WBB Securities, LLC

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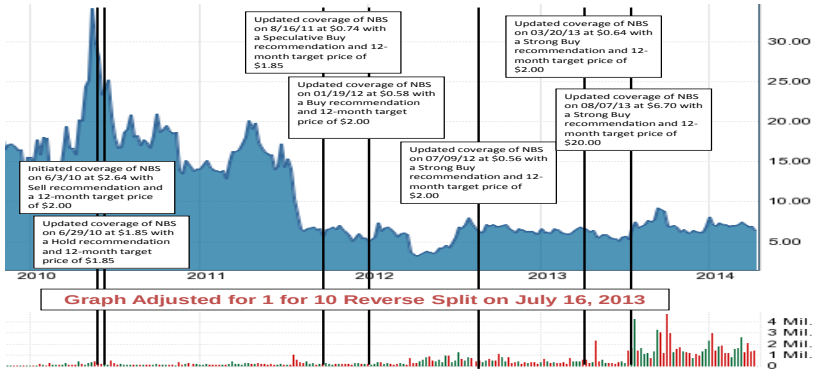
UPDATING COVERAGE – *APRIL 14, 2014*

NeoStem, Inc. (NasdaqCM: NBS)

REITERATING STRONG BUY AND INCREASING 12-MONTH PRICE TARGET TO $25.00



46 Month Price and Trading Volume

Current Price	**$6.76****
12 Month Trading Range	**$5.00-$9.89***

12 Month Target Price	**$25.00**
Market Capitalization (Mil)	$189.28**
Shares Outstanding (Mil)	28.0*
Avg. Daily Volume	309,689
L. T. Debt (Mil)	$3.64
Dividend/Yield	N/A
Book Value P/S	$1.22*
NASDAQ Composite	4,038.06**
S&P 500	1,818.18**

*Reflects 1 for 10 Reverse Split on July 16, 2013

Source **QUODD** – Based on 4/14/14 Market Open**

Rating Legend:

Strong Buy – Should be aggressively purchased.
Buy - Should be purchased on market weakness.
Hold - Fairly valued.
Sell - Stock should be sold on market strength.
Sell Short - Should be aggressively sold.
Speculative Buy – For aggressive accounts only.

NeoStem Acquires Late Stage Melanoma-Fighting T Cell Therapy

On April 14, 2014, NeoStem, Inc. (NBS) announced that it entered into an agreement to acquire California Stem Cell, Inc. (CSC), a privately-held stem cell biotechnology company based in Irvine, California. The merger is scheduled to close in May 2014 and CSC will become a wholly-owned subsidiary of NBS. NBS plans to initiate a pivotal Phase III trial of CSC's cancer-fighting Melapuldencel-T in advanced melanoma patients. The trial is scheduled to begin in 2014 and will serve as the basis for a Biologics License Application. The protocol received a Special Protocol Assessment, Fast Track status and Orphan Drug designation from the FDA.

Melapuldencel-T and YERVOY® (ipilimumab) from Bristol-Myers Squibb Company (BMY), both stimulate the patient's immune system to attack cancer, but Melapuldencel-T is expected by NBS to further improve survival rates. Melapuldencel-T activates T cell response to tumor antigens. By activating T cells to the tumor antigens, Melapuldencel-T overcomes tumor induced tolerance. Melapuldencel-T has shown it can cause T cells to recognize and kill tumors including melanoma, lung cancer, and renal cancer.

Results of a Phase II randomized clinical trial of Melapuldencel-T in advanced melanoma patients are extremely encouraging. There was a significant improvement in two-year overall survival from 31% in controls to 72% in treated patients (p=0.007). The toxicity profile was favorable with no grade IV and only one grade III (allergic reaction) event in the study.

NBS continues to make progress with all three of its primary investigative programs and with the acquisition of CSC the company's position is even stronger. We believe that the technology base and leadership acumen of this company place it among stem cell technology leaders. We are therefore reiterating our Strong Buy rating of NBS and increasing our 12-month price target to $25.00.

Valuation

We impute the definitive agreement to acquire CSC to add a value of $350 million to NBS. Additionally, NBS continues to remain strongly on-track with its AMR-001 program. Data from the Phase II PreSERVE myocardial infarction trial will be available 2H-2014 and a trial in chronic heart failure to be conducted in Europe is in preparation. Additionally, the company is continuing to advance its other development areas, and the PCT manufacturing business remains a valuable asset. We are therefore reiterating our Strong Buy recommendation for NBS and increasing our 12-month price target to $25.00.

Our valuation continues to be based on a sum-of-the-parts analysis and we continue to compute value based on the 1 for 10 reverse stock split of July 16, 2013. We assign a value of $350 million to the CSC acquisition and increase the value of AMR-001 to $350 million. We value the PCT business at $150 million and the VSEL technology at $50 million. The company holds $40 million in cash. Finally, we assign $100 million in unexercised warrants and options. With a fully diluted share count of 42.3 million shares, we arrive at our price target of $25.00 per share.

Additional Melapuldencel-T Information

Melapuldencel-T is produced by removing a tumor sample from the patient, activating antigen presenting cells and reintroducing the treated T cells into the patient. NBS's Progenitor Cell Therapy, LLC (PCT) manufacturing capability provides a synergistic benefit to development and optimization of Melapuldencel-T. PCT specializes in acquiring cells from a distant site, transporting those cells, manipulating, storing and delivering the cells back to the patient. This in-house production capability enhances the value of Melapuldencel-T to NBS and provides a capability to more efficiently manufacture the final product.

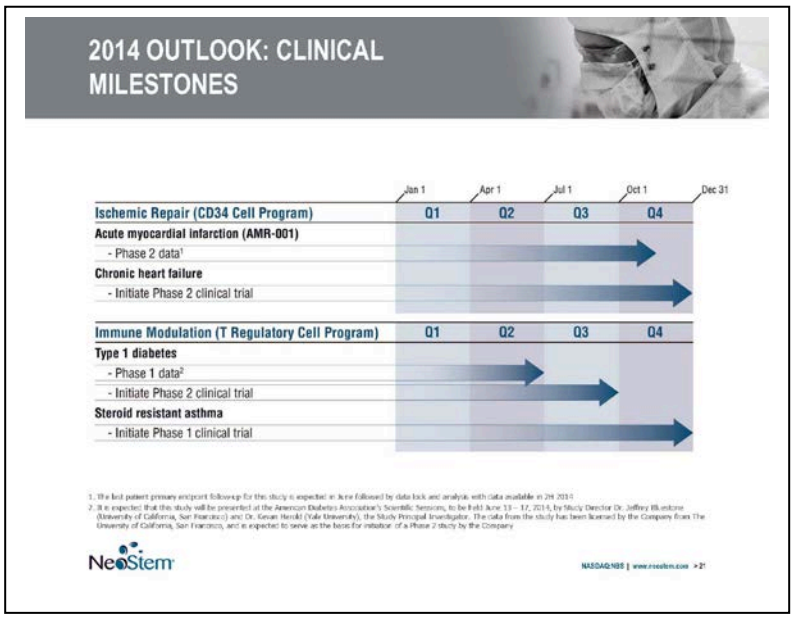
The platform technology for Melapuldencel-T could be expanded into other indications, such as hepatocellular carcinoma and other immune responsive tumor types and the merger provides NBS with other technologies that will be evaluated for partnership and licensing opportunities.

The definitive merger agreement provides for the issuance of an aggregate of up to approximately 5.33 million shares of NBS common stock, restricted and subject to a holding period, in exchange for all of the CSC outstanding stock and options. CSC shareholders will be eligible for additional milestone and royalty payments of up to $90 million, which may be payable in cash or shares of NeoStem common stock at NBS's discretion. The shares of NBS's common stock to be issued to equity holders of CSC will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

About NeoStem

NBS is a cellular therapy-based regenerative medicine company with three development programs:

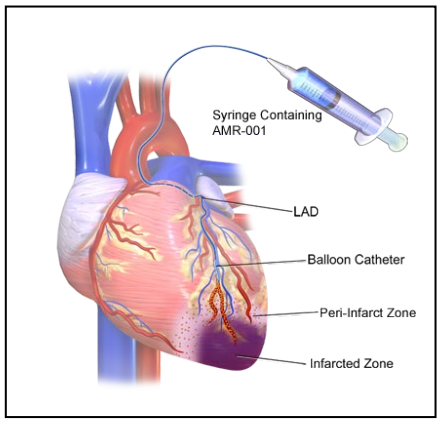
- AMR-001 is a CD34 program aimed at cardiac repair. The company will present data from the PreSERVE Phase II study in acute myocardial infarction during 2H-2014. Preparations for a Phase II study of chronic heart failure in Europe are ongoing.
- A T Regulatory Cell (Treg) Program that is preparing for a Phase II study in type 1 diabetes and will read out data at the American Diabetes Association conference in June 2014.
- A preclinical tissue regeneration program, called VSEL^{tm} technology, which is directed to treating macular degeneration, wound healing and bone regeneration. The company also has contract manufacturing capabilities, both in the U.S. and internationally, and provides stem cell banking services.



Source: NeoStem, Inc.

Three Stem Cell Therapeutics

Amorcyte (AMR001) AMR001 is a chemotactic hematopoietic stem cell product, generated from autologous bone marrow and processed by the company's subsidiary, PCT, to create a CD34+/CXCR4+-rich therapeutic.



AMR is injected into a patient's coronaries after Acute Myocardial Infarction (AMI) to stimulate angiogenesis (formation of new blood vessels) surrounding the infarct zone.

Without treatment, the area surrounding an infarct zone, called the peri-infarct zone, will die over time because of reduced blood flow caused by blockage to the main arteries serving it. By stimulating the formation of new blood vessels, AMR001 can restore blood flow, prevent further weakening of the heart and preserve left ventricular function.

AMR-001 shows promise for treating patients who suffer a ST Elevation Myocardial Infarction (STEMI). In the Phase I trial, at the threshold dose of 10 million cells or more, there was no decrease in LVEF. Patients dosed with more than 10 million cells showed significant improvement in perfusion and there were no safety concerns that warranted action.

On December 16, 2013, NBS announced completion of enrollment in its 160-patient, Phase II PreSERVE AMI study of 160 patients in 60 centers. Patients will receive a single dose of greater than 10 million CD34+ cells via the infarct-related artery. The primary endpoint is change in cardiac perfusion from baseline to 6 months. Secondary endpoints include: cardiac magnetic resonance imaging to measure LVEF, LVESV, LVEDV, regional myocardial strain, infarct/peri-infarct regional wall motion abnormalities, and infarct size (baseline and 6 months); quality-of- life measures; reduction in cumulative major adverse cardiac events and other adverse clinical cardiac events at 6, 12, 18, 24, and 36 months. The data readout is expected in 2H-2014.

The company is preparing for a 2014 Phase II study in chronic heart failure in Europe and reports that the AMR-001 technology is effective for treatment of traumatic brain injury.

Athelos is an NBS company developing therapies using a person's own regulatory T cells (Tregs) to treat disorders of the immune system. Treg Therapy represents a novel approach for restoring immune balance by enhancing T Regulatory cell number and function. NBS is collaborating with Becton, Dickinson and Company (BDX) to develop this technology, which has the potential to treat many diseases that result from an imbalance in the immune system when inflammatory cells are unchecked.

In pre-clinical studies, Tregs have been shown to be important in modulating autoimmune and inflammatory diseases. They have been evaluated in early phase human clinical trials and have shown suggestions of clinical benefit in graft-versus-host disease. Tregs also have demonstrated the ability to treat conditions such as diabetes, asthma, inflammatory bowel disease and organ transplant tolerance in animal models of disease.

On September 16, 2013, NBS announced the licensing of three families of patents from the University of California, San Francisco that provide incremental protection for the Treg platform.

NBS is collaborating with the University of California, San Francisco and the laboratories of Jeffrey Bluestone, PhD, and Qizhi Tang, PhD on the development of Tregs. A Phase II trial in patients with Type I diabetes anticipated to begin in 2014 and a proof-of-concept study for the treatment of steroid resistant asthma is planned for initiation in 2014.

VSEL Technology is being developed to create therapeutic capabilities based on human Very Small Embryonic-Like (VSEL) stem cells. VSEL Technology offers the potential to yield adult stem cells that differentiate into target tissues and create true cellular regeneration. VSEL Technology offers the possibility of capturing many of the key advantages associated with embryonic stem cells without the ethical or moral dilemmas and without some of the potential negative biological effects associated with embryonic stem cells.

The company intends to begin a Phase I clinical trial of VSEL Technology in periodontitis, a serious gum infection that destroys the soft tissue and bone supporting teeth. Periodontitis can cause tooth loss and presents an increased risk of heart attack, stroke and other serious health problems.

PCT Contract Manufacturing

PCT is a commercial cell therapy company with operations on the East and West Coasts of the U.S. that has a 15-year positive track record. PCT serves the cell therapy community with cGMP products, cell therapy research, development, and manufacturing facilities. The company also operates processing and storage facilities for stem cells collected from both adults and umbilical cord blood. NBS completed acquisition of PCT in January 2011. PCT is the exclusive provider of cell processing services for clinical production of AMR-001.

PCT manufactured over 85% of the Provenge® product for Dendreon Corporation (DNDN) during its Phase III clinical testing, and over 60% of all DNDN cell therapeutics in clinical testing from 1999 through 2007. PCT has entered into agreement with Immunocellular Therapeutics (IMUC). IMUC is a biotechnology company that develops novel immune-based products to treat cancer by targeting not only tumor cells, but also cancer stem cells. PCT will provide manufacturing services to support research and development for IMUC's ICT-121 cell therapy. Prior to this agreement, PCT was added as IMUC's second manufacturing site to produce ICT-107 for its phase II trial.

On January 9, 2014, PCT announced the execution of a Services Agreement with Kite Pharma, Inc., (not listed) under which PCT will provide cell therapy process development and manufacturing services for Kite Pharma's lead engineered Autologous T Cell Therapy (eACT™) Kite Pharma is developing a pipeline of product candidates for the treatment of advanced solid and hematological malignancies, in which a patient's own T cells, or white blood cells, are engineered to recognize and destroy their cancer.

On November 4, 2013, PCT entered into a collaboration with ATMI Life Sciences, Inc. which was later acquired by Pall Corporation (PALL). PALL manufactures and markets filtration, separation, and purification products and integrated systems solutions. The Life Sciences segment provides technologies that facilitate the process of drug discovery, development, regulatory validation, and production used in the research laboratories, pharmaceutical, biotechnology, and food and beverage industries, as well as in hospitals at the point of patient care.

Stem Cell Banking

NBS offers two primary stem cell banking services – adult stem cell banking and cord blood banking. Adult stem cell banking enables a person to store stem cells for future use. These stem cells, if needed, can be used to treat a chronic or catastrophic illness. NBS currently has five stem cell banking centers located around the United States.

Cord blood banking gives parents the flexibility of choosing to store the stem cells privately so they are reserved for the family's use at their discretion or to donate them to a public stem cell bank. All cord blood banks must be compliant with cGTP standards. NBS complies with the higher cGMP standard, which is required for more complex cell therapies presently in clinical

trials as future therapies for diseases such as Alzheimer's, Multiple Sclerosis, Diabetes, spinal cord injury and Lupus.

Management

Robin L. Smith, M.D., MBA – Chairman & CEO, became Chairman of the Advisory Board in September 2005, and the Chief Executive Officer and Chairman of the Board on June 2, 2006. From 2000 to 2003, Dr. Smith served as President and Chief Executive Officer of IP2M, a multi-platform media company specializing in healthcare. From 1998 to 2000, she was Executive Vice President and Chief Medical Officer for HealthHelp, Inc., a National Radiology Management company. She currently serves on the Board of Trustees of the Langone NYU Medical Center Board, is past Chairman and current a member of the Board of Directors for the New York University Hospital for Joint Diseases and is the President and serves on the Board of Directors of The Stem for Life Foundation. Dr. Smith received a BA and medical degree from Yale University and a master's degree in business administration from the Wharton School.

Andrew L. Pecora, M.D., F.A.C.P., Chief Visionary Officer – NeoStem; Chief Medical Officer - Progenitor Cell Therapy; Chief Scientific Officer - Amorcyte, and Director. Until the NeoStem merger with PCT, Dr. Pecora was Chairman and Chief Executive Officer of PCT. In addition to his responsibilities at NeoStem, he currently serves as Chairman of the Board of Directors of Tetralogics, a private venture-funded Biotechnology Company and as a member of the Board of directors of Cancer Genetics. Dr. Pecora is a Professor of Medicine at the University of Medicine and Dentistry of New Jersey. He serves on the Board of Directors for the American Society for Blood and Marrow Transplantation. In addition, he has also served on the Board of Directors for the International Society of Hematotherapy and Graft Engineering, now the International Society for Cellular Therapy, the Accreditation Committee of the Affiliated Physicians Network, and as an Inspector for the Foundation for Accreditation of Hematopoietic Cell Therapy. Dr. Pecora received his medical degree from the University of Medicine and Dentistry of New Jersey. He is board certified in internal medicine, hematology, and oncology.

Douglas W. Losordo, MD, FACC, FAHA, Chief Medical Officer since August 7, 2013. Most recently, Dr. Losordo was Vice President, New Therapies Development, Regenerative Medicine and Baxter Ventures at Baxter International. Dr. Losordo is an adjunct professor of medicine at Northwestern University. From 2006 to 2011, he was the director of the Feinberg Cardiovascular Research Institute and the Eileen M. Foell Professor of Heart Research at Northwestern University's School of Medicine and director of the Program in Cardiovascular Regenerative Medicine at Northwestern Memorial Hospital. From 2004 to 2006, he was a Professor of Medicine at Tufts University School of Medicine and Chief of Cardiovascular Research at St. Elizabeth's Medical Center in Boston. He is board-certified in internal medicine, cardiovascular disease, and interventional cardiology. Dr. Losordo's major research interests encompass angiogenesis/vasculogenesis, progenitor/adult stem cells, tissue repair/regeneration, and vascular biology. He received his medical degree from the University of Vermont.

Robert A. Preti, Ph.D., President, Founder and Chief Science Officer of Progenitor Cell Therapy Previous positions include Scientific and Laboratory Director of Hackensack University Medical Center's stem cell processing and research laboratory and Scientific Director of the Clinical Services Division at the New York Blood Center. Dr. Preti is a founding member of the

International Society for Cellular Therapies, formerly the International Society for Hematotherapy and Graft Engineering. He served on its Executive Committee and Board of Directors for 10 years, and serves on the Editorial Board for the society's journal, *Cytotherapy.* He currently serves in his fourth term as Director for the AABB. Dr. Preti has authored numerous papers, book chapters and white papers in the field of cell and tissue processing, cell production, and clinical research. In addition to serving as an inspector for the Foundation for Accreditation of Cellular Therapy, Dr. Preti also serves on professional, state and federal regulatory committees charged with the development and refinement of regulations for the developing field of cellular therapy. Dr. Preti received his PhD from New York University, graduating with distinction.

Robert Dickey IV, Chief Financial Officer Mr. Dickey joined NeoStem from Hemispherx Biopharma, Inc. where he served as Senior Vice President. Prior to Hemispherx , Mr. Dickey was Senior Vice President, Chief Financial Officer and Business Unit Manager at StemCyte, Inc., an umbilical cord stem cell therapeutics company. Previously, he spent 18 years as an investment banker, 14 of those at Lehman Brothers, with a background split between M&A and capital markets transactions across a variety of industries. He earned an M.B.A from The Wharton School, University of Pennsylvania, and an A.B. from Princeton University.

Stephen W. Potter, Executive Vice President, since February 2013 and previously as a member of the Company's Board of Directors. Prior to NeoStem, Mr. Potter served as Senior Vice President of Operations and Corporate Development for Osiris Therapeutics, Inc., Senior Vice President of Corporate and Business Development at Genzyme Corporation and as Vice President of Corporate and Business Development. He has also held positions at DuPont Pharmaceuticals, E.I. Dupont de Nemours and Company, Inc, and Booz Allen & Hamilton. He earned his B.S. from University of Massachusetts and his M.B.A. from Harvard Business School.

David Altarac, M.D., MPA, Vice President, Regulatory Affairs Dr. Altarac comes to NeoStem after a 13-year tenure at Merck and Company, Inc. where he most recently held the position of Vice President, Regulatory Affairs Emerging Markets R & D at Merck Research Labs. He held served in a wide variety of assignments including Vice President, Worldwide Regulatory Group 2, in which he was responsible for all regulatory affairs, strategic activities for the bone, respiratory, inflammation, endocrine (except diabetes), oncology, neurosciences, ophthalmology, women's health franchises and programs in gastrointestinal, anemia, and urology; Executive Director-Vice President, Worldwide Regulatory Group 1, in which he was responsible for the worldwide regulatory affairs in the bone, respiratory, and oncology franchises and the gastrointestinal, inflammation, anemia, and urology programs. In addition, Dr. Altarac served as Worldwide Regulatory Lead in the Asia Pacific region and Interim Acting Head of Worldwide Product Labeling. Dr. Altarac is a trained infectious diseases and internal medicine physician, receiving his M.D. from New York Medical College. He also holds a Master of Public Administration from the Robert F. Wagner School of Public Science of New York University. He completed his B.A. at the State University of New York at Binghamton.

Adel Nada, M.D., M.S., MFPM, Vice President, Immunotherapy Dr. Nada joined NeoStem as Vice President, Immunotherapy in April, 2014. He is responsible for developing the company's T Regulatory Cell Program. He comes to NeoStem from Baxter Healthcare, where he was

Senior Medical Director, Cardiovascular Cellular Therapies. Prior to joining Baxter, Dr. Nada worked at Abbott Laboratories, where he was most recently responsible for the Clinical Pharmacology Medical Department. Dr. Nada earned his medical degree from Alexandria University, and is trained in internal medicine, clinical research, and pharmacology. Dr. Nada holds a specialist diploma in pharmaceutical medicine from the University of Basel. He has also completed advanced studies in pharmaceutical development and regulatory sciences at the University of California, San Francisco, and holds a Master's degree in clinical research from Rush University. He was most recently elected member of the Faculty of Pharmaceutical Medicine of the Royal College of Physicians.

Jonathan Sackner-Bernstein, M.D., FACC, Vice President, Clinical Development and New Technologies assumed his current position in January 2014, after serving for two years as Vice President of Clinical Development and Regulatory Affairs. Prior to joining NeoStem, Dr. Sackner-Bernstein served as Associate Center Director for Technology and Innovation at U.S. Food and Drug Administration's Center for Devices and Radiological Health, Chief Medical Officer at the clinical research organization, Clinilabs, and assistant professor of medicine at the Columbia University College of Physicians and Surgeons. In 2011 Dr. Sackner-Bernstein founded ExVivos, LLC, a privately held company focusing on engineering tissues and organs from human cells for the development of drugs, vaccines and biological products, for which he continues to serve as Chairman and Chief Executive Officer. Dr. Sackner-Bernstein earned his B.S.E. from the Moore School of Electrical Engineering at the University of Pennsylvania and his M.D. from Jefferson Medical College. He completed training in Internal Medicine and Cardiology at Mount Sinai Hospital in New York.

David Schloss, Vice President, Human Resources is a senior human resources executive and former attorney with over 20 years of leadership experience. Prior to joining NeoStem, he served as SVP, Human Resources with PLUS Diagnostics (acquired by Miraca Life Sciences). Prior to PLUS Diagnostics, Mr. Schloss led human resources for OraPharma, which was acquired by Valeant Pharmaceuticals International. Prior to OraPharma, Mr. Schloss was Vice President, Human Resources for Eurand Pharmaceuticals, Eurand was acquired by Aptalis in 2011. Mr. Schloss led human resources for ImClone Systems through its acquisition by Eli Lilly in 2008. Additionally, Mr. Schloss spent 17 years with GlaxoSmithKline in a number of senior level HR roles across the US and internationally. Before beginning his career in human resources, Mr. Schloss was an attorney practicing in the representation of management in all phases of labor relations and employment law. He currently serves on the Pennsylvania Advisory Board of the Devereux Foundation, a leading nonprofit behavioral health organization that provides support and services to children and adults with intellectual, emotional, developmental, and behavioral challenges. He earned a BA from Clark University and a J.D. from the University of Miami School Of Law.

Joseph Talamo, CPA, Vice President, Corporate Controller and Chief Accounting Officer of NeoStem Prior to NeoStem, Mr. Talamo worked at OSI Pharmaceuticals, serving most recently as Vice President and Corporate Controller. In 2007, he helped ensure the successful launch of the oncology drug Tarceva and helped raise over $1 billion of equity and debt offerings. Mr. Talamo also served as Treasurer of the OSI Pharmaceuticals Foundation and held positions with Bristol-Myers Squibb in the Financial Reporting and Consolidations Group, and KPMG in the Health Care and Life Sciences Practice. He received both his BBA in

Accounting and MBA in Finance from Hofstra University, and has completed a Columbia Executive Leadership Program. He is a Certified Public Accountant in New York.

Historical & Future EPS Performance

EPS	2012	2013	2014
Q1	(0.8)A	(0.5)A	
Q2	(1.6)A	(0.49)A	
Q3	(0.6)A	(0.44)A	
Q4	(1.0)A	(0.47)A	
Year	(4.00)A	(1.90)A	(1.58)E
P/E	NM	NM	NM
EPS Growth	NM	NM	NM
FY Rev. (Mil)	14.33A	15.11E	21.05E
FY:DEC			

Other companies mentioned in this report:
Becton, Dickinson and Company (BDX)
Bristol-Myers Squibb Company (BMY)
Dendreon Corporation (DNDN)
Immunocellular Therapeutics (IMUC)
Kite Pharma, Inc. (not listed)

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	Percentage of Covered Securities	**Percentage of Banking Clients**
Buy	64%	17%
Hold	19%	0%
Sell	17%	0%

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