

Company Report

NEOSTEM, INC.

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NEOSTEM, INC. (NYSE:AMEX – NBS- \$1.94)

Price Target: \$4.50

Rating: Speculative Buy

COMPANY SNAPSHOT

NeoStem Inc. is an international biopharmaceutical company engaged in adult stem cell collection and storage, the development of stem cell-based therapies, and generic pharmaceuticals in China. NeoStem's network of adult stem cell collection centers in the U.S. and Asia enable adults to donate and store their own stem cells for their personal use in times of future medical need. The Company is also the licensee of various stem cell technologies, including a worldwide exclusive license to VSEL™ technology which has shown to have several physical characteristics typically found in embryonic stem cells. NeoStem's majority-controlled Chinese pharmaceutical operation, Suzhou Erye, manufactures and distributes generic antibiotics in China.

KEY STATISTICS

Price as of 7/28/10	\$1.94
52 Wk High – Low	\$3.50 – 1.26
Est. FD Shares Out.	56.8M
Market Capitalization	\$110.2M
3 Mo Avg Vol	408,000
Exchange	NYSE: Amex

COMPANY INFORMATION

NeoStem, Inc.
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INVESTMENT HIGHLIGHTS

NeoStem is a pioneer in the ground-breaking stem cell market. The Company is a leader in stem cell banking, and is an emerging provider of stem cell operations through its worldwide exclusive license to cutting-edge VSEL™ platform technology. According to leading research firm Markets and Markets, the global stem cell products market is expected to reach \$88 billion in 2014.

The Company has positioned itself as a diverse biopharmaceutical firm in terms of business lines, stem cell operations and geography. NeoStem generates meaningful revenue from its 51%-owned generics pharmaceutical subsidiary Suzhou Erye, and is engaged in the provision of stem cell services and technology in the U.S. and China.

NeoStem's stem cell business and technology models have received "a blessing" from the Catholic Church via joint ventures with the Vatican Pontifical Counsel. This landmark relationship includes initiatives such as up to \$1M in funding for stem cell therapy research as well as market education and awareness.

NeoStem has already begun to successfully leverage its Suzhou Erye operations and we expect the Company to ride the huge wave of growth in the Chinese pharmaceuticals market. The industry is expected to triple in size by 2014 and become the 3rd largest pharmaceutical market the world.

This undervalued company is a leader in 2 of the most exciting and fastest-growing segments of the entire health care sector. Plus, its diversified business approach lowers the risk profile as compared to other stem cell plays. Based on our sum-of-the-parts valuation, we project that the China pharma operations could be worth nearly \$2.80 a share and the stem cell business worth a conservative \$1.70 per share. This is based on publicly-traded generic comparables and stem cell company peer valuations. We rate the stock a Speculative Buy with a \$4.50 six-month price target.

NEOSTEM, INC. (NYSE: AMEX: NBS)

Analyst: Robert Goldman

Rob Goldman has 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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