PLURISTEM THERAPEUTICS, INC.

ISRAEL / LIFE SCIENCES

R&D NEWS

Primary exchange: NASDAQ
Secondary exchange: Frankfurt
Bloomberg symbol: PSTI US / PJTA GR
ISIN: US72940R1023

RATING:	**Buy**
PRICE TARGET:	**$3.20**
RETURN POTENTIAL:	**137.0%**
RISK RATING:	**High**

EUROPEAN APPROVAL TO START PHASE I ON PLX-PAD

Yesterday, Pluristem announced receiving approval from the European regulatory authority, the Paul Ehrlich Institute, to start a Phase I study on PLX-PAD. The company intends to initiate "first-in-man" European trials over the next weeks, with the US trials starting a few weeks thereafter. We believe the progress of Phase I studies on humans will add significant value to the stock. We reiterate our Buy recommendation.

Paul Ehrlich Institute grants approval of Phase I trials on PLX-PAD The company's lead product, PLX-PAD for peripheral artery disease, received clearance from the German registration agency today to initiate Phase I clinical trials. This represents a relevant scientific milestone; PLX-PAD will be the first fully allogeneic stem cell product to be tested in humans in Europe. We expect trials to start during the next few weeks, with the US trials to follow shortly.

Protocol of the Phase I studies Pluristem has obtained clearance to conduct trials with patients suffering from critical limb ischemia, the end stage of peripheral artery disease (PAD), at several sites in the US and Germany. The Phase I open label, dose-escalating studies will focus on identifying the safety of the product, in a total of 27 patients (15 in Europe and 12 in the US). PLX-PAD will be injected intra muscular in three (Europe) / two (US) different doses. The trials will last approx. twelve months, after which, besides confirming safety, we would expect to see some first data on the efficacy of the product. We do not anticipate negative news on PLX-PAD's safety, as overall regenerative therapies, such as therapeutic vaccines or stem cells, have shown an excellent safety profile so far, with the challenge being to demonstrate efficacy.

Low valuation justifies Buy rating Pluristem's technology and its pipeline is promising, in our view. In light of its lead drug candidate PLX-PAD entering "first-in-man" clinical trials, we anticipate the stock to become increasingly attractive for investors, as the trials progress. Furthermore, we expect Pluristem's second core product, PLX-IBD for inflammatory bowel disease, to start clinical trials in H1 2010. We expect positive news flow from its lead products over the coming months to add value to Pluristem and boost the share price. We reiterate our Buy rating and $3.20 price target.

FINANCIAL HISTORY & PROJECTIONS

	2004/05	2005/06	2006/07	2007/08	2008/09E	2009/10E
Revenue ($m)	0.00	0.00	0.00	0.00	0.00	0.00
Y-o-y growth	na	na	na	na	na	na
EBIT ($m)	-2.66	-2.33	-8.24	-10.43	-7.70	-9.30
EBIT margin	na	na	na	na	na	na
Net income ($m)	-2.10	-2.44	-8.43	-10.50	-7.76	-9.35
EPS (diluted) ($)	-0.05	-0.04	-0.03	-1.52	-0.62	-0.75
P/E (x)	na	na	na	na	na	na
DPS ($)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

RISKS

The main risk factors that we identified are development risk, financing risk, regulatory risk and commercialisation risk, including reimbursement.

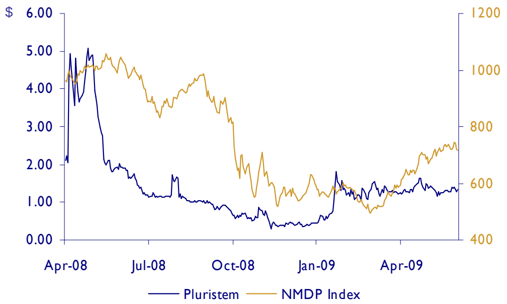
COMPANY PROFILE

Pluristem is a biotech company focused on the research and development of allogenic therapeutic products using mesenchymal stem cells (MSCs) from the placenta for the treatment of degenerative, ischemic and autoimmune diseases. Pluristem is based in Haifa, Israel, and has 30 employees.

TRADING DATA

Closing price (16.06.09)	$1.35
Shares outstanding	14.57m
Market capitalisation	$19.66m
52-week range	$0.30 / 1.81
Av. vol. (12 months)	66,134

STOCK OVERVIEW



COMPANY DATA (as of 31 March 2009)

Liquid assets	$1.96m
Current assets	$2.38m
Intangible assets	$0.00m
Total assets	$3.90m
Current liabilities	$0.65m
Shareholders' equity	$3.06m

SHAREHOLDERS

Bangor Holdings Ltd	**8.4%**
Capela Overseas Ltd	**4.6%**
Merina Overseas	**4.0%**
Directors and Officers	**3.4%**
Others	**9.6%**
Free float (estimate)	**70.0%**

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FIRST BERLIN RATING& PRICE TARGET HISTORY

Report No.	Date of publication	Previous day closing price	Rating	Price target	Interim high	% change to high
Initial Report	2 June 2008	$1.88	Buy	$5.50	-	-
	↓	↓	↓	↓	↓	↓
2	18 March 2009	$1.35	Buy	$3.20	$2.03	50.4%
3	20 April 2009	$1.33	Buy	$3.20	$1.64	23.3%
4	Today	$1.35	Buy	$3.20	-	-

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First Berlin's investment rating system is five tiered and includes an investment recommendation and a risk rating. Our recommendations, which are a function of our expectation of total return (forecast price appreciation and dividend yield) in the year specified, are as follows:

STRONG BUY: Expected return greater than 50% and a high level of confidence in management's financial guidance
BUY: Expected return greater than 25%
ADD: Expected return between 0% and 25%
REDUCE: Expected negative return between 0% and -15%
SELL: Expected negative return greater than -15%

Our risk ratings are Low, Medium, High and Speculative and are determined by ten factors: corporate governance, quality of earnings, management strength, balance sheet and financing risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, company size, free float and other company specific risks. These risk factors are incorporated into our valuation models and are therefore reflected in our price targets. Our models are available upon request to First Berlin clients.

Up until 16 May 2008, First Berlin's investment rating system was three tiered and was a function of our expectation of return (forecast price appreciation and dividend yield) over the specified year. Our investment ratings were as follows: BUY: expected return greater than 15%; HOLD: expected return between 0% and 15%; and SELL: expected negative return.

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