

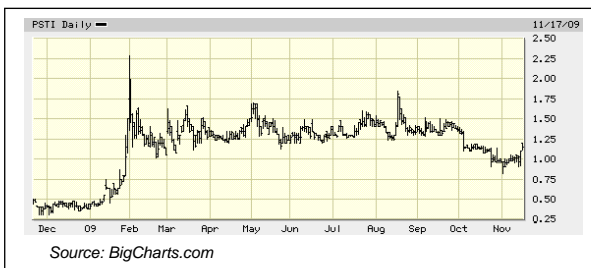


PLURISTEM THERAPEUTICS (NASDAQCM:PSTI)

- **Early Phase I data encouraging; treatment of first patient cohorts in Germany and the United States commence on schedule.**
- **Risk management strategy adds definition to the clinical development program.**
- **Pluristem gains additional financial support.**
- **We reiterate our BUY recommendation with a our target price of \$4.00 per share.**

Pluristem Therapeutics Inc. (NasdaqCM: PSTI) is a clinical-stage company specializing in the development and commercialization of patient-ready, allogeneic cell therapeutics. Underlying its solid competitive position are two platform technologies: (1) The Company has secured broad intellectual property in industrial-scale production of cells with disease-fighting properties. Its unique three-dimensional scaffold technology enables cells to proliferate in an environment that mimics the bone-marrow microstructure without adding unnatural substances and to be harvested efficiently en mass. (2) Its scientific team has isolated five cell populations from the placenta with the potential to treat a variety of diseases, based on their anti-inflammatory, angiogenic, and immunomodulatory properties. The use of cells to provide a trophic influence to correct disease-related abnormalities is well established in preclinical studies. Pluristem’s lead candidate (PLX-PAD cells), which is designed to alleviate ischemia associated with peripheral artery disease, is its first allogeneic cell therapy to enter clinical trials. The second clinical

Share Price (11/17/09)	\$1.15
52-Week Price Low / High	\$0.30 - \$2.29
Mkt. Capitalization (issued)	\$21.2 M
Shares Outstanding (issued)	18.5 M
12-month Target Price	\$4.00
Website	www.pluristem.com



development program, which probably will focus on another localized application, is scheduled to be identified before the end of 2009.

Our discounted cash flow model indicates a valuation of \$4.00 per share, based solely on commercialization of Pluristem’s PLX-PAD cells for critical limb ischemia.

<p>KEITH A. MARKEY, PH.D. 212-514-7914 KMARKEY@GRIFFINSECURITIES.COM</p>	<p>CHRYSTYNA BEDRIJ 212-509-9500 CBEDRIJ @GRIFFINSECURITIES.COM</p>	<p>MARK MERRILL 646-442-1441 MMERRILL @GRIFFINSECURITIES.COM</p>
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CLINICAL TRIALS COMMENCE ON SCHEDULE

Pluristem's two Phase I/II clinical trials began on schedule, with the first patient dosed in Germany in early July and with the first patient in the U.S. trial treated two months later. As discussed in greater detail in our initiation report (dated July 7, 2009), the two trials are being conducted separately, but the results should provide complementary information on the safety and efficacy of the Company's placenta-derived mesenchymal stem cells. Both trials will enroll patients with Rutherford grade 4 or 5 peripheral artery disease (i.e., patients with ischemic rest pain and/or minor tissue loss in the affected limb). The German trial, which is designed to enroll 15 to 18 patients, is a dose-escalation study that will involve an administration of 150, 300, or 450 million PLX-PAD cells into the affected area. The U.S. study will test the effect of one or two administrations of cells (350 million cells per administration) on about 12 patients. Thus, the combined trials are designed to provide an assessment of doses ranging from 150 million cells to 700 million cells.

Peripheral Artery Disease (PAD) or peripheral vascular disease is a condition caused by the obstruction of larger peripheral arteries due to atherosclerosis or other inflammatory processes that can lead to acute or chronic ischemia. Hence, it is not surprising that risk factors for developing peripheral artery disease include diabetes, smoking, dyslipidemia, chronic kidney disease, and hypertension.¹ The mild-to-intermediate stage is commonly called intermittent claudication, while the more advanced stage is referred to as critical limb ischemia. Left untreated, the disease results in significant morbidity and mortality. One system for staging peripheral artery disease severity is the Rutherford categories 1 through 6, with critical limb ischemia defined by categories 4 (ischemic rest pain), 5 (minor tissue loss), and 6 (ulceration or gangrene). Overall, approximately 8 million people over the age of 40 in the United States are afflicted.² Prevalence is disproportionately high among blacks and it increases significantly with age, as prevalence among the 65 and older age group is 12%-20%. Another group with a high PAD prevalence is coronary artery disease patients. About 50% of these people fail to complete cardiac rehabilitation because of walking limitations associated with PAD.³ However, a large proportion of the PAD population is asymptomatic, and most patients are diagnosed at an advanced stage of the disease, even though ankle-brachial index (the ratio of blood pressure in the lower legs to the blood pressure in the arms) provides a ready tool for diagnosing the disease and monitoring progression from onset through the most severe conditions.⁴ The estimated incidence of critical limb ischemia is in the range of 500 to 1,000 new cases per million people in the United States and Europe.¹⁴ Current treatment options include antithrombotic drugs, lipid-lowering agents, and revascularization. Outcomes are correlated with the stage of the disease upon treatment, with more advanced disease associated with less favorable results. This is apparent from a large, 5-year follow-up study of patients who were in Rutherford categories 4 and 5 at the time of treatment:⁵ limb salvage (81% and 66%, respectively), survival (46% and 30%), and amputation-free survival (42% and 25%). Hence, better treatment options are needed to improve the quality of life and extend the survival of patients with peripheral artery disease.

¹ Minar, E. Critical limb ischemia. *Hämostaseologie* (2009); 29(1): 102.

² Lloyd-Jones, D, et al. Heart Disease and Stroke Statistics – 2009 Update. *Circulation* (2009); 119: e21

³ Spronk, S, et al. Cost-effectiveness of new cardiac and vascular rehabilitation strategies for patients with coronary artery disease. *PLoS ONE* (2008); 3(12): e3883.

⁴ Hirsch, AT, et al. ACC/AHA 2005 Practice Guidelines for the management of patients with peripheral arterial disease. *Circulation* (2006); 113(11): e463.

⁵ Taylor, SM, et al. Comparison of interventional outcomes according to preoperative indication: a single center analysis of 2,240 limb revascularizations. *J Am Coll Surg* (2009); 208(5): 770.

FIRST PATIENT RESPONDS TO THERAPY

The initial group of patients in the German trial has received the lowest dose of PLX-PAD cells. And, the Principal Investigator recently reported that the first patient to undergo a three-month follow-up exam had a clinical response. Specifically, the patient's Rutherford score declined from 4 to 2, (i.e., from having ischemic pain at rest to experiencing only moderate claudication). Moreover, the patient is now able to walk about 360 feet without pain, up from only 60 feet before being treated, and a quality of life score that took into consideration pain, hemodynamic parameters, ankle-brachial index, toe-brachial index, and transcutaneous oxygen pressure showed an improvement over baseline. In sum, the patient may no longer be considered to suffer from advanced PAD, critical limb ischemia.

While the results are admittedly from a single patient, they are, nonetheless, very encouraging. Indeed, the Company had not expected to see any indication of efficacy at the lowest dose. (Dosing studies are typically designed to start with a dose that has no or minimal efficacy and then to test higher levels that might be clinically relevant.) Just as important, the results also suggest that PLX-PAD cells raise no safety concerns.

ENROLLMENT CONTINUES ON PACE

Pluristem estimates that the German trial will have enough patients treated at the lowest dose in mid-December to consider moving to the next higher dose (300 million cells). Meanwhile, Duke University Medical Center should soon join the Center for Therapeutic Angiogenesis in Birmingham, Alabama in dosing patients. Combined, the two U.S. sites will likely have six patients treated in December, which should pave the way for the two-injection group to begin therapy in January.

HOW PLX-PAD CELL THERAPY COMPARES

A close competitor to Pluristem in the development of stem cells for treating PAD is **Aastrom Biosciences (NasdaqCM: ASTM)**, which is conducting a Phase II clinical trial with bone marrow-derived stem cells. A comparison of the two companies' stem cells indicate that the PLX-PAD cells offer the advantages of an "off-the-shelf" product, meaning that the patient does not have to undergo preparative treatment prior to the cell therapy and faces no threat of complications associated with harvesting bone marrow cells. Moreover, the allogeneic stem cells that comprise Pluristem's therapy have other positive attributes versus cells isolated from elderly individuals. That's because stem cells of older patients, who are the most likely to suffer from PAD, are less numerous and apt to lack the robust differentiation capabilities of cells from a younger person. Indeed, the PLX-PAD cells are derived from healthy placenta of young women. Then, too, Aastrom's cells are actually a mixture of different cell types that may vary from patient to patient and from preparation to preparation.⁶ In contrast, PLX-PAD cells are mesenchymal stem cells that have gone through a standardized selection process that yields enough cells to treat multiple patients from a single placenta.

Pluristem's cell therapy also compares favorably with results obtained with adult bone marrow stem cells isolated by Aldagen, a privately owned company. ALD-301, which is a stem cell therapy under development for critical limb ischemia, reduced the average patient's Rutherford scale by less than one point, from 4.1 to 3.5, in a Phase I clinical trial, and only four of the 11 patients improved sufficiently to no longer be categorized as having critical limb ischemia.⁷ We believe the latest clinical results indicate that Pluristem's cells will prove highly efficacious in promoting revascularization of patients' limbs that would otherwise be at great risk of amputation.

⁶ Hampson, B, et al. Mixed cell populations for tissue repair and separation technique for cell processing. U.S. patent application US 2008/0175825 A1.

⁷ Aldagen, Inc. S1 Registration Statement filed with the SEC on October 28, 2009.

RISK MANAGEMENT AIDS IN DEFINING FUTURE R&D FOCUS

For the present, Pluristem has decided to forego developing any stem cell therapy involving intravenous administration, after learning that **Osiris Therapeutics (NasdaqGM: OSIR)** Phase III trial of Prochymal[®] failed to show a benefit in patients with graft-versus-host disease. Instead, the Company intends to utilize its stem cells for such localized applications as orthopedic injuries (i.e., muscle, bone, or tendons), neuropathic pain, and/or wound healing. Accordingly, we have removed two indications from our valuation model that we had considered to be representative of products under active research, multiple sclerosis and inflammatory bowel disease. These indications may yet be developed under a partnering agreement with a large pharmaceutical company. Our current valuation model therefore is restricted to peripheral artery disease. We will update our model once Pluristem has identified the second indication that it will pursue clinically. That decision is expected to be made by January.

CORPORATE FINANCES STRENGTHEN

Since our Initiation Report on Pluristem, the Israeli government increased its grant to support the Company's clinical trial program from \$1.9 million to \$2.3 million. And, the Company raised approximately \$2.8 million (net) in an equity offering in October. Meanwhile, good expense management helped to cut the cash burn rate in half in the first quarter of fiscal 2010 (ends June 30th), to \$940,000. As a result of ongoing cost management practices, Pluristem estimates that the grant and its current funds will support operations through at least September 2010.

PLURISTEM SHARES MERIT A HIGHER VALUATION

We think that the investment community has yet to appreciate the value of Pluristem's cell therapy platform, particularly in light of the valuation given to Aastrom Biosciences. Data is starting to emerge from the Phase I clinical trials of the PLX-PAD cells, and the final results should be tallied within the next nine months. In the meantime, the Company plans to identify its next cell therapy for clinical development, probably by January, and it is well along in scaling up the production of PLX-PAD cells for more advanced clinical trials, which should begin in fiscal 2011.

In contrast, Aastrom has redirected its R&D program away from its most advanced program, bone repair and onto earlier-stage projects in cardiac revascularization and the treatment of critical limb ischemia. Both of these programs are testing cells in a Phase II clinical trial.

Yet, Pluristem has a market capitalization of only \$21.2 million, less than half of Aastrom's \$52.2 million. (Both valuations were as of the close of trading on November 17, 2009.)

FINANCIAL FORECASTS & VALUATION

For this update, we've based our financial model on only the use of PLX-PAD cells for treating peripheral artery disease, rather than two potential indications that we had included in our Initiation Report (dated July 7, 2009), based on an assumption that they were representative of products under development. Other, relatively small modifications were also made to the income statement to remove costs related to the commercialization of these other products. For a complete understanding of how our current assumptions differ, we recommend reviewing our Initiation Report on Pluristem.

REVENUE SOURCES

Peripheral Artery Disease - US			
Year penetration starts	2015	Incidence of Chronic Limb Ischemia	150,000
Starting penetration rate	35%	Percent addressable	70%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	65%	Price per patient	\$4,500
Duration of peak penetration in years	5	Treatment price growth	0%
Retention rate in decline years	90%	Royalty rate	0%
Stage of development	Preclinical	Probability of commercialization	10%

Peripheral Artery Disease - Outside US			
Year penetration starts	2016	Incidence of Chronic Limb Ischemia	460,700
Starting penetration rate	20%	Percent addressable	70%
Years between penetration start and peak	8	Market growth rate	1%
Peak penetration	50%	Price per patient	\$4,500
Duration of peak penetration in years	5	Treatment price growth	0%
Retention rate in decline years	90%	Royalty rate	30%
Stage of development	Preclinical	Probability of commercialization	10%

Assumptions regarding PLX-PAD cells:

- Pluristem develops PLX-PAD internally and markets it directly in many developed countries of the world, initially for treating the most severe form of the disease, critical limb ischemia. In certain nations, which comprise 30% of the market, the Company relies on a partner to promote the product. The licensing deal nets an upfront payment of \$10 million in 2014 and royalties of 30%.
- The patient population consists of newly diagnosed patients, ranging in age from 30 to 85, but consisting largely of people between the ages of 65 and 85. (We did not include patients over 85 because of uncertainty over their ability to provide a suitable microenvironment for stem cells or their ability to respond to the trophic effects of stem cells.) We estimate that 150,000 patients will be diagnosed with critical limb ischemia in the United States and 460,700 patients, in "more developed" countries⁸ this year. Within these populations, 70% of the patients are candidates for therapy, based on the limited alternatives and the potential for amputation.
- PLX-PAD is launched in the United States in 2015 and achieves a penetration rate of 35% initially, based on clinical data demonstrating good efficacy and few treatment options. Five years later, the maximum penetration rate, 65% is reached, reflecting the cell therapy's success in changing the standard of care for peripheral artery disease. PLX-PAD's entry into other markets follows a similar course, though it starts a year after the U.S. debut. Also, because of regulatory and reimbursement hurdles across the many overseas markets, attaining maximum penetration takes eight years.

⁸ U.S. Census Bureau, International Data Base.

- Pluristem books \$4,500 per patient treated worldwide.
- The probability of commercialization is 10%, which is consistent with the historical success rates of pharmaceutical drugs entering a clinical stage of development.

INCOME STATEMENT[#] (FISCAL YEARS END JUNE 30TH.)

All data are in thousands, except per-share figures.

	2010	2011	2012	2013	2014
Revenue					
Sales & royalties	\$ -	\$ -	\$ -	\$ -	\$ -
Upfront fees & milestones	-	-	-	-	2,000
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,000
COGS					
	-	-	-	-	-
Gross profit	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Operating expenses					
R&D (net of grants)	\$ 4,000	\$ 5,000	\$ 7,000	\$ 8,000	\$ 7,000
Selling & marketing					10,000
General & administrative	3,100	3,250	3,250	3,500	3,500
Total expense	7,100	8,250	10,250	11,500	20,500
Operating profit	\$ (7,100)	\$ (8,250)	\$ (10,250)	\$ (11,500)	\$ (18,500)
Non-operating income/expense					
Interest income	80	100	100	100	500
Total non-operating	80	100	100	100	500
Pretax profit	\$ (7,020)	\$ (8,150)	\$ (10,150)	\$ (11,400)	\$ (18,000)
Income tax					
Net income	\$ (7,020)	\$ (8,150)	\$ (10,150)	\$ (11,400)	\$ (18,000)
Earnings (loss) per share	\$ (0.36)	\$ (0.45)	\$ (0.56)	\$ (0.62)	\$ (0.95)
Shares Outstanding	19500	18000	18250	18500	19000

Assumptions regarding the Income Statement:

- Pluristem develops PXL-PAD internally and commercializes it directly in the United States and major markets in “more developed” countries globally. A marketing partner is engaged to sell the therapy in regions comprising 30% of the global market in exchange for a \$10 million licensing fee and an effective 30% royalty rate. (Note that we have not included the \$2.3 million grant money received from the Israeli government to finance the PLX-PAD Phase I clinical trials, because this is treated as an offset to the R&D costs for financial reporting purposes.) The licensing fee is recognized over a five years.
- Pluristem's PLX-PAD therapy generates a gross margin of 85%.
- R&D expenses amount to \$4 million, net of grant funding in support of the clinical trials, in the current fiscal year (ends June 30th). Thereafter, R&D costs rise gradually through 2012, as more advanced clinical studies are conducted. By 2015, the Company is investing 22% of its revenue in product development.
- The Company spends \$3.1 million on general and administrative costs this fiscal year and gradually increases its expenditures on such activities through fiscal 2014. The launch of PLX-PAD in 2015 is

accompanied by an increase in general and administrative expenses, to \$6 million. Thereafter, our model is based on an assumption that these costs amount to 10% of revenues.

- Pluristem begins to book selling and marketing expenses of \$10 million in fiscal 2014 to prepare for the commercialization of PLX-PAD a year later. Subsequently, these costs rise, reaching 16% of revenues in 2016.
- We have made no allocations for meaningful non-operating income or expenses.
- Pluristem enjoys a 6-year tax moratorium once operations in Israel turn profitable. In the ensuing four years, the effective tax rate there averages 20% (range: 15%-25%). Nonetheless, the Company recognizes a tax liability on a small portion of profits associated with operations outside of Israel for financial accounting purposes. We note that at the end of fiscal 2009 (June 30, 2009), it had net operating loss carryforwards of \$9.4 million in the United States, which are used to limit cash payments in fiscal 2015 and 2016.
- The number of shares outstanding increases due to equity financings and the exercise of stock options and warrants.

BALANCE SHEET# (FISCAL YEARS END JUNE 30TH.)

All data are in thousands.

ASSETS	9/30/2009	6/30/2009
Current Assets		
Cash & Equivalents	\$ 2,141	\$ 2,339
Accounts Receivable	327	496
Prepaid Expenses	129	100
Total Current Assets	<u>\$ 2,597</u>	<u>\$ 2,935</u>
Long-term deposits	\$ 171	\$ 171
Property & equipment	1,254	1,203
Other	186	154
Total Assets	<u><u>\$ 4,208</u></u>	<u><u>\$ 4,463</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 489	\$ 487
Debt due	-	-
Other	400	353
Total Current Liabilities	<u>\$ 889</u>	<u>\$ 840</u>
Long-term debt	\$ -	\$ -
Other	248	229
Total Long-Term Liabilities	<u>\$ 248</u>	<u>\$ 229</u>
Shareholders Equity		
Common Stock, par value	\$ -	\$ -
Additional Paid-In Capital	37,340	36,046
Accumulated Deficit	(34,269)	(32,652)
Treasury Stock	-	-
Total Shareholders Equity	<u>\$ 3,071</u>	<u>\$ 3,394</u>
Total liabilities & equity	<u><u>\$ 4,208</u></u>	<u><u>\$ 4,463</u></u>

DISCOUNTED CASH FLOW ANALYSIS# (FISCAL YEARS END JUNE 30TH.)

All data are in thousands, except per-share figures.

	2010	2011	2012	2013	2014
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Operating income	-7100	-8250	-10250	-11500	-18500
Net income	-7020	-8150	-10150	-11400	-18000
Depreciation/amortization	200	220	250	275	300
Stock-based compensation	2000	2000	2200	2200	2200
Tax loss carryforwards	0	0	0	0	0
Capital expenditures	-250	-500	-500	-750	-2000
Total cash flow adjustments	1,950	1,720	1,950	1,725	500
Free cash flow	\$ (5,070)	\$ (6,430)	\$ (8,200)	\$ (9,675)	\$ (17,500)
Risk-adjusted free cash flow	\$ (5,070)	\$ (6,430)	\$ (8,200)	\$ (9,675)	\$ (17,500)

Discount Rate	Discounted Cash Flows (2008 - 2024)	PV of Terminal Value at a Perpetual growth rate of rFCF			Enterprise Value		
		2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	\$105,711	\$ 223,683	\$ 276,070	\$ 358,393	\$329,394	\$381,781	\$464,105
10.0%	\$76,860	\$ 108,928	\$ 125,710	\$ 148,086	\$185,789	\$202,571	\$224,946
12.5%	\$55,625	\$ 59,244	\$ 66,122	\$ 74,619	\$114,869	\$121,747	\$130,244
15.0%	\$39,874	\$ 34,412	\$ 37,645	\$ 41,466	\$74,286	\$77,519	\$81,340
17.5%	\$28,109	\$ 20,904	\$ 22,564	\$ 24,471	\$49,013	\$50,674	\$52,580

Discount Rate	Net Debt	Total Equity Value			Value per Diluted Share		
		2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	\$ (2,141)	\$331,535	\$383,922	\$466,246	\$ 10.61	\$ 12.29	\$ 14.92
10.0%	(2,141)	\$187,930	\$204,712	\$227,087	\$ 6.01	\$ 6.55	\$ 7.27
12.5%	(2,141)	\$117,010	\$123,888	\$132,385	\$ 3.74	\$ 3.96	\$ 4.24
15.0%	(2,141)	\$76,427	\$79,660	\$83,481	\$ 2.45	\$ 2.55	\$ 2.67
17.5%	(2,141)	\$51,154	\$52,815	\$54,721	\$ 1.64	\$ 1.69	\$ 1.75

Discount Rate	Terminal Value as % Enterprise Value			Implied EBITDA Multiple		
	2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	67.9%	72.3%	77.2%	14.90	18.39	23.88
10.0%	58.6%	62.1%	65.8%	10.25	11.82	13.93
12.5%	51.6%	54.3%	57.3%	7.81	8.71	9.83
15.0%	46.3%	48.6%	51.0%	6.31	6.90	7.60
17.5%	42.6%	44.5%	46.5%	5.29	5.71	6.19

Assumptions regarding the Discounted Cash Flow Analysis:

- The DCF model projects cash flow through 2025, discounted back at multiple annual rates (7.5%, 10.0%, 12.5%, 15.0%, and 17.5%) to demonstrate the potential variability related to this assumption. It also includes three perpetual growth rates (2%, 3%, and 4%) to show the impact on the present value of the company's terminal value. The rates used in calculating the per-share value for Pluristem Therapeutics are a 12.5% annual discount rate and a perpetual growth rate of 3%. The number of fully-diluted shares estimated to be outstanding in 2015, 31.25 million, is used in the per-share calculation.
- The cash flows are risk adjusted, based on the proportional gross profit contribution by each stem cell therapy on an annual basis and the probability of that therapy being commercialized. For any years in which we are projecting negative cash flow, the probability is conservatively set at 100%.

INVESTMENT CONCERNS AND RISKS

For a complete description of risks and uncertainties related to Pluristem Therapeutics' business, see the "Risk Factors" section in Pluristem's SEC filings, which can be accessed directly from the SEC Edgar filings at www.sec.gov. Potential risks include:

- **Stock risk and market risk:** There is a limited trading market for the Company's common stock. There can be no assurance that an active and liquid trading market will develop or, if developed, that it will be sustained, which could limit one's ability to buy or sell the Company's common stock at a desired price. Investors should also consider technical risks common to many small-cap or micro-cap stock investments, such as small float, risk of dilution, dependence upon key personnel, and the strength of competitors that may be larger and better capitalized.
- **Competitive risk:** The pharmaceutical and biotechnology markets are rapidly evolving, and research and development are expected to continue at an accelerated pace. Other companies are also actively engaged in the development of therapies to directly or indirectly treat those disorders being pursued by Pluristem. These companies may have substantially greater research and development capabilities, as well as significantly greater marketing, financial, and human resources than Pluristem.
- **Products still in development phases:** The Company's products are still in the discovery stage. Such products may appear to be promising, but may not reach commercialization for various reasons, including failure to achieve regulatory approvals, safety concerns, and/or the inability to be manufactured at a reasonable cost. And even if its products are commercialized, there can be no assurance that they will be accepted, which may prevent the Company from becoming profitable.
- **Funding requirements:** It is difficult to predict Pluristem's future capital requirements. The Company may need additional financing to continue funding the research and development of its products and to expand its business. There is no guarantee that it can secure the desired future capital or, if sufficient capital is secured, that current shareholders will not suffer significant dilution.
- **Regulatory risk:** There is no guarantee that Pluristem's products will be approved by the U.S. Food and Drug Administration (FDA) or international regulatory bodies for marketing in the U.S. or abroad.
- **Patent risk:** The field of cell therapeutics is at an early stage of development, and although Pluristem has numerous patents related to its PLuriX™ 3D bioreactor and the preparation of therapeutic cells, its intellectual property has not been defended in court, and may not protect the Company's rights adequately in a competitive marketplace. We note, for instance that other corporations have filed patents related to three-dimensional culture systems and that still others have filed patents on the use of placental MSCs for purposes that the Company is targeting or is evaluating as potential targets.

DISCLOSURES

ANALYST(S) CERTIFICATION: The analyst(s) responsible for covering the securities in this report certify that the views expressed in this research report accurately reflect their personal views about Pluristem Therapeutics, Inc. (the "Company") and its securities. The analyst(s) responsible for covering the securities in this report certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation or view contained in this research report.

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FORWARD-LOOKING STATEMENTS: This Report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the "Risk Factors" section in the SEC filings available in electronic format through SEC Edgar filings at www.SEC.gov on the Internet.

DISCLOSURES FOR OTHER COMPANIES MENTIONED IN THIS REPORT: To obtain applicable current disclosures in electronic format for the subject companies in this report, please refer to SEC Edgar filings at www.SEC.gov. In particular, for a description of risks and uncertainties related to subject companies' businesses in this report, see the "Risk Factors" section in the SEC filings.

2-YEAR PRICE CHART



Source: BigCharts.com

7/7/2009 – Initiating Coverage: share price: \$1.28; rating: BUY; 12-month price target: \$7.00; **11/18/2009** – Update Report: share price: \$1.15; 12-month price target: \$4.00.

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