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INTERVIEW

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Zami Aberman
Chief Executive Officer



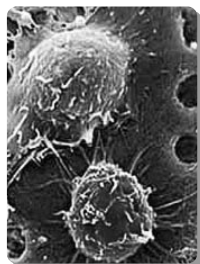
Pluristem strives to become a leading biopharmaceutical company developing, producing and marketing stem cell products for cell regenerative therapy. Pluristem's platform for expanding stem cells offers breakthrough technology and multiple product opportunities in many therapeutic areas.

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Zami Aberman, Chief Executive Officer, spoke with
Wall Street Reporter Magazine on December 14, 2005.

Pluristem®
Life Systems



WSR: *Pluristem made some significant advancements in 2005. What is the company's current market focus today?*

PLRS: The Company is developing a proprietary stem cell expansion technology for the treatment of severe blood disorders. The first product targeted a critical global shortfall of match tissue for bone marrow transplant. Presently, the chances of a match in bone marrow transplantation is one in six million. Bone marrow transplant is often the only cure for patients suffering from all kinds of blood cancer, and the advantage of our company is that we managed to discover and patented a process of how to grow and expand hematopoietic stem cells from umbilical cord blood.

WSR: *In recent news and in regard to the December 7 headline, you have ignited a technological innovation in the selection and separation of hematopoietic stem cells from cord blood for bone marrow transplantation. What does this mean for the company's continuing success?*

PLRS: In order to expand hematopoietic stem cells, the first step is to separate the less mature stem cells from the complete cord blood. The separation is accomplished through an immune selection process, which is not approved yet by the FDA and costs between \$7,000 to \$10,000 per patient. We discovered a method to use our three-dimensional patented technology and to eliminate the need to do the initial separation, and concurrently not to lose any early stage stem cells in the process. The end result is that the process is more efficient. We have more hematopoietic stem cells to start with and early hematopoietic stem cell to start the expansion process. We save money because we don't have to do the separation, which is quite costly.

WSR: *Why are you so uniquely positioned in this hematological field?*

PLRS: I believe that when analyzing the stem cell field, the



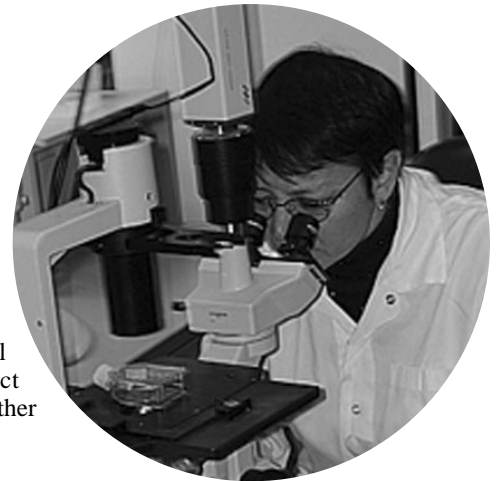
only way one can prove that stem cells can create a change or cure cancer is a bone marrow transplant, because in the conventional bone marrow transplant, when you take the hematopoietic stem cells from the peripheral blood or from the bone marrow that is the only process that actually uses stem cells to regenerate the hematological system. I think that the fact that there is a proven market and presently, every year, you have about 40,000 patients that are treated with bone marrow transplant, and about 100,000 patients are waiting because they don't find a matching donor, provide an opportunity for our solution, which can greatly increase the probability of success and attract clinicians while touching more people to bring cure to presently incurable blood cancer.

WSR: *How would you highlight your PluriX Bioreactor System and its unique capabilities?*

PLRS: I think that analyzing our product compared to all the other products in the market, we are the only product that replicates the microstructure of the bone marrow, which is a natural place in the body where the hematopoietic stem cells are grown on a day-to-day life. So, that's the huge advantage. Because of that, we have managed to grow the stem cells without the need to use any exogenous chemicals or any other chemicals to delay the differentiation. And the fact that we are not using the exogenous chemical, which is known as growth factor, the delay of differentiation is accomplished because of the three-dimensional structure of our bone-like environment. We are the only company that I can say, we have a green product, we are not using any chemicals that may generate genetic instability in the cells and because of that I believe that we are in a unique position to bring a cure to the blood cancer.

WSR: *Is there a cost benefit in using this technology in your product offering?*

PLRS: I think that the benefit here, today, when you are



trying to allocate a donor for BMT, the cost of that identification process is about \$50,000 per patient, because you have to find a match and that rate is 1 to 6 million. With cord blood, the match is 1 to 10,000. Also, the cord blood is stored and in the storage process, you have the HLA definition of the genes of the cord blood, so the matching is very easy, and the fact that you can do it in the rate of 1 to 10,000 instead of 1 to 6 million, increases the probability of matching the right donor for a bone marrow transplant.

WSR: *What type of year has 2005 been for Pluristem, what major strategic initiatives have you launched to ensure the success of the company in 2006?*

PLRS: In 2005, we provided proof of concept concerning all the aspects of our product. So, what we've managed today in the last year is to take all the aspects of the expansion and to prove step-by-step that we can control all the steps, we can initiate a process and to predict the end result of the expansion process. Recently, we started a final pre-clinical mice SCID test. So, 2005 will be declared as an optimization process that we define the final format of three-dimensional bioreactor. In 2006, we will finalize the pre-clinical phase and we will go to the clinic.

WSR: *What initiatives or steps will you take in 2006?*

PLRS: I think that the first thing we anticipate doing is proving that we have managed to generate a human blood system inside the mice SCID. After that, we will get the permission to go to the human clinical trial phase. We already have initial agreements with two hospitals in Israel to start a clinical trial upon completion of the mice SCID results. And after that, we will start the trial process and plan to expand it internationally.

WSR: *What major industry trends affect the development of this company? What trends in the stem cell field should we watch that are really shaping the horizon and the way Pluristem operates and the way you have positioned this company?*

PLRS: I think the thing that the industry is missing is one key component — the complete process from harvesting the umbilical stem cells to creating a cure for a disease. I believe that blood cancer is a good target, because we are in the closest way or in closest position to something that has been proven in the past that stem cells can cure. And, the main need here is to prove that something is done from the beginning to the end and created a change in this area. Whenever we will have the first field that will prove that the stem cells can create a real change, then I believe other fields will follow. And, we have the advantage that our

bioreactor has the ability to expand all kinds of stem cells in an efficient way, because we imitate the bone marrow microstructure. So, we will be positioned to attract investors and people to other fields, too.

WSR: *How should we evaluate the company in light of its relative achievements especially in comparisons to its peer group?*

PLRS: I think that looking at peers in this market, you can analyze a time from announcement of a successful SCID result to the initial clinical trials and so on. I believe that the time between milestone to milestone in our case will be much shorter than the other players in the market, because we spent a large amount of time in optimizing the process, in preparing ourselves and for our next critical phase of the company. So, that's one thing. Secondly, I hope that we will be lucky enough that in the Phase I/II study, we will show not only the safety, but efficacy in our process. So, we will be advanced in comparison with other players in the market.

WSR: *Tell us of the team you have assembled at the company and their experiences and support in moving your vision ahead.*

PLRS: We are today 19 employees. From the 19, we have 5 PhDs, biotechnological experts in different areas. In our SAB, Scientific Advisory

Board, you can find a few names — Professor Rowe, Professor Nagler, and Dr. Avinoam Kadouri, who are renowned in the stem cell area which has gained such notoriety in the last ten years. I believe that they strengthen of our position in the marketplace, because of their credibility and their endorsement of our process and product.

WSR: *Finally, in light of the points you mentioned, what are the most compelling reasons from a shareholder perspective why we should continue to follow with great interest Pluristem Life Systems?*

PLRS: We are targeting a burgeoning arena with huge potential. The potential is seen in the approximately 100,000 patients waiting for a bone marrow transplant each year. The market potential of this number is more than \$5 billion in revenues for the expansion of hematopoietic stem cells alone. Secondly, I believe that the first company that will manage to prove a result will open the door to other applications to itself and to the industry. It is our hope and our mission that this be Pluristem. ■

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