **NOTICES**

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: c/o NEOSTEM, INC.
420 Lexington Avenue, Suite 350
New York, New York 10170
Attn: Catherine Vaczy, Esq.
Fax: (646) 417-5186
Email: cvaczy@neostem.com

with a copy (which shall not constitute notice) to: Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Attn: Alan Wovsaniker, Esq.
Fax: (973) 597-2564
Email:awovsaniker@lowenstein.com

If to Collateral Agent: OXFORD FINANCE LLC
133 North Fairfax Street
Alexandria, Virginia 22314
Attention: Legal Department
Fax: (703) 519-5225
Email: LegalDepartment@oxfordfinance.com

with a copy (which shall not constitute notice) to: DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, California 92121-2133
Attn: Troy Zander
Fax: (858) 638-5086
Email: troy.zander@dlapiper.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

New York law governs the Loan Documents without regard to principles of conflicts of law. Borrower, Lenders and Collateral Agent each submit to the exclusive jurisdiction of the State and Federal courts in the City of New York, Borough of Manhattan. NOTWITHSTANDING THE FOREGOING, COLLATERAL AGENT AND THE LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH COLLATERAL AGENT AND THE LENDERS (IN ACCORDANCE WITH THE PROVISIONS OF SECTION 9.1) DEEM NECESSARY OR APPROPRIATE TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE COLLATERAL AGENT'S AND THE LENDERS' RIGHTS AGAINST BORROWER OR ITS PROPERTY. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, first class, registered or certified mail return receipt requested, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, COLLATERAL AGENT, AND THE LENDERS EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER

IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12. GENERAL PROVISIONS

12.1 **Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's and each Lender's prior written consent (which may be granted or withheld in Collateral Agent's and each Lender's discretion, subject to Section 12.6). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (**any** such sale, transfer, assignment, negotiation, or grant of a participation, a "**Lender Transfer**") all or any part of, or any interest in, the Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents; *provided, however*, that any such Lender Transfer (other than a transfer, pledge, sale or assignment to an Eligible Assignee) of its obligations, rights, and benefits under this Agreement and the other Loan Documents shall require the prior written consent of the Required Lenders (such approved assignee, an "**Approved Lender**"). Borrower and Collateral Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Collateral Agent shall have received and accepted an effective assignment agreement in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Collateral Agent reasonably shall require. Notwithstanding anything to the contrary contained herein, so long as no Event of Default has occurred and is continuing, no Lender Transfer (other than a Lender Transfer in connection with (x) assignments by a Lender due to a forced divestiture at the request of any regulatory agency; or (y) upon the occurrence of a default, event of default or similar occurrence with respect to a Lender's own financing or securitization transactions) shall be permitted, without Borrower's consent, to any Person which is an Affiliate or Subsidiary of Borrower, a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent.

12.2 **Indemnification.** Borrower agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct; and (b) all losses or Lenders' Expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 **Time of Essence.** Time is of the essence for the performance of all Obligations in this Agreement.

12.4 **Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5 **Correction of Loan Documents.** Collateral Agent and the Lenders may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

12.6 **Amendments in Writing; Integration.** (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

i. no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

ii. no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature;

iii. no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Term Loan (B) postpone the

date fixed for, or waive, any payment of principal of any Term Loan or of interest on any Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term “**Required Lenders**” or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral or release any Guarantor of all or any portion of the Obligations or its guaranty obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.6 or the definitions of the terms used in this Section 12.6 insofar as the definitions affect the substance of this Section 12.6; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations; or (I) amend any of the provisions of Section 12.10. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the preceding sentence;

iv. the provisions of the foregoing clauses (i), (ii) and (iii) are subject to the provisions of any interlender or agency agreement among the Lenders and Collateral Agent pursuant to which any Lender may agree to give its consent in connection with any amendment, waiver or modification of the Loan Documents only in the event of the unanimous agreement of all Lenders.

a. Other than as expressly provided for in Section 12.6(a)(i)-(iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

b. This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.7 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.8 **Survival.** All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.9 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 **Confidentiality.** In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders’ and Collateral Agent’s Subsidiaries or Affiliates, or in connection with a Lender’s own financing or securitization transactions and upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Credit Extensions (provided, however, the Lenders and Collateral Agent shall, except upon the occurrence and during the continuance of an Event of Default, obtain such prospective transferee’s or purchaser’s agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders’ or Collateral Agent’s regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders’ and/or Collateral Agent’s possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.9 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.9.

12.10 **Right of Set Off.** Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral

Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.11 **Intentionally Omitted.**

12.12 **Cooperation of Borrower.** If necessary, Borrower agrees to (i) execute any documents (including new Secured Promissory Notes) reasonably required to effectuate and acknowledge each assignment of a Term Loan Commitment or Loan to an assignee in accordance with Section 12.1, (ii) make Borrower's management available to meet with Collateral Agent and prospective participants and assignees of Term Loan Commitments or Credit Extensions (which meetings shall be conducted no more often than twice every twelve months unless an Event of Default has occurred and is continuing) upon reasonable notice to Borrower, and (iii) assist Collateral Agent or the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of a Term Loan Commitment or Term Loan reasonably may request. Subject to the provisions of Section 12.9, Borrower authorizes each Lender to disclose to any prospective participant or assignee of a Term Loan Commitment, any and all information in such Lender's possession concerning Borrower and its financial affairs which has been delivered to such Lender by or on behalf of Borrower pursuant to this Agreement, or which has been delivered to such Lender by or on behalf of Borrower in connection with such Lender's credit evaluation of Borrower prior to entering into this Agreement.

12.13 **Borrower Liability.** Any Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, and (b) any right to require Collateral Agent or any Lender to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Collateral Agent and or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Collateral Agent and the Lenders under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section shall be null and void. If any payment is made to a Borrower in contravention of this Section, such Borrower shall hold such payment in trust for Collateral Agent and the Lenders and such payment shall be promptly delivered to Collateral Agent for application to the Obligations, whether matured or unmatured.

13. **DEFINITIONS**

13.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"Account" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"Account Debtor" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"Affiliate" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"Agreement" is defined in the preamble hereof.

"Amortization Date" is October 1, 2015; provided that, if Borrower achieves the Interest-Only Extension, then the "Amortization Date" shall be April 1, 2016.

"Annual Projections" is defined in Section 6.2(a).

“Anti-Terrorism Laws” are any laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

“Approved Fund” is any (i) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (i) and that, with respect to each of the preceding clauses (i) and (ii), is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

“Approved Lender” is defined in Section 12.1.

“Basic Rate” is the per annum rate of interest (based on a year of three hundred sixty (360) days) equal to the greater of (i) eight and one-half percent (8.50%) and (ii) the sum of (a) the three (3) month U.S. LIBOR rate reported in the Wall Street Journal three (3) Business Days prior to the Funding Date of such Term Loan, plus (b) eight and twenty-six one-hundredths percent (8.26%).

“Blocked Person” is any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) a Person that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

“Borrower” is defined in the preamble hereof.

“Borrower’s Books” are Borrower’s or any of its Subsidiaries’ books and records including ledgers, federal, and state tax returns, records regarding Borrower’s or its Subsidiaries’ assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“Business Day” is any day that is not a Saturday, Sunday or a day on which Collateral Agent is closed.

“Cash Equivalents” are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc., and (c) certificates of deposit maturing no more than one (1) year after issue provided that the account in which any such certificate of deposit is maintained is subject to a Control Agreement in favor of Collateral Agent. For the avoidance of doubt, the direct purchase by Borrower or any of its Subsidiaries of any Auction Rate Securities, or purchasing participations in, or entering into any type of swap or other derivative transaction, or otherwise holding or engaging in any ownership interest in any type of Auction Rate Security by Borrower or any of its Subsidiaries shall be conclusively determined by the Lenders as an ineligible Cash Equivalent, and any such transaction shall expressly violate each other provision of this Agreement governing Permitted Investments. Notwithstanding the foregoing, Cash Equivalents does not include and Borrower, and each of its Subsidiaries, are prohibited from purchasing, purchasing participations in, entering into any type of swap or other equivalent derivative transaction, or otherwise holding or engaging in any ownership interest in any type of debt instrument, including, without limitation, any corporate or municipal bonds with a long-term nominal maturity for which the interest rate is reset through a dutch auction and more commonly referred to as an auction rate security (each, an **“Auction Rate Security”**).

“Claims” are defined in Section 12.2.

“Code” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Collateral Agent’s Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term “Code” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

“**Collateral**” is any and all properties, rights and assets of Borrower described on Exhibit A.

“**Collateral Account**” is any Deposit Account, Securities Account, or Commodity Account, or any other bank account maintained by Borrower or any Subsidiary at any time. Notwithstanding the foregoing, “Collateral Account” specifically excludes any deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower’s employees.

“**Collateral Agent**” is, Oxford, not in its individual capacity, but solely in its capacity as agent on behalf of and for the benefit of the Lenders.

“**Commitment Percentage**” is set forth in Schedule 1.1, as amended from time to time.

“**Commodity Account**” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

“**Communication**” is defined in Section 10.

“**Compliance Certificate**” is that certain certificate in the form attached hereto as Exhibit C.

“**Contingent Obligation**” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“**Control Agreement**” is any control agreement entered into among the depository institution at which Borrower or any of its Subsidiaries maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower or any of its Subsidiaries maintains a Securities Account or a Commodity Account, Borrower and such Subsidiary, and Collateral Agent pursuant to which Collateral Agent obtains control (within the meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account, or Commodity Account.

“**Copyrights**” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“**Credit Card Account**” is Borrower’s account numbered 000727083438 maintained with JPMorgan Chase, N.A.; provided that deposits in such account (i) consist solely of credit card payments and (ii) are processed consistent with industry standards and are transferred to a Controlled Account no later than three (3) days after initial deposit in such Credit Card Account.

“**Credit Extension**” is any Term Loan or any other extension of credit by Collateral Agent or Lenders for Borrower’s benefit.

“**Default Rate**” is defined in Section 2.3(b).

“**Deposit Account**” is any “deposit account” as defined in the Code with such additions to such term as may hereafter be made. Notwithstanding the foregoing, “Deposit Account” specifically excludes any deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower’s employees.

“**Designated Deposit Account**” is Borrower’s deposit account, account number 555080691, maintained with Chase Bank.

“**Disbursement Letter**” is that certain form attached hereto as Exhibit B.

“**Dollars,**” “**dollars**” and “**\$**” each mean lawful money of the United States.

“**Effective Date**” is defined in the preamble of this Agreement.

“**Eligible Assignee**” is (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any commercial bank, savings and loan association or savings bank or any other entity which is an “accredited investor” (as defined in Regulation D under the Securities Act of 1933, as amended) and which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which either (A) has a rating of BBB or higher from Standard & Poor’s Rating Group and a rating of Baa2 or higher from Moody’s Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of Five Billion Dollars (\$5,000,000,000.00), and in each case of clauses (i) through (iv), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that notwithstanding the foregoing, “Eligible Assignee” shall not include, unless an Event of Default has occurred and is continuing, (i) Borrower or any of Borrower’s Affiliates or Subsidiaries or (ii) a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent. Notwithstanding the foregoing, (x) in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party and (y) in connection with a Lender’s own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Collateral Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Collateral Agent reasonably shall require.

“**Equipment**” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

“**Excluded Accounts**” are Borrower’s accounts numbered 907668478665, 907668478666, 907668477865 and 907668477866 maintained with JPMorgan Chase, N.A.; provided that the aggregate balance maintained in such accounts does not at any time exceed Two Hundred Fifty Thousand Dollars (\$250,000.00).

“**Excluded Collateral**” means Equipment (including machinery, furniture, fixtures and equipment of every type and all equipment, parts, and accessories which may from time to time be incorporated or installed in or attached thereto) and Inventory, now owned or hereafter acquired, purchased and/or leased from, by or on behalf of an existing or future client of Borrower (including Affiliates of Borrower that are or become clients) and which equipment (including machinery, furniture, fixtures and equipment of every type and all equipment, parts, and accessories which may from time to time be incorporated or installed in or attached thereto) and inventory is used or will be used in connection with a particular client’s processes and/or services provided or to be provided by Borrower in accordance with services set forth in an agreement now or hereafter existing and in connection (and accordance) with which such purchase, acquisition or lease thereof (a “Service Agreement”), such client is or becomes obligated to reimburse or pay Borrower for in accordance with such now existing or hereafter arising Service Agreement.

“**Excluded Subsidiary**” is each of NeoStem Therapies, Inc., a Delaware corporation and NeoStem Kabushiki Kaisha, an entity organized under the laws of Japan; each a wholly-owned Subsidiary of Parent.

“**Existing Indebtedness**” is the indebtedness of PCT ALLENDALE, LLC to TD Bank in the aggregate principal outstanding amount as of the Effective Date of approximately Three Million One Hundred Two Thousand Nine Hundred Seventy Three and 11/100 Dollars (\$3,102,973.11) pursuant to certain promissory notes dated October 31, 2007 and November 30, 2010, respectively.

“**Event of Default**” is defined in Section 8.

“**Final Payment**” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original principal amount of such Term Loan multiplied by the Final Payment Percentage, payable to Lenders in accordance with their respective Pro Rata Shares.

“**Final Payment Percentage**” is eight percent (8.00%).

“Foreign Subsidiary” is a Subsidiary that is not an entity organized under the laws of the United States or any territory thereof.

“Funding Date” is any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

“GAAP” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

“General Intangibles” are all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

“Governmental Approval” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

“Indemnified Person” is defined in Section 12.2.

“Insolvency Proceeding” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Insolvent” means not Solvent.

“Intellectual Property” means all of Borrower’s or any Subsidiary’s right, title and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to Borrower;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“Interest-Only Extension” is either (1) the signing of a partnership for (x) traumatic brain injury indication for Parent’s AMR-001 asset or for Parent’s “Very Small Embryonic Cell” program; or (y) critical limb ischemia indication for Parent’s CD34 program; or (2) initiation of ‘The Intus Study’ for CSC-1, a Phase III study for patients with Stage III or IV metastatic melanoma; and receipt from Parent of written evidence thereof, in form and content acceptable to Collateral Agent in its reasonable discretion.

“Inventory” is all “inventory” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping

materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"Investment" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance, payment or capital contribution to any Person.

"Key Person" is each of Borrower's (i) Chief Executive Officer, who is Robin L. Smith, MD as of the Effective Date, (ii) Executive Vice President, who is Stephen W. Potter as of the Effective Date, (iii) Chief Financial Officer, who is Robert Dickey IV as of the Effective Date, (iv) Chief Medical Officer, who is Douglas Losordo, MD as of the Effective Date and (v) Chief Visionary Officer of Parent, Chief Medical Officer of Progenitor Cell Therapy, LLC and Chief Scientific Officer of AmorcYTE, LLC, who is Andrew Pecora, MD, FACP as of the Effective Date.

"Lender" is any one of the Lenders.

"Lenders" are the Persons identified on Schedule 1.1 hereto and each assignee that becomes a party to this Agreement pursuant to Section 12.1.

"Lenders' Expenses" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Collateral Agent and/or the Lenders in connection with the Loan Documents.

"Lien" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"Loan Documents" are, collectively, this Agreement, the Perfection Certificates, each Compliance Certificate, each Disbursement Letter, the Post Closing Letter, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future agreement entered into by Borrower, any guarantor or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified.

"Material Adverse Change" is (a) a material impairment in the perfection or priority of Collateral Agent's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations or condition (financial or otherwise) of Borrower or any Subsidiary; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"Maturity Date" is September 1, 2018.

"M&A Event" is the: (A) request in writing by Borrower to Collateral Agent and Lenders to permit Borrower to enter into an M&A Transaction (and waive, as applicable, any and all Events of Default that the consummation of such M&A Transaction may constitute, and which request (i) is accompanied by (a) evidence of approval of such M&A Transaction by the Board of Directors of Borrower and (b) a copy of the material terms of such M&A Transaction (in the form of a term sheet, similar document or otherwise) provided to and approved by the Board of Directors of Borrower and (ii) is made at least fifteen (15) Business Days in advance of the proposed closing of such M&A Transaction, and (B) Collateral Agent's or Required Lenders' refusal to grant such request within ten (10) Business Days of receipt thereof; provided, however, no Event of Default shall have occurred and be continuing at the time of the making of such request and the closing of such M&A Transaction.

"M&A Transaction" means an acquisition by Borrower of all or substantially all of the assets of, all of the ownership interests in, or a business line or unit or division of another Person that does not otherwise constitute a Permitted Acquisition.

"Obligations" are all of Borrower's obligations to pay when due any debts, principal, interest, Lenders' Expenses, the Prepayment Fee, the Final Payment, and other amounts Borrower owes the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents.

"OFAC" is the U.S. Department of Treasury Office of Foreign Assets Control.

“**OFAC Lists**” are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

“**Operating Documents**” are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“**Patents**” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“**Payment Date**” is the first (1st) calendar day of each calendar month, commencing on October 1, 2014.

“**Perfection Certificate**” and “**Perfection Certificates**” is defined in Section 5.1.

“**Permitted Acquisition**” means an acquisition by Borrower of all or substantially all of the assets of, all of the ownership interests in, or a business line or unit or division of another Person and shall include any foreign corporations in the acceptable jurisdictions listed below in this definition; provided that (a) no Event of Default or event that with the passage of time would result in an Event of Default shall exist immediately before or immediately after the consummation of such acquisition, (b) such acquired Person or assets shall be in the same line of business as is conducted by Borrower as of the Effective Date (or a line of business reasonably related thereto), (c) such acquisition shall not cause the focus or locations of Borrower’s and its Subsidiaries’ operations (when taken as a whole) to be located outside of the United States, (d) such acquisition shall not constitute a hostile acquisition, (e) any Person acquired as a result of such acquisition shall, if required under Section 6.12 hereof, become a secured guarantor, (f) in connection with such acquisition, neither Borrower nor any of its Subsidiaries (including for this purpose, the target of the acquisition) shall acquire or be subject to any Indebtedness or Liens that are not otherwise permitted hereunder, (g) all of the consideration paid in connection with such acquisition shall be in the form of stock of Borrower, except that Borrower shall be permitted to pay reasonable closing costs in cash, (h) Borrower has notified the Lenders at least ten (10) Business Days in advance of entering into such transaction, which notice shall include a reasonably detailed description of such transaction, (i) such transaction shall only involve assets and entities located in the United States, Canada, Australia, Israel, Luxembourg, Netherlands, the United Kingdom and Switzerland, (j) Collateral Agent and the Lenders have received evidence, in form and substance reasonably satisfactory to them that Borrower has sufficient cash on hand to pay its projected expenses and all debt service when due for a period of twelve (12) months after the consummation of such transaction, (k) all transactions related to such acquisition shall be consummated in all material respects in accordance with applicable law; and (l) Borrower shall provide to the Lenders as soon as available but in any event not later than five (5) Business Days after the execution thereof, a copy of the executed purchase agreement or similar agreement with respect to any such acquisition.

“**Permitted Indebtedness**” is:

- (a) Borrower’s Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents;
- (b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s);
- (c) Subordinated Debt;
- (d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;
- (e) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by Borrower or any

of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) at any time and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

- (f) unsecured Indebtedness to existing or future clients of Borrower (including Affiliates of Borrower that are or become clients) in connection with the Excluded Collateral, not to exceed the purchase price of such Excluded Collateral;

- (g) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower’s business;

and

- (h) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through

(e) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be.

“Permitted Investments” are:

(a) Investments disclosed on the Perfection Certificate(s) and existing on the Effective Date;

(b) (i) Investments consisting of cash and Cash Equivalents, and (ii) any other Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Collateral Agent;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts in which Collateral Agent has a perfected security interest;

(e) Investments in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower’s Board of Directors; not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) in the aggregate for (i) and (ii) in any fiscal year;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(i) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (h) shall not apply to Investments of Borrower in any Subsidiary; and

(j) non-cash Investments in joint ventures or strategic alliances in the ordinary course of Borrower’s business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support.

“Permitted Licenses” are (A) licenses of over-the-counter software that is commercially available to the public, and (B) non-exclusive and exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into in the ordinary course of business, provided, that, with respect to each such license described in clause (B), (i) no Event of Default has occurred or is continuing at the time of such license; (ii) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of Borrower or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property; (iii) in the case of any exclusive license, (x) Borrower delivers ten (10) days’ prior written notice and a brief summary of the terms of the proposed license to Collateral Agent and the Lenders and delivers to Collateral Agent and the Lenders copies of the final executed licensing documents in connection with the exclusive license promptly upon consummation thereof, and (y) any such license could not result in a legal transfer of title of the licensed property but may be exclusive in respects other than territory and may be exclusive as to territory only as to discrete geographical areas outside of the United States; and (iv) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement.

“Permitted Liens” are:

(a) Liens existing on the Effective Date and disclosed on the Perfection Certificates or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) liens securing Indebtedness permitted under clause (e) of the definition of **“Permitted Indebtedness,”** provided that (i) such liens exist prior to the acquisition of, or attach substantially simultaneous with, or within twenty (20) days after the, acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such liens do not extend to any property of Borrower other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Twenty Five Thousand Dollars (\$25,000.00), and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers’ compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Collateral Agent or any Lender a security interest therein;

(h) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with Borrower's deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(b) hereof;

(i) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7; and

(j) Liens consisting of Permitted Licenses.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Post Closing Letter" is that certain Post Closing Letter dated as of the Effective Date by and between Collateral Agent and Borrower.

"Prepayment Fee" is, with respect to any Term Loan subject to prepayment prior to the Maturity Date, whether by mandatory or voluntary prepayment, acceleration or otherwise, an additional fee payable to the Lenders in amount equal to:

(i) for a prepayment made on or after the Funding Date of such Term Loan through and including the first anniversary of the Funding Date of such Term Loan, three percent (3.00%) of the principal amount of such Term Loan prepaid;

(ii) for a prepayment made after the date which is after the first anniversary of the Funding Date of such Term Loan through and including the second anniversary of the Funding Date of such Term Loan, two percent (2.00%) of the principal amount of the Term Loans prepaid; and

(iii) for a prepayment made after the date which is after the second anniversary of the Funding Date of such Term Loan and prior to the Maturity Date, one percent (1.00%) of the principal amount of the Term Loans prepaid.

Notwithstanding the foregoing, "Prepayment Fee" shall be one percent (1.00%) of the principal amount of the Term Loans prepaid if, prior to the second anniversary of the Funding Date of such Term Loan, (A) there is an M&A Event, (B) the Prepayment Fee is not otherwise due hereunder, (C) Borrower repays all Term Loans advanced by Lenders hereunder and fulfills all other payment Obligations hereunder to consummate the M&A Transaction that is the subject of such M&A Event, and (D) no Event of Default has occurred and is continuing at the time of such repayment of Term Loans and fulfillment of all other payment Obligations hereunder; provided, however, if Borrower fails to provide evidence of the consummation of such M&A Transaction to Collateral Agent that is reasonably acceptable to Collateral Agent within thirty (30) days following such repayment of Term Loans and fulfillment of other Obligations, the Prepayment Fee shall immediately become due and payable in such amount as it would have otherwise been due and payable at the time of the repayment of the Term Loans. Notwithstanding the foregoing, nothing in this definition or otherwise in this Agreement shall be deemed to be consent to the consummation of an M&A Event.

"Pro Rata Share" is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of Term Loans held by such Lender by the aggregate outstanding principal amount of all Term Loans.

"Registered Organization" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"Required Lenders" means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an **"Original Lender"**) have not assigned or transferred any of their interests in their Term Loan, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loan, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least sixty six percent (66%) of the aggregate outstanding principal balance of the Term Loan and, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its Term Loan, (B) each assignee or transferee of an Original Lender's interest in the Term Loan, but only to the extent that such assignee or transferee is an Affiliate or Approved Fund of such Original Lender, and (C) any Person providing financing

to any Person described in clauses (A) and (B) above; provided, however, that this clause (C) shall only apply upon the occurrence of a default, event of default or similar occurrence with respect to such financing.

“Requirement of Law” is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower acting alone.

“Second Draw Period” is the period commencing on the STEMI Strategic Arrangement Date and ending on the earlier of (i) September 19, 2015 and (ii) the occurrence of an Event of Default; provided, however, that the Second Draw Period shall not commence if on the STEMI Strategic Arrangement Date an Event of Default has occurred and is continuing.

“Secured Promissory Note” is defined in Section 2.4.

“Secured Promissory Note Record” is a record maintained by each Lender with respect to the outstanding Obligations owed by Borrower to Lender and credits made thereto.

“Securities Account” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“Shares” is one hundred percent (100%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by Borrower or Borrower’s Subsidiary, in any Subsidiary; provided that, in the event Borrower, demonstrates to Collateral Agent’s reasonable satisfaction, that a pledge of more than sixty-five percent (65%) of the Shares of such Subsidiary which is a Foreign Subsidiary, creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code, “Shares” shall mean sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by Borrower or its Subsidiary in such Foreign Subsidiary. For clarification purposes, the “Shares” existing as of the Effective Date are more particularly described on Exhibit E hereto.

“Solvent” is, with respect to any Person: the fair salable value of such Person’s consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person’s liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature.

“STEMI Strategic Arrangement Date” is the date that Collateral Agent and the Lenders receive evidence, in form and substance satisfactory to Collateral Agent and the Lenders, that Borrower has (i) entered into a strategic arrangement, in form and substance acceptable to Collateral Agent and the Lenders, with respect to Parent’s AMR-001drug for ST Elevation Myocardial Infarction (“STEMI”) and (ii) received an upfront payment of not less than Ten Million Dollars (\$10,000,000.00) in connection therewith.

“Subordinated Debt” is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms reasonably acceptable to Collateral Agent and the Lenders.

“Subsidiary” is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries. Notwithstanding anything herein to the contrary, an Excluded Subsidiary shall not be deemed a Subsidiary hereunder.

“TD Accounts” are PCT Allendale LLC’s accounts numbered 00000000111393, 00004737905666, 3452836274, and 3452917320 maintained with TD Bank.

“TD Bank” means TD Bank, N.A.

“Term Loan” is defined in Section 2.2(a) hereof.

“Term Loan Commitment” is, for any Lender, the obligation of such Lender to make a Term Loan, up to the principal amount shown on Schedule 1.1. **“Term Loan Commitments”** means the aggregate amount of such commitments of all Lenders.

“Trademarks” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“Transfer” is defined in Section 7.1.

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[Signature Page to Loan and Security Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

NEOSTEM, INC.

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

PCT ALLENDALE, LLC

By: /s/ George Goldberger
Name: George Goldberger
Title: Manager

NEOSTEM ONCOLOGY, LLC

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

ATHELOS CORPORATION

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

AMORCYTE, LLC

By: /s/ Robin L. Smith
Its: Manager

PROGENITOR CELL THERAPY, LLC

By: /s/ Robin L. Smith
Its: Manager

NEOSTEM FAMILY STORAGE, LLC

By: George S. Goldberger
Its: Manager

STEM CELL TECHNOLOGIES, INC.

By: /s/ Robin L. Smith
Its: Manager

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By: /s/ Mark Davis

Name: Mark Davis

Title: Vice President- Finance, Secretary & Treasurer

SCHEDULE 1.1

Lenders and Commitments

Term A Loan

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$15,000,000.00	100.00%
TOTAL	\$15,000,000.00	100.00%

Term B Loan

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$5,000,000	100.00%
TOTAL	\$5,000,000	100.00%

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	\$20,000,000	100.00%
TOTAL	\$20,000,000	100.00%

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property; or (ii) the Excluded Collateral.

Pursuant to and in accordance with the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Borrower has agreed not to encumber any of its Intellectual Property.

EXHIBIT B

Form of Disbursement Letter

[see attached]

DISBURSEMENT LETTER

September 19, 2014

The undersigned, being the duly elected and acting _____ of NEOSTEM, INC., a Delaware corporation with offices located at 420 Lexington Avenue, Suite 350, New York, NY 10170 (for itself and on behalf of all Borrowers under and as defined in the Loan Agreement (as defined below), "**Parent**" and collectively, "**Borrower**"), does hereby certify to **OXFORD FINANCE LLC** ("**Oxford**" and "**Lender**"), as collateral agent (the "**Collateral Agent**") in connection with that certain Loan and Security Agreement dated as of September 19, 2014, by and among Borrower, Collateral Agent and the Lenders from time to time party thereto (the "**Loan Agreement**"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof.
2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other Loan Document.
3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.
4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied or waived by Collateral Agent.
5. No Material Adverse Change has occurred.
6. The undersigned is a Responsible Officer.

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7. The proceeds of the Term [A][B] Loan shall be disbursed as follows:

Disbursement from Oxford:

Loan Amount	[\$15,000,000.00]
Plus:	
--Deposit Received	[\$100,000.00]

Less:

--Facility Fee	[(\$100,000.00)]
--Existing Debt Payoff to be remitted to TD Bank per the Payoff Letter dated September 19, 2014	(\$_____)
--Interim Interest	(\$_____)

--Lender's Legal Fees

(\$_____)** Legal fees and costs are through the Effective Date. Post-closing legal fees and costs, payable after the Effective Date, to be invoiced and paid post-closing.

Net Proceeds due from Oxford: \$_____

TOTAL TERM [A][B] LOAN NET PROCEEDS FROM LENDERS \$_____

8. The Term [A][B] Loan shall amortize in accordance with the Amortization Table attached hereto.

9. The aggregate net proceeds of the Term Loans shall be transferred to the Designated Deposit Account as follows:

Account Name: NEOSTEM, INC.
Bank Name:
Bank Address:
Account Number:
ABA Number:

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Dated as of the date first set forth above.

BORROWER:

NEOSTEM, INC., for itself and on behalf of all Borrowers

By

Name:

Title:

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By

Name:

Title:

AMORTIZATION TABLE

(Term [A][B] Loan)

[see attached]

EXHIBIT C

Compliance Certificate

TO: OXFORD FINANCE LLC, as Collateral Agent and Lender
FROM: NEOSTEM, INC., for itself and on behalf of all Borrowers

The undersigned authorized officer (“**Officer**”) of NEOSTEM, INC. (“**Parent**” and, collectively with all Borrowers under (and as defined in) the Loan Agreement (as defined below), “**Borrower**”), hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders from time to time party thereto (the “**Loan Agreement**,” capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement),

(a) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below;

(b) There are no Events of Default, except as noted below;

(c) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date and for the period described in (a), above; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(d) Borrower, and each of Borrower’s Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower’s Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Loan Agreement;

(e) No Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under “Complies” column.

	Reporting Covenant	Requirement	Actual	Complies		
1)	Financial statements	Monthly within 30 days		Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 120 days after FYE		Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (within 10 days of FYE), and when revised		Yes	No	N/A
4)	A/R & A/P agings	If applicable		Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable, within 5 days of filing		Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days		Yes	No	N/A
7)	IP Report	When required		Yes	No	N/A
8)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period		\$ _____	Yes	No	N/A
9)	Total amount of Borrower's Subsidiaries' cash and cash equivalents at the last day of the measurement period		\$ _____	Yes	No	N/A
10)	Updated Exhibit A to Landlord Waiver	(i) Quarterly within 30 days, if there are any updates to the Collateral and (ii) 30 days after any month in which new Collateral >\$100,000 was delivered to 291 Bernardo Avenue, Mountain View, CA 94943		Yes	No	N/A

Deposit and Securities Accounts

(Please list all accounts; attach separate sheet if additional space needed)

	Institution Name	Account Number	New Account?		Account Control Agreement in place?	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No

Financial Covenants

None

Other Matters

1)	Have there been any changes in management since the last Compliance Certificate?	Yes	No
2)	Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Loan Agreement?	Yes	No
3)	Have there been any new or pending claims or causes of action against Borrower that involve more than One Hundred Thousand Dollars (\$100,000.00)?	Yes	No
4)	Have there been any amendments of or other changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies of any such amendments or changes with this Compliance Certificate.	Yes	No

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.)

NEOSTEM, INC., for itself
and on behalf of all Borrowers

By
Name:
Title:

Date:

LENDER USE ONLY

Received by:

Date:

Verified by:

Date:

Compliance Status: YesNo

EXHIBIT D

Form of Secured Promissory Note

[see attached]

SECURED PROMISSORY NOTE To be replicated for two (2) total notes, upon agreement to form.

(Term [A][B] Loan)

\$5,000,000.00 Dated: [September __, 2014][_____]

FOR VALUE RECEIVED, the undersigned, NEOSTEM, INC., a Delaware corporation with offices located at 420 Lexington Avenue, Suite 350, New York, NY 10170 ("**Borrower**") HEREBY PROMISES TO PAY to the order of OXFORD FINANCE LLC ("**Lender**") the principal amount of FIVE MILLION DOLLARS (\$5,000,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term [A][B] Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term [A][B] Loan, at the rates and in accordance with the terms of the Loan and Security Agreement dated September __, 2014 by and among Borrower, Lender, Oxford Finance LLC, as Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term [A][B] Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Secured Promissory Note (this "**Note**"). The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term [A][B] Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term [A][B] Loan, interest on the Term [A][B] Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[Balance of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

NEOSTEM, INC.

By:
Name:
Title:

LOAN INTEREST RATE AND PAYMENTS OF PRINCIPAL

Date	Principal Amount	Interest Rate	Scheduled Payment Amount	Notation By
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EXHIBIT E

“Shares” as of the Effective Date

Entity	Location	Ownership
NeoStem, Inc.	United States	35,363,629 shares of common stock issued and outstanding
NeoStem Therapies, Inc.	United States	100% owned by NeoStem, Inc.
Stem Cell Technologies, Inc.	United States	100% owned by NeoStem, Inc.
Amorcyte, LLC	United States	100% owned by NeoStem, Inc.
Progenitor Cell Therapy, LLC (PCT)	United States	100% owned by NeoStem, Inc.
NeoStem Family Storage, LLC	United States	100% owned by NeoStem, Inc.
Athelos Corporation	United States	90% (1,788 shares) owned by NeoStem, Inc.
PCT Allendale, LLC	United States	100% owned by NeoStem, Inc.
NeoStem Oncology, LLC	United States	100% owned by NeoStem, Inc.

CORPORATE BORROWING CERTIFICATE To be replicated for each Borrower, upon agreement to form.

Borrower: NEOSTEM, INC.

Date: September 19, 2014

Lenders: OXFORD FINANCE LLC, as Collateral Agent and Lender

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.
2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.
3. Attached hereto as Exhibit A and Exhibit B, respectively, are true, correct and complete copies of (i) Borrower's Articles/Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above; and (ii) Borrower's Bylaws. Neither such Articles/Certificate of Incorporation nor such Bylaws have been amended, annulled, rescinded, revoked or supplemented, and such Articles/Certificate of Incorporation and such Bylaws remain in full force and effect as of the date hereof.
4. The following resolutions were duly and validly adopted by Borrower's Board of Directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and the Lenders may rely on them until each Lender receives written notice of revocation from Borrower.

[Balance of Page Intentionally Left Blank]

Resolved, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

<u>Name</u>	<u>Title</u>	<u>Signature</u>	Authorized to Add or Remove <u>Signatories</u>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>

Resolved Further, that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

Resolved Further, that such individuals may, on behalf of Borrower:

Borrow Money. Borrow money from the Lenders.

Execute Loan Documents. Execute any loan documents any Lender requires.

Grant Security. Grant Collateral Agent a security interest in any of Borrower's assets.

Negotiate Items. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.

Further Acts. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effectuate such resolutions.

Resolved Further, that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

[Balance of Page Intentionally Left Blank]

[Signature Page to Corporate Borrowing Certificate]

The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

By:

Name:

Title:

**** If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the _____ of Borrower, hereby certify as to paragraphs 1 through 5 above, as
[print title]
of the date set forth above.

By:

Name:

Title:

EXHIBIT A

Articles/Certificate of Incorporation (including amendments)

EXHIBIT B

Bylaws

[see attached]

DEBTOR: NEOSTEM, INC.; NEOSTEM THERAPIES, INC.; STEM CELL TECHNOLOGIES, INC.; AMORCYTE, LLC; PROGENITOR CELL THERAPY, LLC; NEOSTEM FAMILY STORAGE, LLC; ATHELOS CORPORATION; PCT ALLENDALE, LLC; NEOSTEM ONCOLOGY, LLC

SECURED PARTY: OXFORD FINANCE LLC, as Collateral Agent

EXHIBIT A TO UCC FINANCING STATEMENT

Description of Collateral

The Collateral consists of all of Debtor's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property; or (ii) the Excluded Collateral.

Pursuant to and in accordance with the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Borrower has agreed not to encumber any of its Intellectual Property.

Capitalized terms used but not defined herein have the meanings ascribed in the Uniform Commercial Code in effect in the State of New York as in effect from time to time (the "Code") or, if not defined in the Code, then in the Loan and Security Agreement by and between Debtor, Secured Party and the other Lenders party thereto (as modified, amended and/or restated from time to time).

MORTGAGE AND ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

by

PCT ALLENDALE, LLC,
as the Mortgagor

in favor of

OXFORD FINANCE LLC AS AGENT FOR CERTAIN LENDERS,
as the Mortgagee

Executed on the 24th day of September, 2014 and delivered and made effective as of the 26th day of September, 2014

RECORD AND RETURN TO:

Prestige Title Agency, Inc.
130 Pompton Avenue
Verona, NJ 07044

MORTGAGE AND ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

THIS MORTGAGE AND ABSOLUTER ASSIGNMENT OF LEASES AND RENTS (hereinafter, as it may be from time to time amended, modified, extended, substituted, and/or supplemented, referred to as the "Mortgage") executed on the 24th day of September, 2014 and delivered and made effective as of the 26th day of September, 2014, by

PCT Allendale, LLC, a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Jersey, having a mailing address located at c/o NeoStem, Inc. 420 Lexington Avenue, Suite 350, New York, New York 10170 (hereinafter referred to as the "Mortgagor"),

IN FAVOR OF

Oxford Finance LLC, a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, having a mailing address located at 133 North Fairfax Street, Alexandria, Virginia 22314 as Collateral Agent for the Lenders (hereinafter referred to as the "Mortgagee").

W I T N E S S E T H :

WHEREAS, the Lenders have agreed to make available to the Mortgagor term loans in an original principal amount of up to Twenty Million and 00/100 (\$20,000,000.00) Dollars pursuant to the terms of a Loan and Security Agreement of even date herewith between the Borrowers identified therein (including, without limitation, Mortgagor), the Lenders and Mortgagee (hereinafter, as it may be from time to time amended, modified, extended, substituted, and/or supplemented, referred to as the "Loan Agreement"); and

WHEREAS, defined terms used but not expressly defined herein shall have the same meanings when used herein as set forth in the Loan Agreement; and

WHEREAS, this Mortgage is given and made by the Mortgagor to the Mortgagee as security for the Obligations.

NOW, THEREFORE, in order to induce the Lenders to make the Term Loans available to the Mortgagor and to secure the payment of the Obligations and to secure the performance by the Mortgagor of all of its other obligations and covenants pursuant to the terms, conditions, and provisions of the Loan Agreement, the Secured Promissory Notes, this Mortgage, and all of the other Loan Documents, and any amounts now or hereafter due and owing from Mortgagor to Mortgagee or the Lenders arising from or in connection with any interest rate swap agreement, now existing or hereafter entered into between Mortgagor and Mortgagee or Lenders, and any costs incurred by Mortgagee or Lenders in connection therewith, including, without limitation, any interest, expenses, fees, penalties or other charges associated with any obligations undertaken by Mortgagee or Lenders to hedge or offset Mortgagee's or any Lender's obligations pursuant to such swap agreement, or the termination of any such obligations, shall be (i) deemed additional interest and/or a related expense (to be determined in the sole discretion of Mortgagee) due in connection with the principal amount of the Obligations secured by this Mortgage, (ii) included (in the manner described above) as part of the Obligations secured by this Mortgage, and secured by this Mortgage to the full extent thereof, and (iii) included in any judgment in any proceeding instituted by Mortgagee or its agents against Mortgagor for foreclosure of this Mortgage or otherwise, and to assure the payment of all other indebtedness, monetary obligations, liabilities, and duties of any kind of the Mortgagor, direct or indirect, absolute or contingent, joint or several, due or not due, liquidated or not liquidated, arising under the Loan Agreement, the Secured Promissory Notes, this Mortgage, or any of the other Loan Documents, the Mortgagor has hereby mortgaged, given, granted, released, assigned, transferred, and set over unto the Mortgagee, and by these presents does hereby mortgage, give, grant, release, assign, transfer, and set over unto the Mortgagee, its successors and assigns forever, all of its rights, title and interest in the following described property and rights:

ALL that certain property consisting of approximately 3.000 acres of real property located at 4 Pearl Court, Units A, B & C, Allendale, NJ , being also known as Lot 4.05C001; 4.05C0002 & 4.05C0003, Block 601 on

the Tax Maps of the Borough of Allendale, County of Bergen, and State of New Jersey, as more particularly described on Schedule "A" attached hereto and made a part hereof (hereinafter referred to as the "Premises"); and

TOGETHER with all and singular tenements, hereditaments, buildings, improvements, rights-of-way, privileges, liberties, rights, easements, riparian rights, woods, waters, watercourses, mineral, oil and gas rights and appurtenances thereunto belonging, or in any wise appertaining and the reversion and revisions and remainder and remainders, rents, income, issues, and profits thereof; and

TOGETHER with all rights, title, and interests of the Mortgagor, now owned or hereafter acquired, in and to any streets, the land lying in the bed of any streets, roads or avenues, opened or proposed, in front of, adjoining or abutting the Premises to the center line thereof, and all strips and gores within or adjoining the Premises, easements and rights-of-way, public or private, all sidewalks and alleys, now or hereafter used in connection with the Premises or abutting the Premises; and

TOGETHER with all furniture, fixtures, equipment and other articles of personal property owned by the Mortgagor and now or hereafter attached to or used in connection with, or with the operation of, any improvements located on the Premises, as to which this Mortgage constitutes a security agreement under the New Jersey Uniform Commercial Code, as in effect from time to time (in addition to and not in lieu of any other security agreement between the parties), including, without limitation, all building supplies and materials, furniture, fixtures, and equipment; all furnaces, motors, dynamos, incinerators, machinery, generators, partitions, elevators, steam and hot water boilers, heating and air conditioning equipment, wall cabinets, lighting and power plants, coal and oil burning apparatus, pipes, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, stoves, ranges, shades, screens, blinds, washing machines, clothes dryers, dishwashers, freezers, awnings, vacuum cleaning systems, sprinkler systems or other fire prevention or extinguishing apparatus and materials, including all accessories, additions, substitutions, and replacements thereof, all of which shall be deemed to be and remain and form a part of the Premises and are covered by the lien of this Mortgage. If the lien of this Mortgage shall be subject to a conditional bill of sale, chattel mortgage, or other security interest covering any such property, then all the rights, title and interests of the Mortgagor in and to such property, together with the benefits of any deposits or payments now or hereafter made thereon, are and shall be covered by the lien of this Mortgage; and

TOGETHER with any and all awards, damages, payments and other compensation, and any and all claims therefor and rights thereto, which may result from taking or injury by virtue of the exercise of the power of eminent domain, or any damage, improvements, injury or destruction in any manner caused to the Mortgaged Premises thereon, or any part thereof; and

TOGETHER with all the estate, right, title, interest, property, possession, claim, and demand whatsoever of the Mortgagor, as well in law as in equity, of, in and to the same and every part and parcel thereof with the appurtenances (hereinafter the Premises and all the improvements, rights, interests and benefits that go with it as described above shall be collectively referred to as the "Mortgaged Premises").

TO HAVE AND TO HOLD the above granted Mortgaged Premises unto the Mortgagee, its successors and assigns, to its and their proper use, benefit and behalf forever.

PROVIDED THAT if the Mortgagor shall well and truly pay, or there shall otherwise be paid to the Mortgagee, the Obligations evidenced by the Secured Promissory Notes secured hereby at the time and in the manner provided in the Loan Documents and/or this Mortgage and the Mortgagor shall well and truly abide by and comply with each and every covenant and condition set forth herein, in the Loan Agreement, and in all of the other Loan Documents, then these presents and the lien and interest hereby transferred and assigned shall cease, terminate and be void. The Mortgagee shall release the Mortgaged Premises and renounce any other rights granted to it herein and shall execute, at the request of the Mortgagor, a release of this Mortgage and any other instrument to that effect deemed necessary or desirable, upon payment and performance being made on the Obligations and covenants secured hereby.

ARTICLE I. THE MORTGAGOR REPRESENTS, WARRANTS, COVENANTS, AND AGREES WITH THE MORTGAGEE AS FOLLOWS:

Section 1. Definitions. In this Mortgage, all words and terms not expressly defined herein shall have the respective meanings and be construed herein as provided for or defined in the Loan Agreement . Any reference to a provision of the Loan Agreement shall be deemed to incorporate that provision as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

Section 2. Interpretation and Construction. All words, terms and provisions of the Loan Agreement shall be applied to this Mortgage in the same manner as applied therein to the Loan Agreement.

Section 3. Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Mortgagor and the Mortgagee any right, remedy or claim under or by reason hereof. All covenants, stipulations and agreements herein contained by and on behalf of the Mortgagor shall be for the sole and exclusive benefit of the Mortgagee as Agent for the Lenders.

Section 4. Obligations. The Mortgagor shall pay the Obligations secured by this Mortgage and the other Loan Documents at the time and in the manner provided for the payment of the same in the Loan Agreement and the Secured Promissory Notes.

Section 5. No Credit for Taxes Paid. The Mortgagor shall not be entitled to any credit against payments due hereunder by reason of the payment of any taxes, assessments, water or sewer rent, or other governmental charges levied against the Mortgaged Premises.

Section 6. Seisin and Warranty. The Mortgagor is seized of an indefeasible estate in fee simple in and to the Mortgaged Premises and hereby warrants to the Mortgagee the title to the Mortgaged Premises. The Mortgagor hereby covenants that the Mortgagor (i) shall preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same to the Mortgagee against all lawful claims whatsoever and the claims of all Persons whomsoever claiming or threatening to claim the same or any part thereof and (ii) shall make, execute, acknowledge and deliver all such further or other deeds, documents, instruments, or assurances, and cause to be done all such further acts as may at any time hereafter be reasonably required by the Mortgagee to protect fully the lien of this Mortgage.

Section 7. Insurance. The Mortgagor hereby covenants to obtain and maintain at all times, throughout the term of this Mortgage, insurance covering the Mortgaged Premises, in such amounts, on such forms and written by such companies, as the Mortgagee may reasonably require from time to time, including (i) comprehensive general public liability insurance (“Commercial General Policy”); (ii) an “All-Risk” policy covering damage due to fire and extended hazard insurance (together with vandalism and malicious mischief endorsements)(“All-Risk Policy”); (iii) if the Mortgaged Premises is required or eligible to be insured pursuant to the Flood Disaster Protection Act of 1973 or the National Flood Insurance Act of 1968, flood insurance; and (iv) business interruption or rental loss coverage. Each insurance policy required under this Paragraph shall be written or endorsed so as to (i) contain a standard mortgagee or lender’s loss payable endorsement, as the case may be, or its equivalent; (ii) with respect to the aforesaid “All-Risk” policy, make all losses and all returns of unearned premiums payable directly to the Mortgagee, without contribution; (iii) with respect to public liability coverage, name the Mortgagee as an additional insured, as its interest may appear; and (iv) waive all rights of set off, counterclaim, deduction, or subrogation against the Mortgagor (so as not to interfere with the Mortgagee’s rights). Each of the Commercial General Policy and All-Risk Policy required under this Paragraph shall contain a provision to the effect that such policy shall not be canceled unless the Mortgagee is notified in writing at least twenty (20) days prior to such cancellation in the event that such cancellation is for non-payment of premium and sixty (60) days prior to such cancellation in the event that such cancellation is for any other reason. Furthermore, the Mortgagor shall provide at least a thirty (30) days prior notice to the Mortgagee before any insurance policy required under this Paragraph is canceled or materially altered. At least thirty (30) days prior to the expiration of any such policy, the Mortgagor shall furnish evidence reasonably satisfactory to the Mortgagee that such policy has been renewed, replaced, or is no longer required by this Paragraph, together with proof of payment of any premiums then owing. At the request of the Mortgagee, the Mortgagor shall deliver all original insurance policies to the Mortgagee. The

Mortgagor shall not take out any separate or additional insurance with respect to the Mortgaged Premises which is contributing in the event of loss, unless it is properly compatible with all of the requirements of this Paragraph. In the event the Mortgagor shall at any time fail to provide the Mortgagee with satisfactory evidence that all such insurance is in full force and effect, the Mortgagee shall have the absolute right to force place any or all of such insurance. The cost of such force placed insurance shall be paid immediately by the Mortgagor, shall be secured by this Mortgage and the other Loan Documents, and, if not paid immediately by the Mortgagor, shall bear interest at the Default Rate.

Section 8. Preservation, Maintenance and Repair. All improvements which are presently erected and are to be erected upon the Mortgaged Premises in the future, shall, at the Mortgagor' own cost and expense, be kept in good and substantial repair, working order and condition, and the Mortgagor shall from time to time make, or cause to be made, all necessary and proper repairs, replacements, improvements, and betterments thereto. The Mortgagor shall not remove a material portion of or materially alter, discontinue the use of, sell, transfer, assign, hypothecate, or otherwise dispose of to any Person any part of the Mortgaged Premises without the prior express written consent of the Mortgagee, except that the Mortgagor shall be permitted to make, from time to time, such substitutions, additions, modifications, and improvements as may be necessary and as shall not impair the structural integrity, operating efficiency and economic value of the Mortgaged Premises. All alterations, replacements, renewals, or additions made pursuant to this Section 8 shall automatically become and constitute a part of the Mortgaged Premises and shall be covered by the lien of this Mortgage. The Mortgagor shall not do, and shall not permit to be done, any act which may in any way impair or weaken the security under this Mortgage.

Section 9. Intentionally omitted.

Section 10. No Additional Liens on Fixtures. The Mortgagor shall not remove or suffer to be removed from the Mortgaged Premises any material fixtures owned by the Mortgagor (as the term "fixtures" is defined by the Uniform Commercial Code in the State of New Jersey, as amended and/or modified from time to time) presently or in the future to be incorporated into, installed in, annexed, or affixed to the Mortgaged Premises (unless such material fixtures have been replaced with similar fixtures of equal or greater utility or value); nor shall the Mortgagor execute or cause to be executed any security interest upon any such fixtures, additions to, substitutions, or replacements thereof, or upon any fixtures in the future to be installed in, annexed or affixed to the Mortgaged Premises, without the prior express written consent of the Mortgagee.

Section 11. Performances. The Mortgagor shall perform and abide by the terms and covenants contained herein and the terms and covenants contained in the Loan Agreement, the Secured Promissory Notes and the other Loan Documents, all of which are made a part hereof as though set forth herein at length.

Section 12. Intentionally omitted.

Section 13. Governing Law; Jurisdiction. This Mortgage has been delivered to and accepted by Mortgagee and will be deemed to be made in the State of New Jersey. This Mortgage will be interpreted in accordance with the laws of the State of New Jersey excluding its conflict of laws rules. **MORTGAGOR HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE STATE OF NEW JERSEY IN A COUNTY OR JUDICIAL DISTRICT WHERE MORTGAGEE MAINTAINS A BRANCH AND CONSENTS THAT MORTGAGEE MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT MORTGAGOR'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS MORTGAGE WILL PREVENT MORTGAGEE FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST MORTGAGOR INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF MORTGAGOR IN THE COURTS OF ANY OTHER JURISDICTION WHICH MORTGAGEE DEEMS NECESSARY OR APPROPRIATE TO ENFORCE MORTGAGEE'S RIGHTS AGAINST MORTGAGOR OR ITS PROPERTY.** Mortgagor acknowledges and agrees that the venue provided above is the most convenient forum for both Mortgagee and Mortgagor. Mortgagor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Mortgage.

Section 14. Modifications in Writing. The terms of this Mortgage may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Section 15. Furniture, Fixtures and Equipment. This Mortgage constitutes a security agreement under the New Jersey Uniform Commercial Code, as amended and/or modified from time to time, and the Mortgagor hereby grants to the Mortgagee a security interest in all furniture, fixtures, and equipment and all other machinery, appliances, furnishings, tools and building materials and other personal property of the Mortgagor now owned or hereafter acquired by the Mortgagor, and installed or to be installed in or on the Mortgaged Premises and used or to be used in the management or operation of the Mortgaged Premises including, without limitation, any and all substitutions, replacements, additions, and accessions thereto, together with any and all cash and non-cash proceeds thereof. The Mortgagor hereby authorize the Mortgagee to file and refile any financing statements, continuation statements, or other security agreements that the Mortgagee may require from time to time to confirm the lien of this Mortgage with respect to such property. Without limiting the foregoing, the Mortgagor hereby irrevocably constitutes and appoints the Mortgagee with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority (coupled with interest) in the place and stead of the Mortgagor and in the name of the Mortgagor or in the Mortgagee's own name, for the Mortgagee to execute, deliver, and file such instruments for and on behalf of the Mortgagor. Notwithstanding any release of any or all of that property included in the Mortgaged Premises which is deemed to be "real property", and proceedings to foreclose this Mortgage or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the obligations of the Mortgagor as are now or hereafter secured hereby.

Section 16. No Assignment. This Mortgage shall not be assigned by the Mortgagor without the prior express written consent of the Mortgagee.

Section 17. Date of Mortgage. The date of this Mortgage shall be for identification purposes only and shall not be construed to imply that this Mortgage was executed on any date other than the date of the acknowledgments of the parties hereto. This Mortgage shall become effective upon its delivery.

Section 18. Taxes.

(i) The Mortgagor shall promptly pay and discharge all taxes, assessments, municipal or governmental rates, charges, impositions, liens and water and sewer rents or any part thereof, heretofore or hereafter imposed upon the Mortgagor or in respect of the Mortgaged Premises before the same shall become in default, as well as all lawful claims which if unpaid might become a lien or charge upon the Mortgagor, the Mortgaged Premises, or any part thereof and any and all insurance premiums, costs, and other expenses with respect to the types and amounts of insurance required to be maintained by the Mortgagor pursuant to Article I, Section 7 of this Mortgage (hereinafter collectively referred to as "Property Taxes and Charges") unless such taxes are being contested in accordance with the following sentence. Mortgagor may defer payment of any contested taxes, provided that Mortgagor (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Mortgagee in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps reasonably required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Mortgaged Premises that is other than a "**Permitted Lien.**"

(ii) After the occurrence and during the continuance of an Event of Default, the Mortgagor shall, if requested by the Mortgagee, pay to the Mortgagee at the time of each installment of principal and interest due under any of the Loan Documents, one twelfth (1/12) of the annual taxes and assessments levied or assessed against the Mortgaged Premises and any premium for applicable insurance, as estimated by the Mortgagee, from time to time. Such payment shall be held by the Mortgagee to be used by the Mortgagee in payment of such taxes, assessments or insurance premium. If such escrow funds are not sufficient to pay such taxes and assessments, as the same become payable, the Mortgagor shall pay to the Mortgagee, upon request, such additional amounts as the Mortgagee shall estimate to be sufficient to make up any such deficiency. No amount paid to the Mortgagee hereunder shall be deemed to be trust funds but may be commingled with general funds of the Mortgagee, and no interest shall be payable thereon. If the Mortgagor is not required to pay such tax escrows pursuant to this section, the Mortgagor shall provide to the

Mortgagee within ten (10) days of a written request, official receipted tax bills, canceled checks, or other evidence reasonably satisfactory to the Mortgagee evidencing that such taxes and assessments have been paid in a timely manner.

Section 19. Change in Laws. During the term of this Mortgage, in the event of the passage after the date of this Mortgage of any law of the State of New Jersey, or of any other Federal, state, county, or local governmental entity, which changes in any way the laws now in force for the taxation of mortgages, or debts secured thereby, for state or local purposes, or the manner of the operation of any such taxes, so as to materially and adversely affect the interest of the Mortgagee, then and in such event the Mortgagor shall bear and pay the full amount of such taxes.

Section 20. Insurance and Condemnation Proceeds.

(i) Mortgagor shall at all times keep the Mortgaged Premises insured in accordance with Article I, Section 7 of this Mortgage. If all or any part of the Mortgaged Premises shall be damaged or destroyed, or if title to or the temporary use of the whole or any part of the Mortgaged Premises shall be taken or condemned by a competent authority for any public use or purpose, there shall be no abatement or reduction in the amounts payable by the Mortgagor hereunder or under the Loan Documents, and the Mortgagor shall continue to be obligated to make such payments.

(ii) If the Mortgaged Premises or any part thereof is partially or totally damaged or destroyed by fire or any other cause, the Mortgagor shall give prompt written notice thereof to the Mortgagee. The Mortgagor hereby authorizes and directs any affected insurance company to make the payment of any and all such proceeds directly to the Mortgagee. The Mortgagee is hereby authorized and empowered by the Mortgagor to settle, adjust, or compromise, in consultation with the Mortgagor, any claims for loss, damage, or destruction to the Mortgaged Premises. The Mortgagor shall pay all reasonable costs of collection of insurance proceeds payable on account of such damage or destruction.

(iii) Upon the occurrence of any damage or destruction to, or condemnation of, the Mortgaged Premises, the Mortgagee shall have a prior claim to all insurance proceeds and condemnation awards over the Mortgagor, and the Mortgagor shall not be entitled to any portion thereof except to the extent specifically provided for herein. All rights to any insurance proceeds and any condemnation awards are hereby assigned by the Mortgagor to the Mortgagee to the extent of the Obligations under the Loan Agreement as remains unpaid, including without limitation, all principal, interest, fees, costs and expenses. Such insurance proceeds or condemnation awards shall be paid to the Mortgagee and applied, in the Mortgagee's sole discretion, but subject to Article I, Section 20(vi) hereafter, either (a) to reduce the outstanding principal balance of the Loan Agreement and to pay all accrued unpaid interest, fees, costs, and other expenses due and owing to the Mortgagee in accordance with the terms, conditions, and provisions of the Loan Agreement, or (b) to restore the damaged or condemned portion(s) of the Mortgaged Premises to a value, character, and condition substantially equivalent to that value, character, and condition prior to the occurrence of such loss or condemnation, all in accordance with the Mortgagee's standard construction loan disbursement conditions and requirements.

(iv) Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking by eminent domain of the Mortgaged Premises, or any portion thereof, the Mortgagor shall notify the Mortgagee in writing of the pendency of such proceedings. The Mortgagor may participate in any such proceedings and the Mortgagor shall from time to time deliver to the Mortgagee all instruments and other information or documentation requested by it to permit such participation. The Mortgagor shall, at the sole cost and expense of the Mortgagor, diligently prosecute any such proceeding and shall consult with the Mortgagee, its attorneys and experts and cooperate with it in any defense of any such proceedings.

(v) In the event any insurance proceeds or condemnation awards are applied by the Mortgagee to reduce the outstanding principal balance of the Obligations under this Section 20, said payments shall be applied against the outstanding principal balance in the inverse order of maturity.

(vi) Notwithstanding anything herein to the contrary, if the Mortgaged Premises are damaged or partially destroyed by casualty, or suffer a partial condemnation, and no Event of Default then exists, Mortgagee shall make the insurance, casualty or condemnation proceeds available to Mortgagor provided Mortgagor uses same solely

to pay the expenses of such repair or restoration as evidenced by receipt by Mortgagee of invoices from independent third party contractors effecting such repair or restoration.

Section 21. Compliance with Laws. The Mortgagor hereby agrees to comply with all applicable laws, rules, regulations, and ordinances made or promulgated by lawful authority which are now or may hereafter be applicable to the Mortgaged Premises within such time as may be required by law. As of the date hereof, the Mortgagor has not received any written notice from any such lawful authority that the Mortgaged Premises is in violation of any such law, rule, regulation, or ordinance. The Mortgagor hereby covenants and agrees that, if such a notice is received by the Mortgagor, whether directly or from any tenant in the Mortgaged Premises, at any time during the existence of this Mortgage, the Mortgagor shall promptly notify the Mortgagee in writing as to the nature and the extent of such claimed violation and shall further provide the Mortgagee a copy of such notice. Nothing in the foregoing shall prohibit Mortgagor from contesting the applicability of any applicable laws, rules, regulations and ordinances in good faith by appropriate proceedings so long as such contest is maintained and prosecuted with due diligence.

Section 22. Indemnification. Mortgagor agrees to indemnify, defend and hold Mortgagee and the Lenders and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Mortgagee or the Lenders in accordance with the terms of Section 12.2 of the Loan Agreement.

Section 23. Absolute Assignment of Rents. The Mortgagor hereby absolutely assigns and sets over to the Mortgagee all of the rents, income and profits arising out of or from the Mortgaged Premises for the purpose of making the payment of the Obligations secured by this Mortgage and, so long as there shall exist no Event of Default, there is reserved to the Mortgagor a license to collect as they become due, but not prior to accrual, all rents, income and profits from the Mortgaged Premises and the proceeds of rent insurance and to retain, use and enjoy the same and to apply such rents, issues, income and profits, all as more specifically provided for and required under this Mortgage to the payment of (i) the cost of all such alterations, renovations, repairs, replacements and maintenance and expenses incident to taking and retaining possession of the Mortgaged Premises and the management and operation thereof and keeping the same insured, (ii) all Property Taxes and Charges and any and all other liens on the Mortgaged Premises and premiums for said insurance, with interest on all such items, and (iii) the repayment of Obligations herein described then due and payable, together with all costs and reasonable attorneys' fees, before using any part of the same for any other purpose. Upon the occurrence of an Event of Default, such license granted to the Mortgagor shall be immediately revoked without further demand or notice from the Mortgagee, and the Mortgagee is hereby empowered to enter upon and take possession of the Mortgaged Premises for the purpose of collecting the same and to let the Mortgaged Premises or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of said Obligations. This assignment and grant shall continue in effect until this Mortgage is paid in full and discharged of record. The Mortgagor shall not, without the prior express written consent of the Mortgagee, receive or collect rent from any tenant of the Mortgaged Premises or any part thereof for a period of more than one (1) month in advance and upon the occurrence of an Event of Default, the Mortgagor shall pay monthly in advance to the Mortgagee or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of the Mortgaged Premises or of such part thereof as may be in the possession of the Mortgagor and, upon default in any such payment, the Mortgagor shall vacate and surrender the possession of the Mortgaged Premises to the Mortgagee or to such receiver. If the Mortgagor does not so vacate and surrender the Mortgaged Premises, then the Mortgagor may be evicted by summary proceedings.

Section 24. Intentionally omitted.

Section 25. Permitted Encumbrances. At no time throughout the term of this Mortgage shall the Mortgagor create, incur, assume, or suffer to exist any mortgage, deed of trust, pledge, lien, security interest, encumbrance, attachment, levy, distraint, or other judicial process and burdens of any kind or nature on or with respect to any of the Mortgaged Premises without the prior express written consent of the Mortgagee, except as permitted under the Loan Agreement and except for matters referenced on Schedule B - Section II to the Title Insurance Commitment dated September 25, 2014 issued by First American Title Insurance Company with respect to the Mortgaged Premises, File Number 14PTFA-050580.

Section 26. Environmental Issues. The Mortgagor hereby further represents, warrants, and covenants that[, except as expressly disclosed in that certain Phase I Environmental Site Assessment dated August 1, 2007 prepared by First Environmental, Inc.:

(i) The Mortgaged Premises, has never been used by previous owners and/or operators of such real property to refine, produce, store, handle, transfer, process or transport “Hazardous Substances” or “Hazardous Wastes” (as such terms are defined in the Applicable Environmental Laws (defined hereafter)) and the Mortgagor has not used in the past, nor does the Mortgagor intend to use in the future the Mortgaged Premises, for the purposes of refining, producing, storing, handling, transferring, processing, or transporting said Hazardous Substances or Hazardous Wastes. As used herein, “Applicable Environmental Laws” shall mean (a) the Comprehensive Environmental Response, Compensation & Liability Act of 1980, as amended, 42 U.S.C. §9601 *et seq.*; (b) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. §6901 *et seq.*; or (c) any and all laws, regulations, and executive orders, both Federal, state and local pertaining to environmental matters, as the same may be amended or supplemented from time to time.

(ii) The Mortgaged Premises, has not been nor is now being used as a “Major Facility” (as such term is defined in N.J.S.A. 58:10-23.11b(1)), and the Mortgaged Premises, will not be used in the future as a Major Facility.

(iii) Should the Mortgagor, any tenant of the Mortgaged Premises or any other Person cause or permit any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances or Hazardous Waste into the waters or onto the lands in the State of New Jersey, or into the waters outside the jurisdiction of the State of New Jersey resulting in damage to the lands, waters, fish, shellfish, wildlife, biota, air, or other resources owned, managed or held in trust or otherwise controlled by the State of New Jersey, without having obtained a permit issued by the appropriate governmental authorities, the Mortgagor shall promptly clean up such spill, leak, etc., in accordance with Applicable Environmental Laws.

(iv) No lien has been attached to any revenues or any real or any personal property owned by the Mortgagor and located in the State of New Jersey, including, without limitation, the Mortgaged Premises, as a result of the administrator of the New Jersey Spill Compensation Fund expending monies from said fund to pay for “Damages” (as such term is defined in N.J.S.A. 58:10-23.11g) and/or “Clean up and Removal Costs” (as such term is defined in N.J.S.A. 58:10-23.11b (d)), arising from an intentional or unintentional action or omission by the Mortgagor or any previous owner and/or operator of said real property resulting in the releasing, spilling, pumping, pouring, emitting, emptying or dumping of Hazardous Substances or Hazardous Wastes into the waters of the State of New Jersey or onto land from which it might flow or drain into said waters or into waters outside the jurisdiction of the State of New Jersey where damage may have resulted to the lands, waters, fish, shellfish, wildlife, biota, air and other resources owned, managed, held in trust or otherwise controlled by the State of New Jersey.

(v) If applicable, the Mortgagor has furnished the New Jersey Department of Environmental Protection with all the information required by N.J.S.A. 58:10-23.11d with respect to the Mortgaged Premises and any other real property owned and/or operated by the Mortgagor and located in the State of New Jersey which is used as a Major Facility.

(vi) The Mortgagor is not in receipt of any summons, citation, directive, letter, or other communication, written or oral, from the New Jersey Department of Environmental Protection concerning any intentional or unintentional action or omission on the Mortgagor’s part resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances or Hazardous Wastes into the waters or onto the lands of the State of New Jersey, or into the waters outside the jurisdiction of the State of New Jersey resulting in damage to the land, waters, fish, shellfish, wildlife, biota, air, and/or other resources owned, managed, held in trust or otherwise controlled by the State of New Jersey, which has not been withdrawn or complied with.

(vii) In connection with any purchase of the Mortgaged Premises or any other real property acquired by the Mortgagor on or after January 1, 1984, to the best of the Mortgagor’s knowledge, the Mortgagor required that

the seller of said real property, including the Mortgaged Premises, comply with the applicable provisions of the New Jersey Industrial Site Recovery Act, formerly known as the Environmental Cleanup Responsibility Act, (N.J.S.A. 13:1K-6 *et seq.*), as amended, and the seller did comply therewith.

(viii) The Mortgagor shall not cause or permit to exist, as a result of an intentional or unintentional action or omission on its part, a releasing, spilling, leaking, pumping, emitting, pouring, emptying, or dumping of a Hazardous Substance or Hazardous Waste into waters of the State of New Jersey or onto the lands from which it might flow or drain into said waters, or into waters outside the jurisdiction of the State of New Jersey where damage may result to the lands, waters, fish, shellfish, wildlife, biota, air, and/or other resources owned, managed, held in trust or otherwise controlled by the State of New Jersey, unless said release, spill, leak, etc., is pursuant to and in compliance with the conditions of a permit issued by the appropriate Federal or state governmental authorities.

(ix) So long as the Mortgagor shall own or operate any real property located in the State of New Jersey which is used as a Major Facility, the Mortgagor shall duly file or cause to be duly filed with the Director or the Division of Taxation in the New Jersey Department of the Treasury, a tax report or return and shall pay or make provision in accordance with and pursuant to N.J.S.A. 58:10-23.11h.

(x) In the event that there shall be filed a lien against the Mortgaged Premises by the New Jersey Department of Environmental Protection pursuant to and in accordance with the provisions of N.J.S.A. 58:10-23.11(f), as a result of the administrator of the New Jersey Spill Compensation Fund having expended monies from said fund to pay for "Damages" (as such term is defined in N.J.S.A. 58:10-23.11g), and/or "Cleanup and Removal Costs" (as such term is defined in N.J.S.A. 58:10-23.11b(d)), arising from an intentional or unintentional action or omission of the Mortgagor, resulting in the releasing, spilling, pumping, pouring, emitting, emptying or dumping of Hazardous Substances or Hazardous Wastes into the waters of the State of New Jersey or onto lands from which it might flow or drain into said waters, the Mortgagor shall, within thirty (30) days from the date that any Mortgagor is given notice that the lien has been placed against the Mortgaged Premises or within such shorter period of time in the event that the State of New Jersey has commenced steps to cause the Mortgaged Premises to be sold pursuant to the lien, either (a) pay the claim and remove the lien from the Mortgaged Premises or (b) furnish (1) a bond reasonably satisfactory to First American Title Insurance Company or another title insurance company reasonably acceptable to Mortgagee and the Mortgagee in the amount of the claim out of which the lien arises, (2) a cash deposit in the amount of the claim out of which the lien arises, or (3) other security reasonably satisfactory to the Mortgagee in an amount sufficient to discharge the claim out of which the lien arises.

(xi) The Mortgagor hereby agrees that in the event the provisions of the New Jersey Industrial Site Recovery Act (N.J.S.A. 13:1K-6 *et seq.*) become applicable to all or any portion of the Mortgaged Premises subsequent to the date hereof, the Mortgagor shall give prompt written notice thereof to the Mortgagee and shall take immediate requisite action to insure full compliance with the Act.

(xii) Should the Mortgagor cause or permit any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying, or dumping of Hazardous Substances or Hazardous Wastes into the waters or onto the lands in the State of New Jersey, or into the waters outside the jurisdiction of the State of New Jersey resulting in damage to the lands, waters, fish, shellfish, wildlife, biota, air, and/or other resources owned, managed, held in trust or otherwise controlled by the State of New Jersey, without having obtained a permit issued by the appropriate governmental authorities, the Mortgagor shall promptly clean up such spill, leak, etc. in accordance with the provisions of the New Jersey Spill Compensation and Control Act.

(xiii) The Mortgagor hereby agrees that the Mortgagee shall have the right to conduct or have conducted by its agents or contractors, such environmental inspections as the Mortgagee shall deem necessary or advisable from time to time, if the Mortgagee, in good faith, has reason to believe that a discharge may have occurred, at the sole cost and expense of the Mortgagor. The Mortgagor shall, and shall cause each tenant of the Mortgaged Premises, if any, to, cooperate with such inspection efforts; such cooperation shall include, without limitation, supplying such information concerning the operations conducted, and Hazardous Substances or Hazardous Wastes located at the Mortgaged Premises.

(xiv) No lien has been attached to any real property owned by the Mortgagor and located within the State of New Jersey, including, without limitation, the Mortgaged Premises, as a result of the Administrator of the United States Environmental Protection Agency expending monies from the Hazardous Substance Superfund for “Damages” and/or “Response Costs” (as such terms are defined and described in 42 U.S.C. §9607(a)), arising from an intentional or unintentional action or omission of the Mortgagor resulting in any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substances or Hazardous Wastes into the navigable waters, the waters of the contiguous zone, or the ocean waters of which the natural resources are under the exclusive managing authority of the United States under the Magnuson Fishery Conservation and Management Act (16 U.S.C. §1801 *et seq.*), or any other surface water, ground water, drinking water supply, land surface or subsurface strata, or ambient air within the United States or under the jurisdiction of the United States when damage may have resulted to the land, fish, wildlife, biota, air, water, ground water, drinking supplies, and other resources belonging to, managed by, held in trust by, appertaining to or otherwise controlled by the United States and any State or local government.

(xv) In the event that there shall be a lien filed against the Mortgaged Premises by the United States Environmental Protection Agency pursuant to and in accordance with the provisions of 42 U.S.C. §9607(1), as a result of the Administrator of the Hazardous Substance Superfund having expended monies from said fund to pay for Damages and Response Action Costs arising from an intentional or unintentional action of the Mortgagor, resulting in any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substances or Hazardous Wastes into the navigable waters, the waters of the contiguous zone, or the ocean waters of which the natural resources are under the exclusive managing authority of the United States under the Magnuson Fishery Conservation and Management Act (16 U.S.C. §1801 *et seq.*), or any other surface water, ground water, drinking water supply, land surface or subsurface strata or ambient air within the United States or under the jurisdiction of the United States where damage resulted to the lands, waters, or natural resources of the United States, then the Mortgagor shall, within thirty (30) days from the date that the Mortgagor is given notice that the lien has been placed against the Mortgaged Premises, or within such shorter period of time in the event that the United States Government has commenced steps to cause the Mortgaged Premises to be sold pursuant to the lien, either (a) pay the claim and remove the lien from the Mortgaged Premises or (b) furnish (1) a bond satisfactory to First American Title Insurance Company or another title insurance company reasonably acceptable to Mortgagee and the Mortgagee in an amount of the claim out of which the lien arises, (2) a cash deposit in the amount of the claim out of which the lien arises, or (3) other security reasonably satisfactory to the Mortgagee in an amount sufficient to discharge the claim out of which the lien arises.

(xvi) The Mortgagor hereby represents and warrants that neither the Mortgagor nor the Mortgaged Premises is in violation of or subject to any existing, pending or, to its knowledge, threatened investigation or inquiry by any governmental authority pertaining to any Applicable Environmental Law. The Mortgagor shall not cause or permit the Mortgaged Premises to be in violation of, or do anything which would subject the Mortgaged Premises to any remedial obligations under, any Applicable Environmental Law and the Mortgagor shall promptly notify the Mortgagee, in writing, of any existing, pending or threatened investigation or inquiry by any governmental authority in connection with any Applicable Environmental Law.

Section 27. Utilities. The Mortgagor hereby represents and warrants that (i) the Mortgaged Premises is served by all required public and/or private utilities, including, without limitation, gas, electric, water, sewer, and telephone or (ii) all required utilities, including, without limitation, gas, electric, water, sewer, and telephone, are available to the Mortgaged Premises.

ARTICLE II. INTENTIONALLY OMITTED

ARTICLE III. IF ANY EVENT OF DEFAULT (AS DEFINED IN THE LOAN AGREEMENT) SHALL HAVE OCCURRED AND IS CONTINUING ON THE PART OF THE MORTGAGOR, THE MORTGAGEE MAY TAKE ANY OR ALL OF THE FOLLOWING ACTIONS, AT THE SAME OR AT DIFFERENT TIMES:

Section 1. Acceleration. Except as to Mortgaged Premises consisting of a dwelling which is occupied, or is to be occupied, by the debtor, who is a natural person, or a member of the debtor’s immediate family, as that

person's residence, the Mortgagee may declare the entire amount of the principal, together with accrued and unpaid interest and other moneys due under this Mortgage, the Loan Agreement, and/or the other Loan Documents, immediately due and payable, and accordingly accelerate payment thereof notwithstanding contrary terms of payment stated therein, without presentment, demand or notice of any kind, all of which are expressly waived, notwithstanding anything to the contrary contained in this Mortgage, the Loan Agreement and/or the other Loan Documents. As to any portion of the Mortgage Premises that consists of a dwelling which is occupied, or is to be occupied, by the debtor, who is a natural person, or a member of the debtor's immediate family, as that person's residence, Mortgagee shall give notice to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Mortgage. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Mortgagor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Mortgagor to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Mortgagee at its option may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, attorneys' fees and costs of title evidence permitted by Rules of Court.

Section 2. Possession. The Mortgagee may (i) enter upon and take possession of the Mortgaged Premises, (ii) lease and let the Mortgaged Premises, (iii) receive all the rents, income, issues and profits thereof which are overdue, due or to become due, and (iv) apply the same, after payment of all necessary charges and expenses, on account of the Obligations secured by this Mortgage. The Mortgagee is given and granted full power and authority to do any act or thing which the Mortgagor or successors or assigns of the Mortgagor who may then own the Mortgaged Premises might or could do in connection with the management and operation of the Mortgaged Premises. This covenant becomes effective either with or without any action brought to foreclose this Mortgage and without applying for the appointment of a receiver of such rents, if any. Should said rents or any part thereof be assigned without the consent of the holder of this Mortgage, then this Mortgage shall at the option of the holder hereof become due and payable immediately, anything herein contained to the contrary notwithstanding.

Section 3. Foreclosure. The Mortgagee may institute an action of mortgage foreclosure, or take other action as the law may allow, at law or in equity, for the enforcement of this Mortgage and proceed thereon to final judgment and execution of the entire unpaid principal balance of the Obligations including costs of suit, interest and reasonable attorney's fees. In case of any sale of the Mortgaged Premises by judicial proceedings, the Mortgaged Premises may be sold in one parcel or in such parcels, manner or order as the Mortgagee in its sole and absolute discretion may elect. The Mortgagee shall not be required to marshal any portion of the Mortgaged Premises. The failure to make any tenants parties defendant to a foreclosure proceeding shall not be asserted by the Mortgagor as a defense in any proceeding instituted by the Mortgagee to collect the obligations secured hereby or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Premises.

Section 4. Appointment of Receiver. The Mortgagee may have a receiver of the rents, income, issues and profits of the Mortgaged Premises appointed without the necessity of proving either the depreciation or the inadequacy of the value of the security or the insolvency of the Mortgagor or any Person who may be legally or equitably liable to pay moneys secured hereby, and the Mortgagor and each such Person waive such proof and consent to the appointment of a receiver.

Section 5. Fair Rental Payments. If the Mortgagor or any subsequent owner is occupying the Mortgaged Premises or any part thereof, it is hereby agreed that said occupants shall pay such reasonable rental monthly in advance as the Mortgagee shall demand for the Mortgaged Premises or the part so occupied, and for the use of personal property covered by this Mortgage or any chattel mortgage.

Section 6. Excess Monies. The Mortgagee may apply on account of the unpaid Obligations (including any unpaid accrued interest) owed to the Mortgagee after a foreclosure sale of the Mortgaged Premises, whether or not a deficiency action shall have been instituted, any unexpended monies still retained by the Mortgagee that were

paid by the Mortgagor to the Mortgagee (i) for the payment of, or as security for the payment of taxes, assessments, municipal or governmental rates, charges, impositions, liens, water or sewer rents, or insurance premiums, if any, or (ii) in order to secure the performance of some act by the Mortgagor.

Section 7. Remedies at Law or Equity. The Mortgagee may take any of the remedies otherwise available to it as a matter of law or equity.

ARTICLE IV. MISCELLANEOUS:

Section 1. Intentionally omitted.

Section 2. Intentionally omitted.

Section 3. Application of Proceeds. All payments and proceeds received under Article III of this Mortgage after the occurrence of an Event of Default shall be applied in accordance with the terms of Section 9.4 of the Loan Agreement. If the amount of the proceeds received from the sale or other disposition of the Mortgaged Premises shall be insufficient to satisfy in full the Obligations, then the Mortgagor shall remain and be liable for any such deficiency.

Section 4. Intentionally omitted.

Section 5. Intentionally omitted.

Section 6. Intentionally omitted.

Section 7. **WAIVER OF JURY TRIAL**. MORTGAGOR AND MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY EACH WAIVE ANY RIGHT TO TRIAL BY JURY THEY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS MORTGAGE OR THE TRANSACTIONS RELATED THERETO. MORTGAGOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF MORTGAGEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT MORTGAGEE WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS RIGHT TO JURY TRIAL WAIVER. MORTGAGOR ACKNOWLEDGES THAT MORTGAGEE HAS BEEN INDUCED TO ACCEPT THIS MORTGAGE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

Section 8. All notices required or permitted to be given hereunder shall be given in accordance with the terms of Section 10 of the Loan Agreement.

Section 9. Successors and Assigns. All of the terms, covenants, provisions, and conditions herein contained shall be for the benefit of, apply to, and bind the successors and assigns of the Mortgagor and the Mortgagee, and are intended and shall be held to be real covenants running with the land, and the term "Mortgagor" shall also include any and all subsequent owners and successors in title to the Mortgaged Premises.

Section 10. Gender. When such interpretation is appropriate, any word denoting gender used herein shall include all persons, natural or artificial, and words used in the singular shall include the plural.

Section 11. Reference to the Loan Agreement. This Mortgage is the "Mortgage" referred to in the Loan Agreement and is subject to all the terms and provisions of the Loan Agreement. Should any provision of the Loan Agreement be inconsistent or contrary to the provisions of this Mortgage, the provisions of the Loan Agreement shall control.

Section 12. Changes in the Mortgage. The Mortgagor and the Mortgagee may agree to change the interest rates and/or the maturity dates of the Loan Agreement or other term or terms of this Mortgage or of the obligations secured by this Mortgage.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed and delivered by its authorized Member, all as of the day and year of effectiveness first above written.

MORTGAGOR:

PCT Allendale, llc, a New Jersey Limited Liability Company

WITNESS:

/s/ Paige E. Cooperman
Signature of Witness

By: /s/ George Goldberger
Name: George Goldberger

Paige Cooperman
Typed Name of Witness

Title: Manager

BE IT REMEMBERED, that on this ____ day of _____, 20____, before me the subscriber, an officer duly authorized to take acknowledgments for use in the State of _____, personally appeared _____ who I am satisfied is the person who executed the within Instrument as the _____ of _____, a _____, the _____ of _____, a _____, the Mortgagor named therein, and I having first made known to him the contents thereof, he did thereupon acknowledge that said Instrument made by said Mortgagor is his voluntary act and deed and delivered by him as said _____ of said Mortgagor and is the voluntary act and deed of said Mortgagor, made by virtue of authority from said Mortgagor's _____ for the uses and purposes therein expressed.

**NeoStem Secures Debt Facility
Strengthens Balance Sheet with Non-Dilutive Financing**

Company Provides Update on Remaining Milestones for 2014

NEW YORK, September 29, 2014 -- NeoStem, Inc. (Nasdaq:NBS) ("NeoStem" or the "Company"), a leader in the emerging cellular therapy industry, announced today that it has entered into a Loan and Security Agreement (the "Loan Agreement") with Oxford Finance LLC ("Oxford") pursuant to which Oxford has agreed to make a term loan to the Company in the principal amount of up to \$20 million, and has made the initial disbursement of \$15 million. The loan matures in September 2018 and the additional \$5 million disbursement is available in the event of the Company's consummation of a partnering transaction around the Company's NBS10 development program for post acute myocardial infarction ("AMI") patients. Oxford will have a security interest in substantially all the Company's real and personal property, excluding intellectual property. No warrants or common stock were issued in connection with this financing.

"This new debt facility will serve as an excellent source of non-dilutive capital to support the launch of our Intus Phase 3 clinical trial in metastatic melanoma, a significant milestone we anticipate meeting by the end of this year," said Dr. Robin L. Smith, Chairman and CEO of NeoStem. "We are pleased both by the terms of the loan and the flexibility it offers us to meet our near-term goals."

WBB Securities, LLC acted as a financial advisor to NeoStem on the transaction.

NeoStem is on track to present data from its PreSERVE AMI study at the American Heart Association's Scientific Sessions on November 17, 2014. PreSERVE AMI is a randomized, double-blinded, placebo-controlled Phase 2 clinical trial testing NBS10, an autologous (donor and recipient are the same) adult stem cell product for the treatment of patients with left ventricular dysfunction following acute ST segment elevation myocardial infarction ("STEMI").

The Company plans to begin the Intus Study, its Phase 3 clinical trial to evaluate the lead product candidate in its targeted immunotherapy program for cancer, NBS20, as an autologous treatment for patients with Stage IV or recurrent Stage III metastatic melanoma, by the end of 2014. NBS20, also referred to as DC/TC (dendritic cell/tumor cell), targets malignant melanoma initiating cells, has been granted fast track and orphan designation by the Food and Drug Administration ("FDA"), and has a Phase 3 protocol that is the subject of a Special Protocol Assessment ("SPA"). The SPA indicates that the FDA is in agreement with the design, clinical endpoints, and planned clinical analyses of the Phase 3 trial that would serve as the basis for a Biologics License Application ("BLA") that would be filed with the FDA requesting marketing approval of this therapeutic candidate.

About NeoStem, Inc.

NeoStem is a leader in the emerging cellular therapy industry, pursuing the preservation and enhancement of human health globally through the development of cell based therapeutics that prevent, treat or cure disease by repairing and replacing damaged or aged tissue, cells and organs and restoring their normal function. The business includes the development of novel proprietary cell therapy products as well as a revenue-generating contract development and manufacturing service business. This combination has created an organization with unique capabilities for cost effective in-house product development and immediate revenue and cash flow generation. www.neostem.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. Forward-looking statements include statements herein with respect to the successful execution of the Company's business strategy, the Company's ability to develop and grow its business, the successful development of cellular therapies with respect to the Company's research and development and clinical evaluation efforts in connection with the Company's Targeted Immunotherapy Program, Ischemic Repair Program, Immune Modulation Program and other cell therapies, the future of the regenerative medicine industry and the role of stem cells and cellular therapy in that industry, the performance and planned expansion of the Company's contract development and manufacturing business and whether the Company consummates a partnering transaction that would entitle it to an additional \$5 million disbursement under the Oxford

term loan. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include the "Risk Factors" described in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 13, 2014, the Company's Current Report on Form 8-K filed with the SEC on May 8, 2014 and in the Company's other periodic filings with the SEC. The Company's further development is highly dependent on future medical and research developments and market acceptance, which is outside its control.

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