

Press Release Source: NeoStem, Inc.

NeoStem Obtains Exclusive Worldwide License for Innovative Stem Cell Technology and Applications to Heal Chronic Wounds

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NEW YORK, May 4 /PRNewswire-FirstCall/ -- NeoStem, Inc. (NYSE Amex: NBS), which is pioneering the pre-disease collection, processing and long-term storage of adult stem cells for future medical need, announced today it has signed an agreement to license the exclusive worldwide rights to an innovative product and procedure using autologous bone marrow-derived stem cells to promote the healing of chronic wounds.

The licensed technology, with pending patent applications, has been developed by Vincent Falanga, M.D., Chairman of the Department of Dermatology and Skin Surgery at Roger Williams Medical Center, Providence, R.I. Dr. Falanga is also Professor of Dermatology and Biochemistry at Boston University School of Medicine, a Fellow of the American College of Physicians, and a past President of the Wound Healing Society, the leading scientific organization focused on this specialty.

Dr. Falanga's stem cell product under development, Primcel, is a mesenchymal stem cell (MSC) product. Early clinical studies indicate that Primcel can be used to accelerate or jump start healing of chronic wounds. Dr. Falanga's work seeks to develop a prepackaged product, ready for physician use in a clinical setting, consisting of three applications over a 12-week period.

Dr. Robin Smith, CEO of NeoStem, said, "We are very pleased to sign this agreement with Dr. Falanga. Acquisition of the exclusive worldwide rights to this innovative wound healing technology will help advance NeoStem as a leader in the field of stem-cell tissue regeneration."

Dr. Smith added, "In October 2008, we announced that the U.S. Department of Defense appropriated \$800,000 in funds for NeoStem to evaluate the potential use of adult stem cell therapy for treating wounds suffered by members of the U.S. military and first responders. We hope this effort will lead to groundbreaking medical findings that ultimately save troops from amputations and immobilization from injuries sustained while fighting for our country. The award is required to be distributed to NeoStem by October 2010 and will be in the net amount of \$681,000."

"Moreover," she continued, "chronic wounds are a major unmet medical need for both civilians and military personnel. For example, in 2003, in the United States, 120,000 diabetic patients required treatment for a chronic wound and 75,000 required lower extremity amputations related

to unhealed wounds, costing the healthcare system in excess of \$4 billion. Radiation exposure, severe burns, and crush injuries of the bone are other causes of chronic open wounds. Our goal, through the DOD grant, is to determine if there are multiple sources of autologous stem cells to effectively treat wounds, and Dr. Falanga's bone marrow procedure is an important step in that direction. Other procedures to be explored may use mobilized peripheral blood stem cells or VSELs, for example."

About NeoStem, Inc.

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

For more information, please visit: 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. The Company's actual results, including the realization of potential benefits from the acquisition of its new licensed technology, 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 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 is outside its control.

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