



Consulting for Strategic Growth



CFSG1 Case Study

NeoStem Inc. (Amex:NBS) May 2011 Update

CFSG1 Corporate Guidance and Financial Contacts Help Restructure and Finance New Growth for NeoStem

NeoStem Inc. (Amex: NBS), an international biopharmaceutical company with operations in the U.S. and China, is engaged in the development of stem cell-based therapies, pursuit of anti-aging initiatives and building of a network of adult stem cell collection centers in the U.S. and China that are focused on enabling people to donate and store their own (autologous) stem cells for personal use in times of future medical need. The Company also has licensed various stem cell technologies, including a worldwide exclusive license to VSEL(TM) technology which uses very small embryonic-like stem cells, shown to have several physical characteristics that are generally found in embryonic stem cells, and is pursuing the licensing of other technologies for therapeutic use. NeoStem's majority-controlled Chinese pharmaceutical operation, Suzhou Erye, manufactures and distributes generic antibiotics in China.

Consulting for Strategic Growth 1 has provided corporate guidance and financial contacts to NeoStem, Inc., since 2007. Throughout the years, CFSG1's counsel guided a changing business plan, developed financial sources, and helped structure the financing to promote long-term growth for the company.

- **Approximately 26.14 Million Shares Shorted Since August 2009**
- **Short Squeeze Expected Above \$1.91 Squeeze Trigger Price**

NEWPORT BEACH, Calif., April 7, 2011 (GLOBE NEWSWIRE) -- BUYINS.NET, <http://www.buyins.net>, a leading provider of Regulation SHO compliance monitoring, short sale trading statistics and market integrity surveillance, has updated coverage on Neostem, Inc. (AMEX:NBS - [News](#)) after releasing the latest short sale data through April 6, 2011. The total aggregate number of shares shorted since August 2009 is approximately 26.14 million shares. Approximately 29.72% of daily trading volume is short selling. The Squeeze Trigger price for all (AMEX:NBS - [News](#)) shares shorted is \$1.91. A short squeeze is expected when shares of NBS close above \$1.91.

<http://finance.yahoo.com/news/NeoStem-to-Present-at-Cowen-prnews-156383623.html?x=0&.v=1>

<http://finance.yahoo.com/news/NeoStem-Announces-the-prnews-1899117787.html?x=0&.v=1>

<http://finance.yahoo.com/news/NeoStem-to-Present-at-10th-prnews-3803984811.html?x=0&.v=1>

Most recently, on **June 25, 2010**, NeoStem announced it has raised **\$5 million in a registered direct offering involving new institutional investors**. **CFSG1 strategic partner Rodman & Renshaw, LLC**, acted as the Company's exclusive placement agent in connection with the offering.

Two recent breakthrough events greatly spurring NeoStem's growth are direct results of such long-term counsel founded on earned confidence and trust with the NeoStem management.

► **In October 2009**, NeoStem Inc. completed its **acquisition of China Biopharmaceuticals Holdings, Inc.**, the fruition of a year of work initiated originally through the counsel, contacts and financial guidance of Stanley Wunderlich, CEO of CFSG1. The move transformed the Company – previously a pioneering U.S. business focused on developing stem cell-based therapies, anti-aging initiatives, and a network of adult stem cell collection and storage centers – into an international biopharmaceutical company with 51% ownership of the China company **Suzhou Erye Pharmaceutical Co. Ltd.**, which **manufactures over 100 drugs in China on seven GMP lines, and generates revenues of approximately \$50 million and netted over \$7 million in 2008**.

Determined to realize the full potential of the stem cell technologies that the company owned, Dr. Robin Smith, MD, MBA, and CEO of NeoStem, with the guidance of CFSG1, pursued an aggressive plan for potential acquisitions in China, where stem cell research is highly advanced and encouraged by the government. Leveraging **CFSG1's personal contacts in China** built over a period of three years, Dr. Smith identified several acquisition candidates and engaged **Rodman & Renshaw, a CFSG1 strategic partner**, as NeoStem's investment banker to analyze and select the candidate with the greatest potential. In the end, the choice was China BioPharmaceuticals, a previous client of CFSG1, whose principals were well known to the agency.

Throughout the process, CFSG1 provided counsel regarding a new business plan, financial sources, and structuring the financing to promote long-term growth for the company.

► **On May 19, 2010**, NeoStem announced a **second significant breakthrough** that also resulted from contacts initiated by CFSG1. NeoStem and the **Vatican's Pontifical Council for Culture** announced a joint 5-year initiative between the companies and their charitable organizations to expand research and raise awareness of adult stem cell therapies. This major breakthrough by the Vatican on the issue of stem cell research resulted from NeoStem's worldwide exclusive license to **VSEL™ technology**, acquired by NeoStem in 2007 from the University of Louisville Research Foundation ("ULRF"). VSELS – very small embryonic-like adult stem cells – have all the characteristics of embryonic stem cells but avoid the ethical and rejection issues that occur with using another person's embryonic stem cells.

This acquisition resulted from a CFSG1 introduction that connected NeoStem's management to UTEK®, a specialty finance company focused on technology transfer, whose services enabled companies to acquire innovative technologies from universities and research laboratories worldwide. Through UTEK, NeoStem acquired an exclusive license to VSEL(TM) technology in 2007, launched a long-term relationship with the University of Louisville, and created the **NeoStem Stem for Life Foundation** to create awareness about the promise of adult stem cells to treat disease. The Vatican will partner exclusively with NeoStem to host a **Stem Cell Summit in Rome in 2011** to highlight the practical use of these treatments and will also teach courses at all its universities and hospitals about the scientific advantage of adult stem cells, especially the VSEL.

Dr. Robin Smith, MD, MBA, and CEO of NeoStem, declared, "CFSG1's consistent guidance and support have been instrumental in forming NeoStem's platform for growth. Their insight and contacts were vital every step of the way."

"When a Company has strong leadership and a clear business vision, this level of strategic development becomes possible," said Stan Wunderlich, CEO of CFSG1. "CFSG1's network of influential contacts – built through decades of experience in the financial world – offers smart executives unique resources to grow their businesses."

Other recent NeoStem updates:

June 29, 2010 - NeoStem Pharmaceutical Subsidiary Announces Two cGMP Lines are Now Fully Operational in New Facility. Move increases production capacity by more than 50% for significant revenue generating antibiotics.

June 28, 2010 - NeoStem Achieves New Milestone as Company Joins Russell 3000 Index.

June 8, 2010 - Appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2010, as ratified by its shareholders.

"The appointment of Deloitte & Touche LLP is just one of a number of steps the Company has taken since our acquisition of a controlling interest in Suzhou Erye Pharmaceutical Company Ltd. ("Erye") in October 2009 that demonstrates our commitment to embracing the highest financial reporting standards," said Robin Smith, M.D., NeoStem's Chief Executive Officer and Chairman of the Board. "Our US GAAP qualified accounting and financial personnel have been working closely with Erye to assist their personnel with strengthening their internal controls and we are pleased to report strides being made in this effort."

May 28, 2010 - Company's Director of Clinical Affairs and Apheresis, Lee Clough, to present at the American Society for Apheresis (ASFA) 2010 Annual Meeting.

"As a pioneer in the field of autologous adult stem cell collection, our collection centers have been using the minimally invasive apheresis technique to extract stem cells from the body. We are proud to share our experience and knowledge in the area to help advance the apheresis field," said Robin Smith, M.D., NeoStem's CEO and Chairman. "NeoStem remains committed to expanding its adult stem cell collection network to help healthy individuals collect and store their cells for future use and is **on track to have 10 stem cell collection centers in the U.S. by the end of the year.**"

April 27, 2010 - NeoStem, Inc. Officially Launches Adult Stem Cell Collection Center and R&D Laboratory in Cambridge, Massachusetts

April 22, 2010 - NeoStem, Inc. and ImmuneRegen BioSciences(R) Announce a Collaborative Agreement to Advance Stem Cell Technology

April 15, 2010 - NeoStem Selected to Present Panel Discussion on Stem Cell Therapy at New York Biotechnology Association 2010 Annual Meeting

April 12, 2010 - New Adult Stem Cell Collection Center in Austin to Open April 15, 2010 and Begin Collections

April 5, 2010 - NeoStem's Suzhou Erye Pharmaceutical Subsidiary Receives Approval to Manufacture Generic Cloxacillin

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