

With An Acquisition Allowing Them To Enter Into The Area Of Traditional Pharmaceuticals, But Remain Focused On Stem Cell Therapy And Services With Their Expansion Into China, NeoStem, Inc. Has Become A More Global Company With Greater Growth Potential Being In The Right Place At The Right Time



**Healthcare
Specialized Health Services
(NBS-AMEX)**



**Dr. Robin L. Smith, M.D., MBA
Executive Chairman and CEO**

BIO:

Dr. Robin L. Smith joined the Company as Chairman of its Advisory Board in September 2005 and, effective June 2, 2006, became the Chief Executive Officer and Chairman of the Board. Dr. Smith, who received a medical degree from Yale University in 1992 and a master's degree in business administration from the

Wharton School in 1997, brings to the Company extensive experience in medical enterprises and business development. From 2000 to 2003, Dr. Smith served as President & Chief Executive Officer of IP2M, a multi-platform media company specializing in healthcare. During her term, the company was selected as being one of the 10 fastest growing technology companies in Houston. IP2M was sold to a publicly-traded company in February 2003. Previously, from 1998 to 2000, she was Executive Vice President and Chief Medical Officer for HealthHelp, Inc., a National Radiology Management company that managed 14 percent of the healthcare dollars spent by large insurance companies.

Dr. Smith has acted as a senior advisor and investor to both publicly traded and privately held companies where she has played a significant role in restructuring and or growing the companies. Dr. Smith served on the Board of Directors of two privately held companies, Talon Air and Biomega, and also served on the Chemotherapy Foundation Board of Trustees and The New York Theatre Ballet. She currently serves on the Board of Trustees of the NYU Medical Center Board, is past Chairman of the Board of Directors for the New York University Hospital for Joint Diseases where she headed up new development efforts and board member recruitment, and served on the Board of Choose Living. Dr. Smith is the President and serves on the Board of Directors of The Stem for Life Foundation.

Company Profile:

NeoStem, Inc. is an international biopharmaceutical company with product

and service revenues, global research and development capabilities and operations in three distinct business units: (i) U.S. adult stem cells, (ii) China adult stem cells, (iii) China pharmaceuticals. These business units are expected to provide platforms for the accelerated development and commercialization of innovative technologies and products in both the U.S. and China.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Dr. Smith, what was your vision when you became CEO in 2006, and where are you today?

Dr. Smith: To help the company grow from a small bulletin board company, which made investments in other companies, into a cutting edge technology company with a revenue stream from services. Three years later, we are on the NYSE with a market cap of over \$100M.

CEOCFO: What is happening today in NeoStem?

Dr. Smith: We have become a global biopharmaceutical company transformed from a service business to a therapeutic company with traditional pharmaceuticals, and the upside of stem cell based therapies.

CEOCFO: Would you tell us about the different areas of your business?

Dr. Smith: We have two sides of our business. We have a majority interest in a pharmaceutical company that produces over 100 drugs. 95% are antibiotic finished goods that are distributed throughout China. It is a very profitable business

with over \$60 million in revenue in 2009. It is a great platform for growth because China is going through healthcare reform and is putting \$124 billion into healthcare over the next couple of years, increasing access points of care. The pharmaceutical company has been capacity constrained and is in the middle of a relocation that will increase the capacity of the manufacturing lines with state-of-the-art equipment. Additionally, there is room for growth into new lines of manufacturing. The other part is the stem cell side, where the Neostem technology enables healthy adults to have our stem cells collected and stored today for potential future use. It is safe and not invasive. We do not manipulate the cells, so it is almost a snapshot of your immune system.

Our research facility is focused on isolating sub populations of cells and we are particularly excited about a specific cell type called very small embryonic like stem cells (VSEL™ Technology). You and I actually have remnants of when we were an embryo. These stem cells are similar morphologically to embryonic stem cells, but without the controversy. You do not have the ethical and moral dilemma of having to destroy an embryo to get stem cells or the risk of infectious disease rejection, or graft versus host disease. We just signed an exclusive contract with the

Vatican yesterday, to help promote the promise of adult stem cells and help fund adult stem cell research including the VSEL™ Technology. The last segment of the Neostem business is the stem cell therapy side. Neostem has also licensed technology in the orthopedics, wound care and cosmetic and anti-aging disciplines and will start delivering therapy this summer in China and Taiwan for the domestic population.

CEOCFO: How long has the Vatican been involved?

Dr. Smith: We recently announced this relationship. They made an initial investment of 1 million dollars through our not-for-profit organizations. The plan is to influence public perception about adult stem cells. Together, we will be promot-

ing the future advancements of adult stem cell technology, including our VSEL™ Technology, so that we can advance stem cell therapies for diseases outside of cancers like cardiac disease, autoimmune disorders, burns and macro-degeneration. We also want to set-up academic programs on bio-ethics in high schools and universities so that people understand that they can be a supporter of adult stem cells and understand the value without feeling like they are breaching any ethical, moral or religious beliefs. Lastly, we will update the religious leaders of the world today and train the next generation of academia and pastors so that they understand the challenges and the importance of the bio-ethics with respect to adult stem cell therapy. We have a big

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- Dr. Robin L. Smith, M.D., MBA

agenda and the plan is to kick this off with a three-day conference at the Vatican in November of 2011.

CEOCFO: If you tell people that this is your own stem cells, why is it hard for them to understand?

Dr. Smith: It is just education. There is a lot of misconception about stem cells.

CEOCFO: Neostem has a proprietary technology; what are you doing that is different?

Dr. Smith: We have used bone marrow transplantation for a very long time in cancer treatment but people haven't taken those stem cells from healthy adults and collected and stored for future use. Over 50% of people are unable to get a stem cell match when they need a transplant. If you would donate cells for a total

stranger, why wouldn't you do this for yourself? In essence, it is a bio-insurance and a foundation for future health. Our method does not require the cells to be manipulated. Which is an important differentiating factor. Not all stem cells are alike and we are particularly excited about one that appears to be able to become cell types from all three germ layers VSEL™. We are also focusing on technology, in an effort to develop therapies and have acquired licenses for administering stem cells for regenerative medicine more rapidly.

CEOCFO: Do you see the trend toward personalized medicine helping in that regard?

Dr. Smith: Yes, we do see a trend towards personalized medicine. If you could use a stem cell to determine whether a drug is going to impact a disease that you have, what better way is there to choose a therapy. In addition, we should actually save money as we remove treatments that will be costly and ineffective. This should only impact people's health in a positive way.

CEOCFO: How involved are you day-to-day with the China operation?

Dr. Smith: The pharmaceutical company has done unbelievably well. We have a very

strong management team, so on the day-to-day issues we are not involved. However, we talk often on all kinds of issues, including, new drugs for their pipeline, new collaborative agreements and corporate matters. We are involved with them as we focus on the stem cell side of the business.

CEOCFO: In China, why are companies buying drugs from you?

Dr. Smith: China is going through healthcare reform. They are building 30,000 clinics and points of service for people to get treatment, so anyone who goes to see a physician, is going to have a higher chance of being treated. Our subsidiary Suzhou, Erye is well positioned as a quality manufacturer of drugs, with

established well-managed, good customer service and manufacturing capabilities.

CEOCFO: You are right in there at the right time!

Dr. Smith: Yes. It is sort of those once in a lifetime opportunities. It is a \$124 billion business on the pharmaceutical side, and it is projected worldwide to be an \$88 billion business on the stem cell side. We have a tremendous market share to go after for both sides of our business.

CEOCFO: What is the financial picture like for NeoStem today?

Dr. Smith: We raised capital February 15th and June 7th to help us execute on our plan. So it has been a busy time and our stock has performed well which enabled us to have the preferred instrument convert to common stock, saving the company hundreds of thousands of dollars in dividend payments annually. We

are also getting to the point of being able to call some of our warrants which will give the company more capital. It is an exciting time.

CEOCFO: What challenges do you look out for?

Dr. Smith: We are growing fast, and are doing business in different two countries and regulatory environments. We deal with two different languages, lots of different people and it is just keeping the team going in the same direction. Additionally, there are so many opportunities that sometimes it is hard to stay focused, and you don't want to miss any opportunities, but in the same way you can't keep the milestones that have been set forth. We just have to keep heading down the path, and always have our investors in the back of our mind to make sure that we are bringing value in all of our activities and everything that we are doing.

CEOCFO: In closing, why should potential investors choose NeoStem out of the crowd?

Dr. Smith: We have a growing, stable, business with an upside of an incredibly game-changing technology, so it is like mitigation of risk. Even if one doesn't go the way you think or is less quickly to become standard of care, you are still benefiting from the other lines of business. We are focused and we are going in the right direction, it is just not a risk, because we don't put all eggs in one basket. It is a story that hangs together very well. If you look at big pharmaceutical companies, they need pipeline and pipelines partially are drugs, delivery mechanism and in the future will likely be stem cell therapies. So we think we are incredibly well positioned to be part of that industry in the future.



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