

PLURISTEM THERAPEUTICS, INC.

ISRAEL / LIFE SCIENCES

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

PIPELINE NEWS

RATING:	Buy
PRICE TARGET:	\$3.20
RETURN POTENTIAL:	180.7%
RISK RATING:	High

PLX-PAD: EUROPEAN CLEARANCE FOR HIGHEST TRIAL DOSE

Yesterday, Pluristem announced that its lead drug candidate, **PLX-PAD**, for the treatment of critical limb ischemia (CLI), has received clearance from the independent Data Safety Monitoring Board (DSMB) to progress to the highest dose level in its German phase I clinical trial. Promising results from the previous two doses suggested a positive safety profile and led to a swift clearance from the safety committee. Management also confirmed that the product is showing a “positive trend” towards efficacy. Based on the progress that Pluristem is achieving with its lead drug candidate, we reiterate our Buy recommendation and \$3.20 price target.

PLX-PAD for CLI progresses to highest and final dose level in Europe

The DSMB has granted approval for PLX-PAD to enter the highest and final dose of the ongoing Phase I clinical trial in Europe. Importantly, besides its positive safety profile, management confirmed that the product is showing a trend towards efficacy. To our knowledge, the company has enrolled and dosed thirteen patients so far (nine in Germany and four in the U.S.). Management mentioned that in both Germany and the U.S. the improvement seen in patients treated so far conforms with the results seen in the first patient. We recall that the first patient treated with the lowest dose, saw an impressive improvement of some 50% going from 4 on the Rutherford scale (1-6 scale, with 4-6 classified as CLI) down to 2 after treatment with PLX-PAD. As a result, the first patient would no longer be diagnosed as having CLI.

We anticipate near-term interim data on the two ongoing Phase I studies

We anticipate that the company will report further successful interim data on the ongoing Phase I study during the next 4-8 weeks. We anticipate final data before year end. The company is conducting Phase I, open label, dose-escalating studies in both Europe and the U.S. Recruitment / treatment started in July and September 2009 respectively in a total of 27 patients (15 in the European trials and 12 in the U.S. trials). PLX-PAD is injected intra-muscularly (I.M.) into the affected region. In order to accelerate U.S. trials, we anticipate the company may add an additional centre in the near-term.

FINANCIAL HISTORY & PROJECTIONS

	2006/07	2007/08	2008/09	2009/10E	2010/11E	2011/12E
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)	-8.24	-10.43	-6.56	-8.00	-8.98	-11.32
EBIT margin	na	na	na	na	na	na
Net income (\$m)	-8.43	-10.50	-6.64	-8.06	-9.04	-11.37
EPS (diluted) (\$)	-0.03	-1.52	-0.49	-0.44	-0.42	-0.40
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.

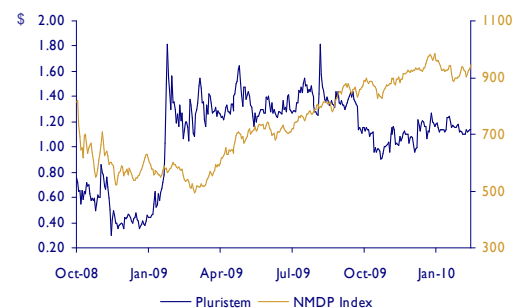
COMPANY PROFILE

Pluristem is a clinical stage biotech company with proprietary technology for research and development of allogenic therapeutic products using mesenchymal stem cells (MSCs) from the placenta. Pluristem focus is on the treatment of ischemic, degenerative and autoimmune diseases. The company is based in Haifa, Israel, and has 37 full-time employees.

TRADING DATA

Closing price (03.03.10)	\$1.14
Shares outstanding	18.51m
Market capitalisation	\$21.10m
52-week range	\$0.90 / 1.81
Average volume (12 months)	92,952

STOCK OVERVIEW



COMPANY DATA (as of 31 December 2009)

Liquid assets (incl. short-term deposits)	\$3.88m
Current assets	\$4.06m
Intangible assets	\$0.00m
Total assets	\$5.73m
Current liabilities	\$1.06m
Shareholders' equity	\$4.38m

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%

**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	-	-
	↓	↓	↓	↓	↓	↓
5	15 September 2009	\$1.34	Buy	\$3.20	\$1.44	7.5%
6	15 October 2009	\$1.13	Buy	\$3.20	\$1.15	1.8%
7	18 November 2009	\$1.15	Buy	\$3.20	\$1.27	10.4%
8	Today	\$1.14	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.

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