

Press Release Source: Neostem, Inc.

NeoStem Completes \$11 Million Private Placement Financing to Support Expansion Activities in China, Further Development of NeoStem's VSEL Technology and Advancement of Medical Tourism Initiatives

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NEW YORK, April 13 /PRNewswire-FirstCall/ -- NeoStem, Inc. (Amex: [NBS](#) - [News](#)) announced today that it has completed a private placement financing totaling \$11 million from three Asia-based investors, including a private equity firm operating in partnership with strategic investors drawn from leading Asian families and businesses.

The financing consists of units priced at \$12.50 per unit, with each unit consisting of one share of the Company's Series D Convertible Redeemable Preferred Stock and ten warrants each to purchase one share of common stock (resulting in an equivalent price of \$1.25 per common share plus an attached warrant). The warrants have a per share exercise price equal to \$2.50 and are callable by the Company if the common stock trades at a price equal to \$3.50. Subject to the affirmative vote of the Company's shareholders and the rules of the NYSE Amex, the warrants will become exercisable for a period of five years and each share of Series D Convertible Redeemable Preferred Stock will automatically convert into ten shares of Common Stock.

The investing firms are RimAsia Capital Partners, LP, a pan-Asia private equity firm operating in partnership with a regional network of strategic investors drawn from leading Asian families and companies, investing \$5 million; Enhance Biomedical Holding Corporation based in Shanghai, also investing \$5 million and Elancrest Investments Ltd., a Singapore-based firm, investing \$1 million. RimAsia Capital Partners previously invested \$1.25 million in NeoStem, as was announced on September 3, 2008.

The funds will be used to support the development of NeoStem's VSEL (very small embryonic-like stem cells) technology licensed from the University of Louisville and help advance NeoStem's expansion activities in China, including those relating to its pending acquisitions and medical tourism - defined as travel by people whose primary and explicit purpose is to access in a foreign country medical treatment not yet available in their own nation. Through its connections with leading physicians in China and the U.S., NeoStem expects to connect U.S. citizens with advanced therapies not yet available in the U.S., and attract people from other countries to seek safe and effective regenerative therapies as they become available here. A portion of the funds also will be used to expand U.S.-based operations. In addition, a portion of the proceeds will be used to repay \$1,125,000 in bridge financing received from RimAsia Capital Partners, LP in February and March, interest on the bridge financing and other costs advanced by RimAsia in connection with the Company's expansion activities in China.

Dr. Robin Smith, Chairman and CEO of NeoStem, stated, "We are extremely pleased to receive this substantial investment from a group of highly respected investors in Asia. Our relationships with our business partners in China continue to deepen as we recognize increasing areas of synergies among our innovative stem-cell technologies, products and services, and business models. When these acquisitions are completed, we anticipate NeoStem will benefit greatly from expanded new markets, distribution channels and production capabilities for a growing pipeline of regenerative drugs and procedures offered in the world's two largest economies."

Eric Wei, Managing Partner of RimAsia Capital Partners, LP said, "We are extremely optimistic about the growth opportunities for NeoStem based on its multi-pronged plan to capitalize on a growing PRC-based network. We are glad to be joined by other investors in Asia who recognize the huge market potential for stem cell therapies in the PRC, a field in which breakthroughs are developing at an accelerating rate."

The securities sold were sold without registration under the Securities Act of 1933, as amended (the "Act") pursuant to Regulation S and Regulation D, each promulgated under the Act and may not be resold in the United States or to U.S. persons unless registered under the Act or pursuant to an exemption from registration under the Act. Hedging transactions involving such securities may not be conducted unless in compliance with the Act.

About NeoStem, Inc.

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

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the Company's expansion activities in China and the future for the commercial use of stem cell therapies and the Company's VSEL technology. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from those projected in forward-looking statements include the "Risk Factors" described in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2008 and the Company's other periodic filings with the Securities and Exchange Commission. The Company's further development is highly dependent on future medical and research developments and market acceptance which are outside its control.

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