

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): August 30, 2006

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

Delaware
(State Or Other Jurisdiction Of Incorporation)

0-10909
(Commission File Number)

22-2343568
(IRS Employer Identification No.)

420 Lexington Avenue, Suite 450
New York, New York
(Address of principal executive offices)

10170
(Zip Code)

Registrant's telephone number, including area code: (212)-584-4814

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02. Unregistered Sales of Equity Securities.

NeoStem, Inc., formerly known as Phase III Medical, Inc. (the "Company"), has made the following unregistered sales of equity securities:

On August 27, 2006, the Company issued a warrant to purchase 100,000 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock") at \$.08 per share to a consultant as payment pursuant to an advisory agreement. The warrant vests as to 20,000 shares per month, and expires July 30, 2009.

On August 27, 2006, the Company issued a warrant to purchase 1,625,000 shares of Common Stock at \$.08 per share to a consultant as payment pursuant to an advisory agreement.

On August 27, 2006, the Company issued a warrant to purchase 75,000 shares of Common Stock at \$.08 per share to a consultant for services rendered.

On August 27, 2006, the Company issued a warrant to purchase 275,000 shares of Common Stock at \$.08 per share to a consultant for services rendered.

On August 27, 2006, the Company issued 416,666 shares of Common Stock to BlausenLisi, L.P. as partial payment for services rendered.

On August 28, 2006, the Company issued to two investors an aggregate of 568,180 shares of Common Stock for conversion of an aggregate amount of \$25,000 of convertible promissory notes. The Company also issued, in connection with such conversions, an aggregate of 113,636 shares of Common Stock to such investors. The Company also issued warrants to purchase up to, in the aggregate, 416,666 shares of Common Stock, at \$.08 per share and reduced the exercise price of warrants to purchase an aggregate of 416,666 shares of Common Stock from \$.12 to \$.08 per share.

On August 30, 2006, the Company sold an aggregate of 27,172,709 shares of its Common Stock at a price of \$0.044 per share, and sold warrants to purchase an aggregate of 13,586,342 shares of Common Stock at an exercise price of \$0.08 per share, for a total aggregate purchase price of \$1,195,600.

All issuances of Common Stock and warrants described in this current report on Form 8-K were made by the Company prior to the effectiveness of a one-for-10 reverse stock split of the Common Stock, effective August 31, 2006.

The Company believes that none of the above transactions involved a public offering, and the Company believes that each transaction was exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Rule 506 of Regulation D and/or Section 4(2) of the Securities Act. The securities granted in these transactions are restricted and may not be resold unless they are subsequently registered under the Securities Act or resold pursuant to an applicable exemption therefrom.

Item 7.01. Regulation FD Disclosure.

The Company is furnishing presentation materials, included as Exhibit 99.1 to this current report and incorporated into this item by reference, which presentation is to be used by the Company to present at future meetings with potential investors.

Item 8.01. Other Events.

On September 6, 2006, the Company issued a press release announcing the Company's completion of a private financing of \$1,750,000. A copy of the press release announcing the financing is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Presentation to Investors
Exhibit 99.2 Press Release dated September 6, 2006

SIGNATURE

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

PHASE III MEDICAL, INC.

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

Dated: September 6, 2006



www.neostem.com

FORWARD LOOKING STATEMENTS

THIS PRESENTATION CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF NEOSTEM, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. WHEN USED IN THIS CONFIDENTIAL PRESENTATION, STATEMENTS THAT ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. ADDITIONALLY, STATEMENTS CONCERNING THE COMPANY'S ABILITY TO DEVELOP THE ADULT STEM CELL BUSINESS, THE FUTURE OF REGENERATIVE MEDICINE AND THE ROLE OF ADULT STEM CELLS IN THAT FUTURE, THE FUTURE USE OF ADULT STEM CELLS AS A TREATMENT OPTION AND THE POTENTIAL REVENUE GROWTH OF SUCH BUSINESS ARE FORWARD-LOOKING STATEMENTS. THE COMPANY'S ABILITY TO ENTER THE ADULT STEM CELL ARENA AND FUTURE OPERATING RESULTS ARE DEPENDENT UPON MANY FACTORS, INCLUDING THOSE SET FORTH IN THE COMPANY'S SEC FILINGS. RECIPIENTS OF THIS PRESENTATION ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

Medical researchers, scientists, institutions, physicians, pharmaceutical companies, and biotechnology companies are racing to develop treatments of many diseases using stem cells

NeoStem is the first company that specializes in the collection, processing, and long-term storage of adult stem cells for autologous use (*Your cells for Your use*)

- ❖ Two patent applications filed on collection and storage process
 - ❖ Multiple use
 - ❖ Unique biobank being developed
-

Disease Treatable with Stem Cells

TODAY

- Leukemias
- Lymphoma
- Multiple Myeloma
- Radiation Sickness
- Autoimmune Dx
- Tissue Repair & Burns
- Breast & Ovarian Cancer

FUTURE POSSIBILITIES

- Diabetes
 - Cardiovascular Dx
 - Spinal Cord Injuries
 - Skin Rejuvenation
 - Rheumatologic
 - Orthopaedic
 - Stroke
-

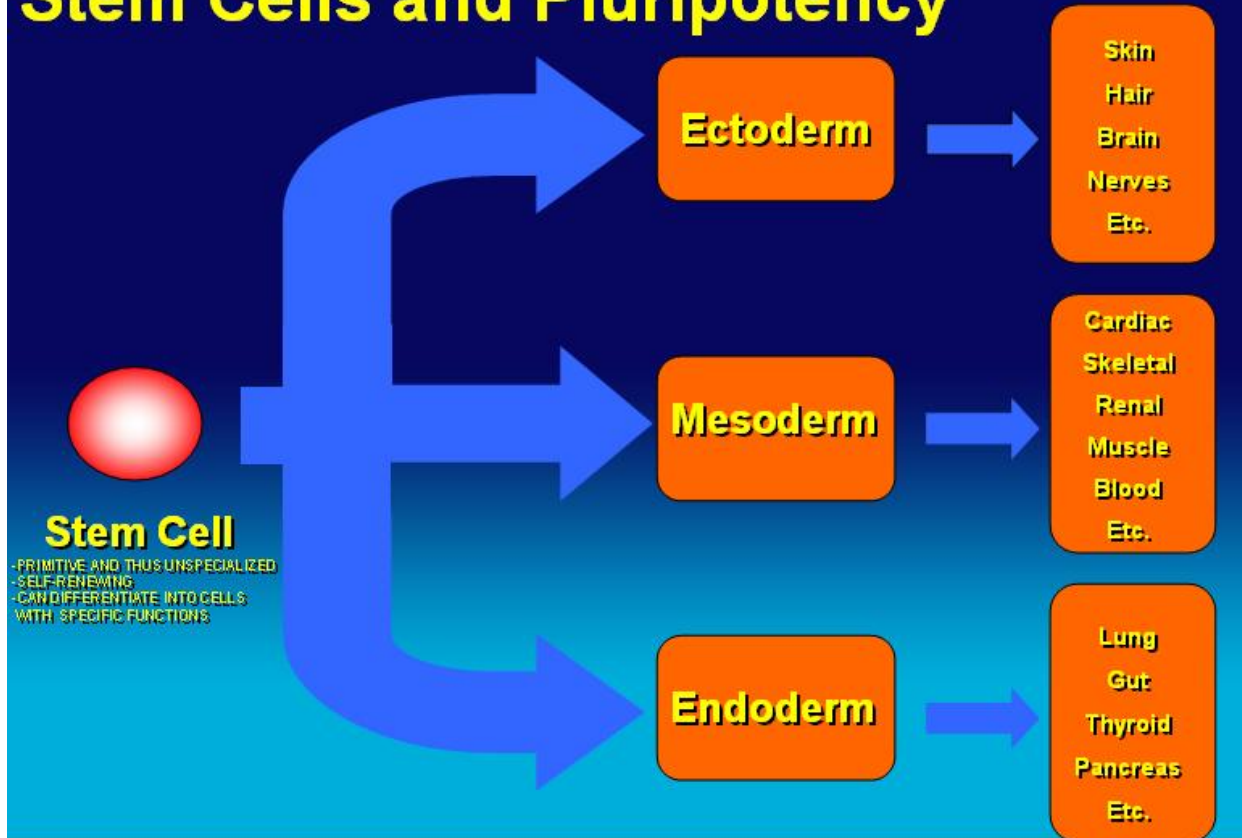
Stem Cell Origination

- Controversial
 - Embryo
 - Fetal Tissue
 - Non-Controversial
 - Umbilical Cord Blood
 - Bone Marrow
 - Adult Peripheral Blood (NeoStem)
-

Who should bank their stem cells?

- Health conscious individuals
 - Individuals with family histories of heart disease, diabetes or cancer
 - Individuals diagnosed with cancer
 - Individuals that are exposed to radiation or harmful toxins because of their jobs
 - "First Responders," who may be exposed to lethal levels of radiation (firemen, policemen, military personnel and homeland security personnel, etc.)
-

Stem Cells and Pluripotency



Autologous vs. Allogeneic Stem Cells

Autologous *Allogeneic*

Tissue Matching	Not Required	Required
Rejection	No	Yes
Graft v. Host	No	Yes
Engraftment	Faster	Slower
Immune Recon.	Faster	Slower
HIV, Hepatitis etc. from Donor	None	Possible

Appeal to Insurance Companies - Savings

	<i>Autologous</i>	<i>Allogeneic</i>
Hospitalization	Short (<5 days)	Long (>30 days)
Time to T_x	1-2 days	90 days (avg.)
Cost of Cells	~\$6,000	>\$22,000
Total Cost of T_x	~\$50,000	\$300 - \$500 K
Minority Avail.	With Storage	Very Low
Match Avail.	Not Applicable	<50%
Post -T_x Drugs	None	~\$4,000/ yr.

Intellectual Property

- NeoStem has two pending U.S. patent applications describing key aspects of our process. These applications are:
 - Elective Collection and Banking of Autologous Peripheral Blood Stem Cells. Publication Number 20040258673, Application Number 10/819,342, Priority Date April 2003
 - This pending patent application addresses the process by which NeoStem prepares and stores stem cells collected from the peripheral blood by an apheresis process
 - Our methodology to separate primary stem cells and store them in numerous aliquots in order to be used for individual disease-related therapies
 - This enables the client to maintain sufficient primary stem cells in the bank for future use without the need and possible complications of *in vitro* stem cell expansion. As a result, each collection results in multiple doses of stem cells
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Intellectual Property (Cont.)

- System Capable of Treating and Defining Various Disease States Using Stem Cells. Publication Number 20040265281, Application Number 10/819,398 Priority Date April 2003
 - This pending application addresses the use of stored stem cells to form the basis for a data set that will provide statistical information on the etiology of disease
 - The establishment of a broad bank of stem cells will allow the Company to capitalize on the information contained within these cells that can be sold to pharmaceutical companies to in connection with pre-clinical research and discovery
 - Each client is asked to donate a small number of cells to this data bank

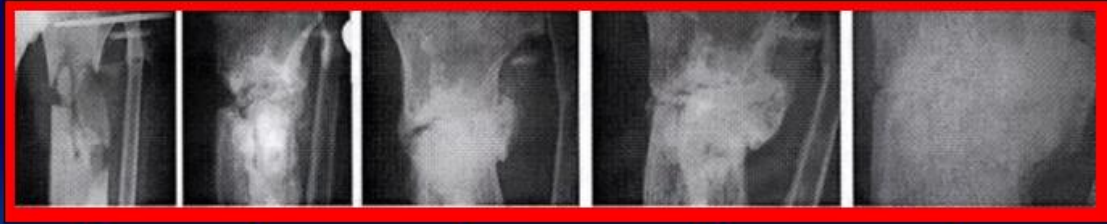
There can be no assumption that either of these pending U.S. patent applications will ultimately issue as patents

Radiation Sickness (Hematopoietic Syndrome)

- ☛ At 3.5 Gy 50% will die within 60 days w/o intervention
 - ☛ Primary cause of death is infection
 - ☛ Individuals exposed to 0.7 – 4.0 grays (Gy) will develop syndrome
 - ☛ Rescue through Stem Cell transplant – treatment of choice
 - ☛ Success rate very high when administered within 7-10 days following exposure
 - ☛ Banking Stem Cell for autologous use critical to First Responders, Military, etc.
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Percutaneous Autologous Bone Marrow Grafting for Nonunions

Hernigou P et al. J Bone & Joint Surg 87A: 1430, 2005



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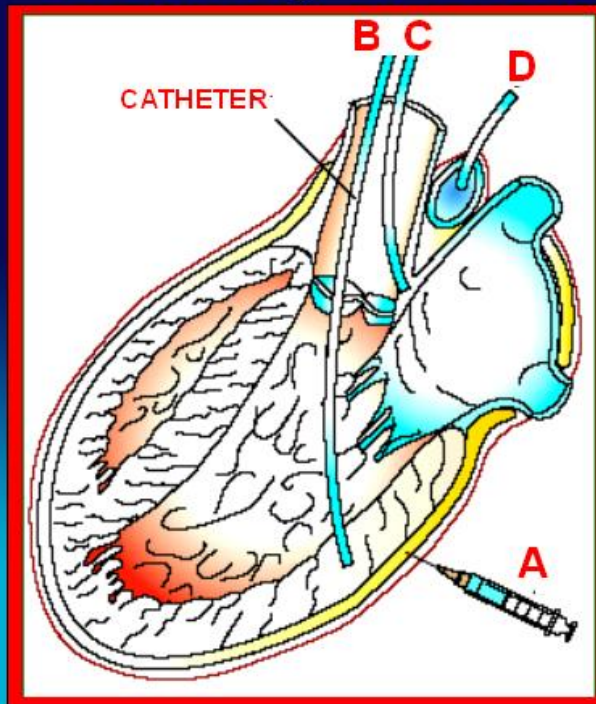
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Chronic Heart Disease

- 5 million people in U.S. have chronic heart disease – 550K new diagnoses each year
 - Until now no effective therapy
 - Adult stem cells are being used to repair heart muscle
 - American Heart Association ranks restoration of failing hearts by adult stem cells among top 10 lifesaving advances of 2004
-

Potential Routes of Direct Delivery of Stem cells to Heart



- A. Direct intramyocardial through the epicardium**
- B. Direct intramyocardial via the endocardium**
- C. Intracoronary**
- D. Retroperfusion via the cardiac veins**

From: Mathur, A and Martin,
JF Lancet 364: 183, 2004

University of Pittsburgh School of Medicine

- 20 patients w/ severe chronic heart disease
 - NY Heart Assoc Classification III & IV
 - 35% ejection fraction (55% normal adult)
 - 10 patients received by-pass surgery & adult stem cells during surgery
 - 10 patients received by-pass surgery only
 - At six month follow-up average ejection fractions were:
 - 46.1 % adult stem cell therapy (83% of normal) – patients cured
 - 37.2 % w/o adult stem cell therapy (67% of normal) – patients continue to suffer from severe chronic heart disease
-

Texas Heart Institute

- Post-AMI Trial
 - 14 patients with an average age of 56 received the stem cell therapy
 - 7 patients served as a control group
 - At 4 months, the treated patients had a sustained improvement in pumping power and ability to supply blood to the body
 - FDA Approved Trial in US March 2004
-



From: Evangelos V. Badiavas and Vincent Falanga
Arch.Dermatol. 139:510, 2003

Comp Table

Company	Smb1	Current Price	52 Week Hi	52 Week Low	Market Cap (Mil)	Shares O/S (Mil)	Capital Raised in last 12 Months (Mil)	2005 Revenues (000)	2005 Net Income/ (Loss) (000)
Celgene Corp	CELG	\$42.5	\$49.4	\$22.6	\$14,903.0	350.7	\$30.0	\$536,941.0	\$63,660.0
Geron Corp	GERN	\$7.0	\$12.2	\$6.0	\$463.1	66.2	\$4.0	\$6,158.0	(\$33,528.0)
BioStem, Inc.	BTEM	\$2.7	\$7.0	\$0.3	\$464.3	175.2	\$0.0	\$1,085.1	(\$940.0)
ViaCell Inc	VIAC	\$4.0	\$7.1	\$3.6	\$154.5	38.6	\$0.0	\$44,443.0	(\$14,667.0)
StemCells Inc	STEM	\$2.3	\$6.2	\$1.8	\$179.7	77.7	\$35.8	\$205.9	(\$11,738.0)
Aastrom BioScience	ASTM	\$1.2	\$2.9	\$1.1	\$142.0	119.3	\$25.5	\$909.0	(\$11,811.0)
Cytori Therapeutics	CYTX	\$5.0	\$9.6	\$4.1	\$87.7	17.5	\$16.8	\$6,005.0	(\$26,538.0)
CryoCell, Inc	CCEL	\$2.6	\$4.0	\$2.1	\$30.1	11.6	\$0.0	\$14,450.3	\$1,033.0
Cord Blood America	CBAI	\$0.1	\$0.4	\$0.1	\$4.1	40.5	\$5.0	\$2,277.5	(\$6,126.1)

Management/Directors/Staff

- **Robin Smith, M.D., MBA**, NeoStem Chairman of the Board and CEO, Chairman Advisory Board of China Biopharmaceuticals (OTC BB: CHBP), Chairman of NYU-Hospital for Joint Diseases
- **Mark Weinreb**, NeoStem Director and President, Former Owner, Bio Health Laboratories
- **Larry A. May**, NeoStem Chief Financial Officer, Former Treasurer, Amgen (NASDAQ: AMGN)
- **Wayne A. Marasco, M.D., Ph.D.**, NeoStem Director, Senior Scientific Advisor, Associate Professor-Department of Cancer and Immunology, Dana-Farber Cancer Institute, Associate Professor of Medicine, Harvard Medical School
- **Denis Rodgerson, Ph.D.** NeoStem Director of Stem Cell Science, Founder of NeoStem, Former Founder of StemCyte, Former Head of Clinical Chemistry and Toxicology and Clinical Laboratory Computing, UCLA Medical Center
- **George Smith, M.D.**, NeoStem Medical Director Laboratory Operations in California. Among his many distinguished career accomplishments, Dr Smith is cofounder of UCLA Bone Marrow Transplant Center
- **Catherine M. Vaczy**, NeoStem VP & General Counsel, Former VP and Associate General Counsel, ImClone (NASDAQ: IMCL)
- **Joseph Zuckerman, M.D.**, NeoStem Director, Chairman of NYU-Hospital for Joint Diseases, Department of Orthopaedic Surgery

Contact Information

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

Main Phone: (212) 584-4180
Fax: (646) 514-7787
Web Site: www.neostem.com

**CONTACTS**

Robin Smith
 CEO, NeoStem, Inc.
 420 Lexington Ave, Suite 450
 NYC, NY 10170
 Tel: (212) 581-5150
 Fax: (646) 514-7787
 E-mail: rsmith@neostem.com
 Web site: www.neostem.com

Stanley Wunderlich/Daniel Stepanek
 Consulting for Strategic Growth 1
 800 Second Avenue
 New York, NY 10017
 Tel: (800) 625-2236/ (212) 896-1206
 Fax: (212) 337-8089
 Emails: info@cfsg1.com
 dstepanek@cfsg1.com
 Web site: www.cfsg1.com

IMMEDIATE RELEASE**FOR****NEOSTEM, INC. COMPLETES FINANCING OF \$1.75 MILLION**

NEW YORK, September 6, 2006 -NeoStem, Inc. (OTCBB:NEOI), a company pioneering autologous Adult Stem Cell (ASC) collection and banking service for the general population for long-term storage for multiple therapeutic uses, today announced it has completed a private financing in the amount of \$1,750,000.

This is the second important financing the Company has completed in less than three months. On June 12, 2006, the Company, then operating as Phase III Medical, Inc. (OTCBB:PHSM), announced a financing in the amount of \$2,079,000, with DC Associates, LLC acting as the principal investor.

On August 30, 2006, following shareholders' approval of a corporate name change from Phase III Medical, Inc. to NeoStem, Inc., the Company entered into a Securities Purchase Agreement with a group of sophisticated individual accredited investors, including Richard Berman, former CEO and Chairman of ICCA and currently CEO of NexMed, Inc.; Michael Gardner, founder, President and CEO, Baytree Capital; and Dan Wassong former Chairman, President and CEO of Del Laboratories. Additionally, 80% of the note holders from the Convertible Promissory Note representing \$400,000 issued by the Company at the end of December 2005 and January 2006 elected to extend or convert into common shares of stock.

The money raised will be used to further develop the Company's intellectual property - including its proprietary methodology for processing and long-term storage of peripheral blood stem cells - operations, marketing and to build partnerships with medical institutions, physicians and pharmaceutical companies. The Company has moved its corporate office from Melville, Long Island to New York City to be closer to the financial community and academic institutions.

The shareholders at the Company's Annual Meeting held on August 29, 2006 approved the change of the Company's name to NeoStem, Inc. and approved a reverse split of the Company's Common Stock at a ratio of one-for-ten shares. The name change and reverse stock split became effective on August 31, 2006 and the stock has begun to trade under its new trading symbol: OTCBB:NEOI. For more information, please visit the Company's Web site: www.neostem.com

Robin L. Smith, MD, MBA, Chairman and CEO of NeoStem, said, "We are extremely pleased with the support we have received from our investors. we value and appreciate their knowledge about the opportunities available for NeoStem in addressing the rapidly advancing applications of adult stem cells in potentially treating disease and other critical health problems. NeoStem's proprietary methodologies allow adults to have their stem cells safely collected and conveniently banked for future personal use. We believe investors know the importance of emerging developments in these fields and recognize the key role of NeoStem's services in enabling clients to access their stem cells when needed."

About NeoStem, Inc.

NeoStem, Inc. (OTCBB:NEOI), formerly Phase III Medical, Inc. (OTCBB:PHSM), is an innovative, publicly traded company positioned to become a leader in the adult stem cell field and to capitalize on the increasing importance adult stem cells are expected to play in the future of regenerative medicine.

Using its proprietary process, NeoStem provides the infrastructure, methods and systems that allow adults to have their stem cells safely collected and conveniently banked for future therapeutic use, as needed, in the treatment of such life-threatening diseases as diabetes, heart disease and radiation sickness that may result from a bio-terrorist attack. Adult stem cell therapy has also been used for many years in treating blood cancer. Further potential uses include regenerative therapies for wound healing, autoimmune diseases such as multiple sclerosis and lupus, and age-related degenerative musculoskeletal diseases .

NeoStem uses the least invasive form of collection called apheresis, a well known safe procedure that extracts stem cells from an adult's peripheral blood. Once collected, NeoStem's storage process allows the cells to be cryo-preserved during an individual's lifetime for use when needed. The management, Board of Directors and Advisors of NeoStem collectively have significant technical, medical and scientific expertise as well as substantial experience in life science marketing and business development.

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Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the Company's ability to develop the adult stem cell business, the future of regenerative medicine and the role of adult stem cells in that future, the future use of adult stem cells as a treatment option and the potential revenue growth of NeoStem's business. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Company's ability to enter the adult stem cell arena and future operating results are dependent upon many factors, including but not limited to (i) the Company's ability to obtain sufficient capital or a strategic business arrangement to fund its expansion plans; (ii) the Company's ability to build the management and human resources and infrastructure necessary to support the growth of its business; (iii) competitive factors and developments beyond the Company's control;(iv) scientific and medical developments beyond the Company's control and (v) other risk factors discussed in the Company's periodic filings with the Securities and Exchange Commission which are available for review at www.sec.gov under "Search for Company Filings."

Pursuant to a July 1, 2006 agreement, Consulting For Strategic Growth I, Ltd. ("CFSG1") provides the Company with consulting, business advisory, investor relations, public relations and corporate development services, for which CFSG1 receives a fixed monthly fee for the duration of the agreement. Independent of CFSG1's receipt of cash or other compensation from the Company, CFSG1 may choose to purchase the common stock of the Company and thereafter sell those shares at any time it deems appropriate to do so. For more information, please visit www.cfsg1.com