UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2019**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number **001-31392**

PLURISTEM THERAPEUTICS INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0351734**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

MATAM Advanced Technology Park, Building No. 5, Haifa, Israel 3508409

(Address of principal executive offices)

011-972-74-7108600

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registration was required to submit files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐
Non-accelerated filer ☐
Emerging growth company ☐

Accelerated filer ☒
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001	**PSTI**	**Nasdaq Capital Market**

State the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 149,788,196 shares of common stock issued and outstanding as of May 2, 2019.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2019

(Unaudited)

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2019

U.S. DOLLARS IN THOUSANDS

(Unaudited)

INDEX

	Page
Interim Condensed Consolidated Balance Sheets	F - 2 - F - 3
Interim Condensed Consolidated Statements of Operations	F - 4
Interim Condensed Consolidated Statements of Comprehensive Loss	F - 5
Interim Condensed Statements of Changes in Stockholders' Equity	F - 6 - F - 9
Interim Condensed Consolidated Statements of Cash Flows	F - 10 - F - 11
Notes to Interim Condensed Consolidated Financial Statements	F - 12 - F - 24

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	March 31, 2019 Unaudited	June 30, 2018
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 9,535	$ 8,821
Short-term bank deposits		1,002	21,079
Restricted cash and short-term bank deposits		703	687
Accounts receivable from the Israeli Innovation Authority ("IIA")		285	58
Other current assets		1,671	1,391
Total current assets		13,196	32,036
LONG-TERM ASSETS:			
Long-term deposits and restricted bank deposits		391	383
Severance pay fund		872	846
Property and equipment, net		4,265	5,678
Other long-term assets		7	17
Total long-term assets		5,535	6,924
Total assets		$ 18,731	$ 38,960

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	March 31, 2019 Unaudited	June 30, 2018
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		$ 2,892	$ 3,261
Accrued expenses		3,342	2,266
Other accounts payable		2,013	3,021
Total current liabilities		8,247	8,548
LONG-TERM LIABILITIES			
Accrued severance pay		1,152	1,127
Other long-term liabilities		705	778
Total long-term liabilities		1,857	1,905
COMMITMENTS AND CONTINGENCIES	5		
STOCKHOLDERS' EQUITY			
Share capital:	6		
Common stock $0.00001 par value per share: Authorized: 200,000,000 shares Issued and outstanding: 119,319,660 shares as of March 31, 2019, 113,565,780 shares as of June 30, 2018		1	1
Additional paid-in capital		251,870	244,203
Accumulated deficit		(243,244)	(215,697)
Total stockholders' equity		8,627	28,507
Total liabilities and stockholders' equity		$ 18,731	$ 38,960

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

U.S. Dollars in thousands (except share and per share data)

	Note	Nine months ended March 31,		Three months ended March 31,	
		2019	2018	2019	2018
Revenues		$ 54	$ 50	$ -	$ -
Cost of revenues		(2)	(2)	-	-
Gross profit		52	48	-	-
Operating Expenses:					
Research and development expenses		(23,618)	(18,932)	(8,421)	(7,481)
Less: participation by the IIA and other parties		2,771	2,235	594	1,099
Research and development expenses, net		(20,847)	(16,697)	(7,827)	(6,382)
General and administrative expenses, net		(6,806)	(8,349)	(2,473)	(2,666)
Other income	7	-	43	-	-
Operating loss		(27,601)	(24,955)	(10,300)	(9,048)
Financial income, net		54	7,810	222	7,517
Net loss for the period		$ (27,547)	$ (17,145)	$ (10,078)	$ (1,531)
Loss per share:					
Basic and diluted net loss per share		$ (0.24)	$ (0.16)	$ (0.09)	$ (0.01)
Weighted average number of shares used in computing basic and diluted net loss per share		115,542,598	104,107,748	117,225,522	110,044,458

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

U.S. Dollars in thousands

	Nine months ended March 31,		Three months ended March 31,	
	2019	**2018**	**2019**	**2018**
Net loss	$ (27,547)	$ (17,145)	$ (10,078)	$ (1,531)
Other comprehensive income, net:				
Unrealized gain on available-for-sale marketable securities, net	-	6,441	-	2,134
Reclassification adjustment of available-for-sale marketable securities losses realized in net loss, net	-	(8,440)	-	(7,512)
Other comprehensive income	-	(1,999)	-	(5,378)
Total comprehensive loss	$ (27,547)	$ (19,144)	$ (10,078)	$ (6,909)

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income	Deficit	Equity
Balance as of July 1, 2017	96,938,789	$ 1	$ 217,822	$ 1,999	$ (189,571)	$ 30,251
Exercise of options by employees	9,107	-	8	-	-	8
Stock-based compensation to employees, directors and non-employee consultants	2,330,380	(*)	4,895	-	-	4,895
Issuance of common stock under At Market Issuance Sales Agreement, net of issuance costs of $124 (Note 6a)	1,760,840	(*)	2,412	-	-	2,412
Issuance of common stock, net of issuance costs of $1,405 (Note 6c)	9,000,000	(*)	13,646	-	-	13,646
Exercise of warrants by investors (Note 6d)	828,703	(*)	1,160	-	-	1,160
Other comprehensive income, net	-	-	-	(1,999)	-	(1,999)
Net loss	-	-	-	-	(17,145)	(17,145)
Balance as of March 31, 2018 (unaudited)	110,867,819	$ 1	$ 239,943	$ -	$ (206,716)	$ 33,228

(*) Less than $1

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income	Deficit	Equity
Balance as of January 1, 2018	109,337,556	$ 1	$ 236,767	$ 5,378	$ (205,185)	$ 36,961
Exercise of options by employees	4,107	-	3	-	-	3
Stock-based compensation to employees, directors and non-employee consultants	599,356	(*)	1,787	-	-	1,787
Issuance of common stock under At Market Issuance Sales Agreement, net of issuance costs of $44 (Note 6a)	926,800	(*)	1,386	-	-	1,386
Other comprehensive income, net	-	-	-	(5,378)	-	(5,378)
Net loss	-	-	-	-	(1,531)	(1,531)
Balance as of March 31, 2018 (unaudited)	110,867,819	$ 1	$ 239,943	$ -	$ (206,716)	$ 33,228

(*) Less than $1

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance as of July 1, 2018	113,565,780	$ 1	$ 244,203	$ (215,697)	$ 28,507
Stock-based compensation to employees, directors and non-employee consultants	2,011,380	(*)	3,949	-	3,949
Issuance of common stock under At Market Issuance Sales Agreement, and Open Market Sales Agreement, net of issuance costs of $357 (Note 6a, 6b)	3,724,000	(*)	3,710	-	3,710
Exercise of options by employees and non-employee consultants	18,500	(*)	8	-	8
Net loss	-	-	-	(27,547)	(27,547)
Balance as of March 31, 2019 (unaudited)	119,319,660	$ 1	$ 251,870	$ (243,244)	$ 8,627

(*) Less than $1

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

U.S. Dollars in thousands (except share and per share data)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance as of January 1, 2019	116,809,444	$ 1	$ 248,359	$ (233,166)	$ 15,194
Stock-based compensation to employees, directors and non-employee consultants	492,216	(*)	1,753	-	1,753
Issuance of common stock under Open Market Sales Agreement, net of issuance costs of $209 (Note 6b)	2,018,000	(*)	1,758	-	1,758
Net loss	-	-	-	(10,078)	(10,078)
Balance as of March 31, 2019 (unaudited)	119,319,660	$ 1	$ 251,870	$ (243,244)	$ 8,627

(*) Less than $1

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Nine months ended March 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (27,547)	$ (17,145)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,481	1,512
Accretion of discount, amortization of premium and changes in accrued interest of marketable securities	-	11
Gain from sale of investments of available-for-sale marketable securities	-	(8,440)
Other-than-temporary loss of available-for-sale marketable securities (see Note 3)	-	850
Stock-based compensation to employees, directors and non-employee consultants	3,949	4,895
Decrease (increase) in accounts receivable from the IIA	(227)	440
Decrease (increase) in other current assets and other long-term assets	(270)	281
Decrease in trade payables	(220)	(13)
Increase (decrease) in other accounts payable, accrued expenses, other current liabilities and other long-term liabilities	(112)	2,256
Decrease (increase) in interest receivable on short-term deposits	168	(319)
Linkage differences and interest on short and long-term deposits and restricted bank deposits	(1)	4
Accrued severance pay, net	(1)	74
Net cash used by operating activities	$ (22,780)	$ (15,594)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$ (217)	$ (219)
Proceeds from (investment in) short-term deposits	19,908	(20,321)
Investment in long-term deposits and restricted bank deposits	(6)	-
Proceeds from sale of available-for-sale marketable securities	-	21,881
Proceeds from redemption of available-for-sale marketable securities	-	9
Investment in available-for-sale marketable securities	-	(1,146)
Net cash provided by investing activities	$ 19,685	$ 204

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Nine months ended March 31,	
	2019	**2018**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds related to issuance of common stock, net of issuance costs	$ 3,710	$ 16,058
Exercise of warrants and options	8	1,168
Proceeds with respect to Israel-United States Binational Industrial Research and Development Foundation liability	107	88
Net cash provided by financing activities	$ 3,825	$ 17,314
Increase in cash and cash equivalents and restricted cash	730	1,924
Cash and cash equivalents and restricted cash at the beginning of the period	9,508	4,707
Cash and cash equivalents and restricted cash at the end of the period	$ 10,238	$ 6,631
(a) Supplemental disclosure of cash flow activities:		
Cash paid during the period for:		
Taxes paid due to non-deductible expenses	$ 7	$ 8
(b) Supplemental disclosure of non-cash activities:		
Purchase of property and equipment on credit	$ 22	$ 59

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

NOTE 1:-GENERAL

a. Pluristem Therapeutics Inc., a Nevada corporation, was incorporated on May 11, 2001. Pluristem Therapeutics Inc. has a wholly owned subsidiary, Pluristem Ltd. (the "Subsidiary"), which is incorporated under the laws of the State of Israel. Pluristem Therapeutics Inc. and the Subsidiary are referred to as the "Company" or "Pluristem".

The Company's shares of common stock are traded on the Nasdaq Capital Market under the symbol "PSTI" and on the Tel-Aviv Stock Exchange under the symbol "PLTR".

b. The Company is a bio-therapeutics company developing placenta-based cell therapy product candidates for the treatment of multiple ischemic and inflammatory conditions. The Company has incurred an accumulated deficit of approximately $243,244 and incurred recurring operating losses and negative cash flows from operating activities since inception. As of March 31, 2019, the Company's total stockholders' equity amounted to $8,627.

During the nine month period ended March 31, 2019, the Company incurred operating losses of $27,601 and its negative cash flow from operating activities was $22,780. The Company will be required to identify additional liquidity resources in the near term in order to support the commercialization of its products and maintain its research and development and clinical trials activities.

As of March 31, 2019, the Company's cash position (cash and cash equivalents and short-term bank deposits) totaled approximately $10,537. The Company is addressing its liquidity issues by implementing initiatives to allow the continuation of its activities. The Company's current operating plan includes various assumptions concerning the level and timing of cash outflows for operating activities and capital expenditures. The Company's ability to successfully carry out its business plan, which includes a cost-reduction plan should it be unable to raise sufficient additional capital, is primarily dependent upon its ability to (1) obtain sufficient additional capital, (2) enter into license agreements to use or commercialize the Company's products and (3) receive other sources of funding, including non-diluting sources such as the IIA grants, the European Union's Horizon 2020 program ("Horizon 2020") grants and other grants. There are no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development and commercialization of its products.

According to management estimates, liquidity resources as of March 31, 2019, together with the funds received from the public offering and registered direct offering that closed on April 8, 2019 (see Note 8), will be sufficient to maintain the Company's operations into the beginning of the fourth quarter of the Company's fiscal year 2020. The Company's inability to raise funds to carry out its business plan will have a severe negative impact on its ability to remain a viable company.

CHA Agreement

On June 26, 2013, Pluristem entered into an exclusive license and commercialization agreement (the "CHA Agreement") with CHA Biotech Co. Ltd. ("CHA"), for conducting clinical trials and commercialization of Pluristem's PLX-PAD product in South Korea in connection with two indications: the treatment of Critical Limb Ischemia ("CLI"), and Intermediate Claudication (collectively with CLI, the "Indications"). Under the terms of the CHA Agreement, CHA will receive exclusive rights in South Korea for conducting clinical trials with respect to the Indications and the Company will continue to retain rights to its proprietary manufacturing technology and cell-related intellectual property.

The first clinical study as part of the CHA Agreement is a Phase II trial in Intermittent Claudication. South Korea's Ministry of Food and Drug Safety approved this study in November 2013.

NOTE 1:-GENERAL (CONT.)

Upon the first regulatory approval for a PLX product in South Korea, for the specified Indications, Pluristem and CHA will establish an equally owned joint venture to commercialize PLX cell products in South Korea. Pluristem will be able to use the data generated by CHA to pursue the development of PLX product candidates outside of South Korea.

The CHA Agreement contains customary termination provisions, including in the event the parties do not reach an agreement upon development plan for conducting the clinical trials. Upon termination of the CHA Agreement, the license granted thereunder will terminate and all rights included therein will revert to the Company, and the Company will be free to enter into agreements with any other third parties for the granting of a license in or outside South Korea or to deal in any other manner with such rights as it shall see fit at its sole discretion.

In addition, and as contemplated by the CHA Agreement, in December 2013, Pluristem and CHA executed the mutual investment pursuant to which Pluristem issued 2,500,000 shares of its common stock in consideration for 1,011,504 shares of CHA, which reflects total consideration to each of Pluristem and CHA of approximately $10,414. The parties also agreed to give an irrevocable proxy to the other party's management with respect to the voting power of the shares issued.

In March 2015, the Company sold a portion of the CHA shares received in December 2013. In January 2018, the Company sold its remaining investment in the CHA shares, for aggregate net proceeds of approximately $10,500, representing a net gain of $6,200, which is recorded in "Financial income, net" for the fiscal year ended June 30, 2018, and reclassified from other comprehensive loss.

Chart Industries Agreement

In November 2018, the Company entered into a license agreement with a subsidiary of Chart Industries, Inc. ("Chart") regarding the Company's thawing device for cell-based therapies. Pursuant to the terms of the agreement, Chart obtained the exclusive rights to manufacture and market the thawing device in all territories worldwide, excluding Greater China, and the Company is to receive royalties from sales of the product and supply of an agreed upon number of thawing devices. Royalties shall commence on the date of Chart's first commercial sale of the thawing device. As of March 31, 2019, commercial sale of the thawing device has not yet begun.

NOTE 2:-SIGNIFICANT ACCOUNTING POLICIES

a. ***Unaudited Interim Financial Information***

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed).

For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2018.

Operating results for the three and nine month periods ended March 31, 2019, are not necessarily indicative of the results that may be expected for the year ending June 30, 2019.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. ***Significant Accounting Policies***

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements.

c. ***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that are reasonable based upon information available at the time they are made.

These estimates, judgments and assumptions can affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

d. ***Fair value of financial instruments***

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, short-term and restricted bank deposits, accounts receivable and other current assets, trade payable and other accounts payable, accrued expenses and other liabilities, approximate fair value because of their generally short term maturities.

The Company measures its investments in marketable securities and derivative instruments at fair value under Accounting Standards Codification ("ASC"), "Fair Value Measurements and Disclosures" ("ASC 820"). Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company categorized each of its fair value measurements in one of these three levels of hierarchy (see Note 4).

e. ***Derivative financial instruments***

The Company accounts for derivatives and hedging based on ASC 815, "Derivatives and hedging" ("ASC 815"), as amended and related interpretations. ASC 815 requires the Company to recognize all derivatives on the balance sheet at fair value.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

If a derivative meets the definition of a hedge and is so designated, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings (for fair value hedge transactions) or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings (for cash flow hedge transactions).

The ineffective portion of a derivative's change in fair value is recognized in earnings. If a derivative does not meet the definition of a hedge, the changes in the fair value are included in earnings. Cash flows related to such hedges are classified as operating activities.

The Company enters into forward exchange contracts and option contracts in order to limit the exposure to exchange rate fluctuation associated with expenses mainly incurred in New Israeli Shekels ("NIS"). Since the derivative instruments that the Company holds do not meet the definition of hedging instruments under ASC 815, any gain or loss derived from such instruments is recognized immediately as "financial income, net".

The Company measured the fair value of the contracts in accordance with ASC 820. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

As of March 31, 2019, the fair value of the options contracts was less than $1, and is presented in "other accounts payable" (see Note 4). The net income (loss) recognized in "Financial income, net" during the three and nine month periods ended March 31, 2019 and 2018 was $348, $243 and ($75), ($292), respectively.

f. ***Recently Adopted Accounting Pronouncement***

ASU No. 2016-18 – "Statement of Cash Flows" (Topic 230) ("ASU No. 2016-18"):

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-18. The ASU requires that the consolidated statement of cash flows include the change in total cash and cash equivalents and amounts generally described as restricted cash or restricted cash equivalents when reconciling the beginning-of-period and end-of-period total amounts. ASU No. 2016-18 also requires a reconciliation between the total of cash and cash equivalents and restricted cash presented on the consolidated statement of cash flows and the cash and cash equivalents balance presented on the consolidated balance sheet. ASU No. 2016-18 was effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The standard requires application using a retrospective transition method. The Company adopted this standard effective July 1, 2018 using the retrospective transition method, as required by the new standard.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The following table provides a reconciliation of cash and cash equivalents, and long term restricted cash reported within the consolidated balance sheets that sum to the total of such amounts in the consolidated statements of cash flows:

	Nine months ended March 31,	
	2019	2018
	(Unaudited)	
Cash and cash equivalents	$ 9,535	$ 5,940
Restricted cash included in Restricted cash and short-term bank deposits	703	691
Cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	$ 10,238	$ 6,631

Recently Issued Accounting Pronouncements

ASU No. 2016-02 - “Leases” (“Topic 842”):

In February 2016, the FASB issued guidance on the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether a lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for in a manner similar to the accounting treatment requirements under existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. Topic 842 supersedes the previous leases standard, ASC 840, “Leases”. The guidance is effective for annual periods beginning on or after December 15, 2018, or July 1, 2019 for the Company, and interim periods within those fiscal years with early adoption permitted. Early adoption is permitted. The provisions of ASU 2016-02 are to be applied using a modified retrospective approach.

In July 2018, the FASB issued ASU No. 2018-11, "Targeted Improvements - Leases (Topic 842)", which further updated Topic 842. This update provides an optional transition method that allows entities to elect to apply the standard prospectively at its effective date, versus recasting the prior periods presented.

If elected, an entity would recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Company is currently evaluating the potential impact of the guidance on its consolidated financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ASU No. 2017-12 - "Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities" ("ASU No. 2017-12"):

In August 2017, the FASB issued ASU No. 2017-12, which is intended to simplify and amend the application of hedge accounting to more clearly portray the economics of an entity's risk management strategies in its financial statements. The ASU will make more financial and nonfinancial hedging strategies eligible for hedge accounting, reduce complexity in fair value hedges of interest rate risk and ease certain documentation and assessment requirements of hedge effectiveness. It also changes how companies assess effectiveness of the hedge and amends the presentation and disclosure requirements relating to hedging activities. ASU 2017-12 is effective for fiscal years beginning after December 15, 2018, or July 1, 2019, for the Company. The Company is currently evaluating the potential impact of adopting the ASU on its consolidated financial statements.

ASU No. 2018-07 - "Compensation—Stock Compensation" (Topic 718) ("ASU No. 2018-07"):

In June 2018, the FASB issued ASU No. 2018-07. The ASU expands the scope of ASU No. 2018-07 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply ASU No. 2018-07 to nonemployee awards except with respect to option pricing models and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that ASU No. 2018-07 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. ASU No. 2018-07 is effective for fiscal years beginning after December 15, 2018, or July 1, 2019 for the Company, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the potential impact of the guidance on its consolidated financial statements.

ASU No. 2018-18 - "Collaborative Arrangements (Topic 808) - Clarifying the Interaction between Topic 808 and Topic 606" ("ASU No. 2018-18"):

In November 2018, the FASB issued ASU No. 2018-18, which clarifies the interaction between Topic 808 and Topic 606 by (1) clarifying that certain transactions between collaborative arrangement participants should be accounted for under Topic 606, (2) adding unit-of-account guidance in Topic 808 to align with the guidance in Topic 606, and (3) clarifying presentation guidance for transactions with a collaborative arrangement participant that are not accounted for under Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2019, or July 1, 2019 for the Company. The Company is currently evaluating the impact of adopting the ASU on its consolidated financial statements.

NOTE 3:- MARKETABLE SECURITIES

During the year ended June 30, 2018, the Company sold marketable securities for aggregate net proceeds (including redemptions of certain bonds) of approximately $21,890, representing a net gain of $8,440. The proceeds from the sale of such marketable securities are included in "Financial income, net", for the year ended June 30, 2018.

In addition, during the year ended June 30, 2018, the Company recognized an-other-than-temporary impairment loss on an outstanding security of $850, and the value of the outstanding security was amortized in full.

NOTE 4:- FAIR VALUE OF FINANCIAL INSTRUMENTS

	March 31, 2019 (Unaudited)		June 30, 2018	
	Level 1	Level 2	Level 1	Level 2
Foreign currency derivative instruments	$ -	$ (*)	$ -	$ (243)
Total financial liabilities	$ -	$ (*)	$ -	$ (243)

(*) Less than $1

NOTE 5: - COMMITMENTS AND CONTINGENCIES

a. As of March 31, 2019, an amount of $1,084 of cash and deposits was pledged by the Subsidiary to secure the derivatives and hedging transactions, credit line and bank guarantees.

b. Under the Law for the Encouragement of Industrial Research and Development, 1984, (the "Research Law"), research and development programs that meet specified criteria and are approved by the IIA are eligible for grants of up to 50% of the project's expenditures, as determined by the research committee, in exchange for the payment of royalties from the sale of products developed under the program.

Regulations under the Research Law generally provide for the payment of royalties to the IIA of 3% on sales of products and services derived from a technology developed using these grants until 100% of the dollar-linked grant is repaid. The Company's obligation to pay these royalties is contingent on its actual sale of such products and services. In the absence of such sales, no payment is required.

Outstanding balance of the grants will be subject to interest at a rate equal to the 12 month LIBOR applicable to dollar deposits that is published on the first business day of each calendar year. Following the full repayment of the grant, there is no further liability for royalties.

Through March 31, 2019, total grants obtained from the IIA aggregated to approximately $27,096 and total royalties paid and accrued amounted to $170. As of March 31, 2019, the Company's contingent liability in respect to royalties to the IIA amounted to $26,926, not including LIBOR interest as described above.

c. The Company was awarded a marketing grant under the "Smart Money" program of the Israeli Ministry of Economy and Industry. The program's aim is to assist companies to extend their activities in international markets. The goal market that was chosen was Japan.

NOTE 5: - COMMITMENTS AND CONTINGENCIES (CONT.)

The Israeli government granted the Company budget resources that are intended to be used to advance the Company's product candidate towards marketing in Japan and for regulatory activities there. As part of the program, the Company will repay royalties of 5% from the Company's income in Japan during five years, starting the year in which the Company will not be entitled to reimbursement of expenses under the program and will be spread for a period of up to 5 years or until the amount of the grant is fully paid.

As of March 31, 2019, total grants obtained under this Smart Money program amounted to approximately $112. As of March 31, 2019, the Company's contingent liability with respect to royalties for this "Smart Money" program was $112 and no royalties were paid or accrued.

d. The Company was awarded an additional "Smart Money" grant of approximately $229 from Israel's Ministry of Economy and Industry to facilitate certain marketing and business development activities with respect to its advanced cell therapy products in the Chinese market, including Hong Kong. The Israeli government granted the Company budget resources that are intended to be used to advance the Company's product candidate towards marketing in the China-Hong Kong markets.

The Company will also receive close support from Israel's trade representatives stationed in China, including Hong Kong, along with experts appointed by the Smart Money program. As part of the program, the Company will repay royalties of 5% from the Company's revenues in the region for a five year period, beginning the year in which the Company will not be entitled to reimbursement of expenses under the program and will be spread for a period of up to 5 years or until the amount of the grant is fully paid.

As of March 31, 2019, the aggregate amount of grant obtained from this Smart Money program was approximately $26. As of March 31, 2019, the Company's contingent liability with respect to royalties for this "Smart Money" program is $26 and no royalties were paid or accrued.

e. In September 2017, the Company signed an agreement with the Tel-Aviv Sourasky Medical Center (Ichilov Hospital) to conduct a Phase I/II trial of PLX-PAD cell therapy for the treatment of Steroid-Refractory Chronic Graft-Versus-Host-Disease ("GvHD").

As part of the agreement with the Tel-Aviv Sourasky Medical Center (Ichilov Hospital), the Company will pay royalties of 1% from its net sales of the PLX-PAD product relating to GvHD, with a maximum aggregate royalty amount of approximately $250.

f. The Company currently collaborates with the New York Blood Center ("NYBC") on preclinical studies of its placental expanded R-18 cells ("PLX-R18") to enhance the efficacy of umbilical cord blood transplantation. The project was selected to receive a conditional award of $900 from the Israel-United States Binational Industrial Research and Development Foundation (the "BIRD Foundation"), of which an amount of $585 is a direct grant allocated to the Company. Per the terms of the project, the Company will provide the PLX-R18 cells and the NYBC will be responsible for conducting and supporting the studies. Amounts received in connection with this award are presented in "Other long-term liabilities", as the Company does not expect to repay the liability in the next 12 months. In accordance with the agreement between the Company and NYBC, if only one party elects to proceed with the development of the product, such party shall be responsible for all repayment obligations to the BIRD Foundation for both parties, if applicable.

NOTE 5: - COMMITMENTS AND CONTINGENCIES (CONT.)

In addition, in case of conclusion of project development which will trigger the grant repayment to the BIRD Foundation, if the Company will elect to pursue the development of the product, and NYBC elects not to pursue the development of the product, then, unless otherwise agreed by the parties, the Company shall pay NYBC royalties in the amount of 2.5% from its revenues of the product, up to an aggregate royalty amount of approximately $550. As of March 31, 2019, total grants obtained from the BIRD Foundation amounted to approximately $264 and is presented in "other long-term liabilities."

g. The Company was awarded a marketing grant of approximately $52 under the "Shalav" program of the Israeli Ministry of Economy and Industry. The grant is intended to facilitate certain marketing and business development activities with respect to the Company's advanced cell therapy products in the U.S. market. As part of the program, the Company will repay royalties of 3%, but only with respect to the Company's revenues in the U.S. market in excess of $250 of its revenues in fiscal year 2018, upon the earlier of the five year period beginning the year in which the Company will not be entitled to reimbursement of expenses under the program and/or until the amount of the grant, which is linked to the Consumer Price Index, is fully paid.

As of March 31, 2019, total grants obtained under the "Shalav" program amounted to approximately $40. As of March 31, 2019, the Company's contingent liability with respect to royalties for this "Shalav" program was $40 and no royalties were paid or accrued.

NOTE 6: - STOCKHOLDERS' EQUITY

a. Pursuant to a shelf registration on Form S-3 declared effective by the Securities and Exchange Commission on June 23, 2017, in July 2017 the Company entered into an At Market Issuance Sales Agreement ("ATM Agreement") with FBR Capital Markets & Co., MLV & Co. LLC and Oppenheimer & Co. Inc. (collectively, the "Agents"), which provides that, upon the terms and subject to the conditions and limitations in the ATM Agreement, the Company may elect, from time to time, to offer and sell shares of common stock having an aggregate offering price of up to $80,000 through the Agents acting as sales agent. During the nine month period ended March 31, 2019, the Company sold 1,706,000 shares of common stock under the ATM Agreement at an average price of $1.23 per share for aggregate net proceeds of approximately $1,952, net of issuance expenses of $148.

On February 4, 2019, the Company notified the Agents of the termination of the ATM Agreement.

b. Pursuant to a shelf registration on Form S-3 declared effective by the Securities and Exchange Commission on June 23, 2017, in February 6, 2019 the Company entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC ("Jefferies") which provides that, upon the terms and subject to the conditions and limitations in the sales agreement, the Company may elect, from time to time, to offer and sell shares of common stock having an aggregate offering price of up to $50,000 through Jefferies acting as sales agent. During the nine month period ended March 31, 2019, the Company sold 2,018,000 shares of common stock under the Sales Agreement at an average price of $0.97 per share for aggregate net proceeds of approximately $1,758, net of issuance expenses of $209.

NOTE 6: - STOCKHOLDERS' EQUITY (CONT.)

c. On October 31, 2017, the Company completed a public offering in Israel, pursuant to the Company's existing shelf registration statement on Form S-3 in the United States and a shelf registration statement filed in Israel, pursuant to which the Company raised aggregate gross proceeds of $15,051 through the sale of 9,000,000 shares of the Company's common stock at a purchase price of NIS 5.90 (approximately $1.67) per share. The net proceeds, after deducting fees and expenses related to the offering, were approximately $13,646.

d. Through the nine month period ended March 31, 2018, a total of 828,703 warrants were exercised by investors at an exercise price of $1.40 per share, resulting in the issuance of 828,703 shares of common stock for net proceeds of approximately $1,160.

e. **Options, restricted stocks ("RS") and restricted stock units ("RSU") to employees, directors and consultants:**

1. Options to employees and directors:

The Company accounts for its options to employees and directors under the fair value method in accordance with ASC 718, "Compensation—Stock Compensation" ("ASC 718"). A summary of the Company's activity for options granted to employees and directors under its 2005 incentive option plan is as follows:

	Nine months ended March 31, 2019 (Unaudited)	
	Number	Weighted Average Exercise Price
Options outstanding at beginning of period	315,000	$ 0.62
Options forfeited	(307,500)	$ 0.62
Options exercised	(7,500)	$ 0.62
Options outstanding at end of the period	-	-

NOTE 6: - STOCKHOLDERS' EQUITY (CONT.)

e. **Options, restricted stocks and restricted stock units to employees, directors and consultants (cont.):**

2. Options to non-employees:

The Company accounts for its options to non-employees under the fair value method in accordance with ASC 718. A summary of the options to non-employee consultants under its 2005 and 2016 incentive option plans is as follows:

	Nine months ended March 31, 2019 (Unaudited)			
	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value Price
Options outstanding at beginning of period	500,600	$ 0.01	-	-
Options granted	548,050	-	-	-
Options exercised	(11,000)	0.28	-	-
Options forfeited	(1,850)	-	-	-
Options outstanding at end of the period	1,035,800	$ -	8.10	$ 995
Options exercisable at the end of the period	353,041	$ -	7.10	$ 342
Options vested and expected to vest	1,035,800	$ -	8.10	$ 995

Compensation expenses related to options granted to consultants were recorded as follows:

	Nine months ended March 31,		Three months ended March 31,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Research and development expenses	$ 229	$ 29	$ 132	$ 23
General and administrative expenses	$ 90	$ 45	$ 63	$ 17
	$ 319	$ 74	$ 195	$ 40

NOTE 6: - STOCKHOLDERS' EQUITY (CONT.)

e. **Options, restricted stock and restricted stock units to employees, directors and consultants (cont.):**

3. RS and RSUs to employees and directors:

The following table summarizes the activity related to unvested RS and RSUs granted to employees and directors under the Company's 2005 and 2016 incentive option plans for the nine month period ended March 31, 2019 (Unaudited):

	Number
Unvested at the beginning of period	6,293,608
Granted	4,976,000
Forfeited	(398,594)
Vested	(1,817,770)
Unvested at the end of the period	9,053,244
Expected to vest after March 31, 2019	8,752,241

Compensation expenses related to RS and RSUs granted to employees and directors were recorded as follows:

	Nine months ended March 31,		Three months ended March 31,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Research and development expenses	$ 920	$ 835	$ 480	$ 504
General and administrative expenses	2,261	3,637	907	1,070
	$ 3,181	$ 4,472	$ 1,387	$ 1,574

Unamortized compensation expenses related to RSUs granted to employees and directors to be recognized over an average time of approximately 4 years are approximately $5,473.

NOTE 6: - STOCKHOLDERS' EQUITY (CONT.)

e. **Options, restricted stock and restricted stock units to employees, directors and consultants (cont.):**

4. RS and RSUs to consultants:

The following table summarizes the activity related to unvested RS and RSUs granted to consultants under the Company's 2005 and 2016 incentive option plans for the nine month period ended March 31, 2019 (Unaudited):

	Number
Unvested at the beginning of period	199,559
Granted	411,760
Vested	(193,610)
Unvested at the end of the period	417,709

Compensation expenses related to RS and RSUs granted to consultants were recorded as follows:

	Nine months ended March 31,		Three months ended March 31,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Research and development expenses	$ 55	$ 21	$ 37	$ 18
General and administrative expenses	394	328	134	155
	$ 449	$ 349	$ 171	$ 173

NOTE 7:-OTHER INCOME

In December 2017, the Subsidiary was awarded approximately $43 (NIS 150) by the Israeli Ministry of Labor, Social Affairs and Social Services related to its "Equal Employment" program which aims to reward and honor Israeli employers who demonstrate and promote gender equality in employment.

NOTE 8:-SUBSEQUENT EVENTS

On April 8, 2019, the Company sold, pursuant to an underwriting agreement relating to a firm commitment public offering (the "Public Offering"), an aggregate of 28,571,429 shares of common stock and warrants to purchase 28,571,429 shares of common stock, inclusive of the underwriter's over-allotment option which was exercised in full, for aggregate gross proceeds of $20,000. The warrants issued in the Public Offering are exercisable for a period of five years from issuance and have an exercise price of $0.70 per share. In addition, on April 8, 2019, the Company sold, pursuant to a subscription agreement with a certain investor in a registered direct offering (the "Registered Direct Offering"), 1,428,571 shares of common stock, for aggregate gross proceeds of $1,000. The net proceeds from the Public Offering and the Registered Direct Offering, after deducting underwriting commissions and discounts and other expenses related to the offerings, were $19,467.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward - Looking Statements

This quarterly report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws, and is subject to the safe-harbor created by such Act and laws. Forward-looking statements may include statements regarding our goals, beliefs, strategies, objectives, plans, including product and technology developments, future financial conditions, results or projections or current expectations. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other variations thereon or comparable terminology. These statements are merely predictions and therefore inherently subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance levels of activity, or our achievements, or industry results to be materially different from those contemplated by the forward-looking statements. Such forward-looking statements appear in this Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," and may appear elsewhere in this quarterly report on Form 10-Q and include, but are not limited to, statements regarding the following:

the expected development and potential benefits from our products in treating various medical conditions;

the clinical trials to be conducted according to our license agreement with CHA Biotech Co. Ltd.;

our plan to execute our strategy independently, using our own personnel, and through relationships with research and clinical institutions or in collaboration with other companies;

the prospects of entering into additional license agreements, or other forms of cooperation with other companies and medical institutions;

our pre-clinical and clinical trials plans, including timing of initiation, enrollment and conclusion of trials;

the expected timing of the release of data from our various studies;

achieving regulatory approvals, including under accelerated paths;

receipt of future funding from the Israel Innovation Authority, or IIA, the European Union's Horizon 2020 program as well as grants from other independent third parties;

our marketing plans, including timing of marketing our product candidates, PLX-PAD and PLX-R18;

developing capabilities for new clinical indications of placenta expanded (PLX) cells and new products;

the timing and development of our PLX-Immune product candidate;

our estimations regarding the size of the global market for our product candidates;

our expectations regarding our production capacity;

our expectation to demonstrate a real-world impact and value from our pipeline, technology platform and commercial-scale manufacturing capacity;

our expectations regarding our short- and long-term capital requirements;

the proposed joint venture to be established with Sosei Corporate Venture Capital Ltd. for the clinical development and commercialization of Pluristem's PLX-PAD cell therapy product in Japan, the plan to enter into definitive agreements and the timing of entering such agreements;

our outlook for the coming months and future periods, including but not limited to our expectations regarding future revenue and expenses; and

information with respect to any other plans and strategies for our business.

Our business and operations are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this report.

In addition, historic results of scientific research, clinical and preclinical trials do not guarantee that the conclusions of future research or trials would not suggest different conclusions. Also, historic results referred to in this periodic report would be interpreted differently in light of additional research, clinical and preclinical trials results. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Further information on potential factors that could affect our business is described under the heading "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, or the 2018 Annual Report. Readers are also urged to carefully review and consider the various disclosures we have made in that report.

As used in this quarterly report, the terms "we", "us", "our", the "Company" and "Pluristem" mean Pluristem Therapeutics Inc. and our wholly owned subsidiary, Pluristem Ltd., unless otherwise indicated or as otherwise required by the context.

Overview

Pluristem Therapeutics Inc. is a leading developer of placenta-based cell therapy product candidates for the treatment of multiple ischemic, inflammatory and hematologic conditions. Our lead indications are critical limb ischemia, or CLI, muscle recovery following surgery for hip fracture, and acute radiation syndrome, or ARS. Each of these indications is a severe unmet medical need. We were incorporated in Nevada in 2001, and have a wholly owned subsidiary in Israel called Pluristem Ltd. We operate in one segment and our operations are focused on the research, development, clinical trials and manufacturing of cell therapeutics and related technologies.

PLX cells are derived from a class of placental cells that are harvested from donated placenta at the time of full term healthy delivery of a baby. PLX cell products require no tissue matching prior to administration. They are produced using our proprietary three-dimensional expansion technology. Our manufacturing facility complies with the European, Japanese, Israeli, South Korean and U.S. Food and Drug Administration, or FDA's, current Good Manufacturing Practice requirements and has been approved by the European and Israeli regulators for production of PLX-PAD for late stage trials. In December 2017, after an audit of our facilities, we were granted manufacturer/importer authorization and Good Manufacturing Practice Certification by Israel's Ministry of Health. If we obtain FDA and other regulatory approvals to market PLX cells, we expect to have in-house production capacity to grow clinical-grade PLX cells in commercial quantities.

Our goal is to make significant progress with our clinical pipeline and our anticipated pivotal trials in order to ultimately bring innovative, potent therapies to patients who need new treatment options. We expect to demonstrate a real-world impact and value from our pipeline, technology platform and commercial-scale manufacturing capacity. Our business model for commercialization and revenue generation includes, but is not limited to, direct sale of our products, partnerships, licensing deals, and joint ventures with pharmaceutical companies.

We aim to shorten the time to commercialization of our product candidates by leveraging unique accelerated regulatory pathways that exist in the United States, Europe and Japan to bring innovative products that address life-threatening diseases to the market efficiently. We believe that these accelerated pathways create substantial opportunities for us and for the cell therapy industry as a whole.

Two pivotal, Phase III multinational clinical trials are currently being conducted with our PLX-PAD product candidate: one in CLI, and the other in muscle recovery following surgery for hip fracture. In April 2019, we successfully enrolled over 50% of patients in our Phase III study in CLI, which allows for an interim analysis of efficacy after a one-year follow-up period under the European Medicines Agency's, or EMA, Adaptive Pathways pilot project, in which PLX-PAD was selected to participate. Based on our current patient enrollment progress, we expect to complete the follow up of our Phase III study in CLI in the first half of 2020 with respect to Europe, and in the first half of 2021 with respect to the United States. In addition, based on our current patient enrollment progress, we expect to complete the follow up of our Phase III study in muscle recovery following surgery for hip fracture in the second half of 2020. We expect to release the clinical data shortly after the conclusion of the follow ups.

Our PLX-PAD cell program in CLI had been selected for the Adaptive Pathways pilot project of the EMA, Japan's Pharmaceuticals and Medical Devices Agency, or PMDA accelerated pathway, the FDA Fast Track Designation and FDA Expanded Access Program, or EAP, in the United States. The CLI program in the European Union was awarded a Euro 7,600,000 (approximately $8,900,000) grant as part of the European Union's Horizon 2020 program and to date we have received a portion of such grant.

Our PLX-PAD cell program in muscle recovery following surgery for hip fracture was also selected for the Adaptive Pathways pilot project of EMA and was awarded a Euro 7,400,000 (approximately $8,600,000) grant as part of the European Union's Horizon 2020 program and to date we have received a portion of such grant.

Our second product candidate, PLX-R18, is under development in the United States for ARS via the FDA Animal Rule regulatory pathway, and, based on our assessment, is expected to advance to a pivotal trial, which may also result in approval without the prior performance of human efficacy trials. The National Institutes of Health's National Institute of Allergy and Infectious Diseases has completed a dose selection trial with our PLX-R18 product candidate in the hematologic component of ARS. Assuming we receive a contract from the U.S. government, we expect to initiate an ARS pivotal trial in the second half of 2019.

PLX-R18 is under development in the United States and Israel for the treatment of incomplete hematopoietic recovery following hematopoietic cell transplantation ("HCT"). In March 2019, we announced that we had fully enrolled the second cohort of six patients in our ongoing Phase I clinical study in HCT, and received data and safety monitoring board approval to continue to the final cohort of the study.

In July 2018, we entered into a strategic collaboration agreement with Thermo Fisher Scientific Inc. with the aim of advancing the fundamental knowledge of cell therapy industrialization and to improve quality control of the end-to-end supply chain. The collaboration will combine Thermo Fisher's experience in cell therapy development and bio production scale up with our expertise in cell therapy manufacturing, clinical development and quality control.

In September 2018, we announced that the FDA granted Orphan Drug Designation to our PLX cell therapy for the treatment of graft failure and incomplete hematopoietic recovery following hematopoietic cell transplantation.

In October 2018, we announced that the FDA approved cost recovery for our PLX-PAD under an EAP held by World Trials, Inc., a privately-held third-party sponsor. In April 2019, we announced the initiation of our FDA approved EAP, with several site initiations in the U.S. Under the terms of the EAP, an initial 100 Rutherford-5 CLI patients who are ineligible for inclusion under our ongoing Phase 3 study protocol, and whose condition is life-threatening, can be enrolled.

In November 2018, we entered into a license agreement with a subsidiary of Chart Industries, Inc., or Chart, regarding our thawing device for cell-based therapies. Pursuant to the terms of the agreement, Chart obtained the exclusive rights to manufacture and market the thawing device in all territories worldwide, excluding Greater China, and we are to receive royalties from sales of the product and supply of an agreed upon number of thawing devices. Royalties shall commence on the date of Chart's first commercial sale of the thawing device.

In January 2019, we announced a successful one-year follow up of a compassionate use treatment in a Buerger's disease patient treated with our PLX-PAD cell therapy.

In January 2019, we announced the receipt of a joint grant awarded by the Israeli Ministry of Defense and the IIA for the pre-clinical development of our PLX cells for the treatment of burn injuries. We are currently in discussions with the Israeli Ministry of Defense to define the structure of the collaboration.

In February 2019, we announced that the large-scale research initiative, RESTORE, of which we are a member, was nominated to be one of two finalists competing to be awarded up to €1 billion over the next 10 years by the European Commission for the development and advancement of transformative therapeutics.

In February 2019, we entered into a collaboration with NASA's Ames Research Center to evaluate the potential of our PLX cell therapies in preventing and treating medical conditions caused during space missions.

In May 2019, we filed a U.S. provisional patent application titled "Methods and Compositions for Producing Cannabinoids," which covers the use of our state-of-the-art, proprietary 3-D cell culturing technology for the potential manufacturing of cannabinoid-producing cells.

RESULTS OF OPERATIONS – NINE AND THREE MONTHS ENDED MARCH 31, 2019 COMPARED TO NINE AND THREE MONTHS ENDED MARCH 31, 2018.

Revenues

Revenues for the nine month period ended March 31, 2019 were $53,500 as compared to $50,000 in the nine month period ended March 31, 2018. We did not receive any revenues for the three month period ended March 31, 2019. All revenues in the nine month periods ended March 31, 2019 and 2018 were related to the sale of our PLX cells for research use.

Research and Development Expenses, Net

Research and development expense, net (costs less participation and grants by the IIA and other parties) for the nine month period ended March 31, 2019 increased by 25% from $16,697,000 for the nine month period ended March 31, 2018 to $20,847,000. The increase is mainly attributed to: (1) an increase in subcontractor expenses related to some of our clinical studies, (2) an increase in materials consumption, (3) a decrease in IIA participation (approximately $900,000 was approved in calendar year 2018 compared to approximately $500,000 that was approved in calendar year 2019), and (4) an increase in stock-based compensation expenses due to the amount of restricted stock units and options granted. The increase was partially offset by a higher participation by the European Union with respect to the Horizon 2020 grants.

Research and development expense, net (costs less participation and grants by the IIA and other parties) for the three months ended March 31, 2019 increased by 23% from $6,382,000 for the three months ended March 31, 2018 to $7,827,000. The increase is mainly attributed to: (1) an increase in materials consumption, (2) a decrease in IIA participation (approximately $900,000 was approved in calendar year 2018 compared to approximately $500,000 that was approved in calendar year 2019), and (3) a lower participation by the European Union with respect to the Horizon 2020 grants. The increase was partially offset by a decrease in payroll expenses related to a decrease in the average number of employees.

General and Administrative Expenses

General and administrative expenses for the nine month period ended March 31, 2019 decreased by 18% from $8,349,000 for the nine month period ended March 31, 2018 to $6,806,000. This decrease is attributed to a decrease in stock-based compensation expenses related to the amount of restricted stock units granted and their vesting schedules, and a decrease in corporate activities expenses.

General and administrative expenses for the three months ended March 31, 2019 decreased by 7% from $2,666,000 for the three months ended March 31, 2018 to $2,473,000. This decrease is attributed to a decrease in stock-based compensation expenses related to the amount of restricted stock units granted and their vesting schedules. The decrease was partially offset by an increase in corporate activities expenses.

Financial Income, Net

Financial income, net, decreased from a net financial income of $7,810,000 for the nine month period ended March 31, 2018 to a net financial income of $54,000 for the nine month period ended March 31, 2019. This decrease is mainly due to the sale of our investments in marketable securities which occurred in the nine months ended March 31, 2018.

Financial income, net, decreased from a net financial income of $7,517,000 for the three months ended March 31, 2018 to a net financial income of $222,000 for the three months ended March 31, 2019. This decrease is mainly due to the sale of our investments in marketable securities which occurred in the three months ended March 31, 2018. The decrease was partially offset by changes in the fair value of our hedging instruments related to the strength of the U.S. dollar against the NIS.

Net Loss

Net loss for the nine and three month periods ended March 31, 2019 was $27,547,000 and $10,078,000, respectively, as compared to net loss of $17,145,000 and $1,531,000 for the nine and three month periods ended March 31, 2018, respectively. The changes were mainly due to a decrease in financial income and an increase in research and development expenses, as described above. Net loss per share for the nine and three month periods ended March 31, 2019 was $0.24 and $0.09, respectively, as compared to $0.16 and $0.01 for the nine and three month periods ended March 31, 2018.

For the nine and three month periods ended March 31, 2019 and March 31, 2018, we had weighted average shares of common stock outstanding of 115,542,598, 117,225,522 and 104,107,748, 110,044,458, respectively, which were used in the computations of net loss per share for the nine and three month periods.

The increase in weighted average common shares outstanding reflects the issuance of additional shares mainly related to the issuances of shares to employees and consultants, issuances of shares pursuant to our At Market Issuance Sales Agreement, or the ATM Agreement, and our Open Market Sale Agreement℠, or the Sale Agreement, and shares issued as a result of exercises of options.

Liquidity and Capital Resources

As of March 31, 2019, our total current assets were $13,196,000 and total current liabilities were $8,247,000. On March 31, 2019, we had a working capital surplus of $4,949,000, stockholders' equity of $8,627,000 and an accumulated deficit of $243,244,000. We finance our operations, and plan to continue doing so, from our existing cash, issuances of our securities and funds from grants from the IIA, European Union's Horizon 2020 program, Israel's Ministry of Economy, and other non-dilutive sources.

Our cash and cash equivalents as of March 31, 2019 amounted to $9,535,000 compared to $5,940,000 as of March 31, 2018, and compared to $8,821,000 as of June 30, 2018. Cash balances changed in the nine months ended March 31, 2019 and 2018 for the reasons presented below.

Operating activities used cash of $22,780,000 in the nine months ended March 31, 2019, compared to $15,594,000 in the nine months ended March 31, 2018. Cash used in operating activities in the nine months ended March 31, 2019 and 2018 consisted primarily of payments of salaries to our employees and payments of fees to our consultants, suppliers, subcontractors, and professional services providers, including the costs of clinical studies, offset by grants from the IIA, Horizon 2020, Israel's Ministry of Economy and other research grants.

Investing activities provided cash of $19,685,000 in the nine months ended March 31, 2019, compared to cash provided of $204,000 for the nine months ended March 31, 2018. The investing activities in the nine month period ended March 31, 2019 consisted primarily of the withdrawal of $19,908,000 of short term deposits, offset by payments of $217,000 related to investment in property and equipment and investment in long-term bank deposits of $6,000. The investing activities in the nine months ended March 31, 2018 consisted primarily of $20,321,000 related to investment in short term deposits, investment of $1,146,000 in marketable securities and payments of $219,000 related to investment in property and equipment, offset by cash provided from the sale and redemption of marketable securities of $21,890,000.

Financing activities generated cash of $3,825,000 during the nine months ended March 31, 2019, compared to $17,314,000 for the nine months ended March 31, 2018. The cash generated in the nine months ended March 31, 2019 from financing activities is related to net proceeds of $3,710,000 from issuing shares of our common stock under our ATM Agreement and the Sale Agreement, proceeds of $107,000 related to a grant received from the Israel-United States Binational Industrial Research and Development Foundation and net proceeds of $8,000 from the exercise of options. The cash generated in the nine months ended March 31, 2018 from financing activities is related to net proceeds of $13,646,000 from issuing shares of our common stock in a public offering we conducted in October 2017, net proceeds of $2,412,000 from issuing shares of our common stock under our ATM Agreement, net proceeds of $1,168,000 from issuing shares of our common stock from the exercise of warrants and options and proceeds of $88,000 related to a grant received from the Israel-United States Binational Industrial Research and Development Foundation.

In July 2017, we entered into the ATM Agreement with FBR Capital Markets & Co., MLV & Co. LLC and Oppenheimer & Co. Inc., each an Agent, which provides that, upon the terms and subject to the conditions and limitations set forth in the ATM Agreement, we could elect, from time to time, to issue and sell shares of common stock having an aggregate offering price of up to $80,000,000 through any of the Agents. We were not obligated to make any sales of common stock under the ATM Agreement. From July 2017 through February 4, 2019, we sold an aggregate of 5,305,408 shares of common stock pursuant to the ATM Agreement at an average price of $1.37 per share. On February 4, 2019, we notified the Agents of the termination of the ATM Agreement.

On February 6, 2019, we entered into the Sale Agreement, with Jefferies LLC, as agent, or Jefferies, pursuant to which we may issue and sell shares of our common stock having an aggregate offering price of up to $50,000,000 from time to time through Jefferies. We are not obligated to make any sales of common stock under the Sale Agreement. From February 6, 2019 through March 31, 2019, we sold an aggregate of 2,018,000 shares of common stock pursuant to the Sale Agreement at an average price of $0.97 per share.

During the nine months ended March 31, 2019, we received cash of approximately $292,000 from the IIA towards our research and development expenses. According to the IIA grant terms, we are required to pay royalties at a rate of 3% on sales of products and services derived from technology developed using this and other IIA grants until 100% of the dollar-linked grants amount plus interest are repaid. In the absence of such sales, no payment is required. Through March 31, 2019, total grants obtained from the IIA aggregated to approximately $27,096,000 and total royalties paid and accrued amounted to $170,000.

The IIA has supported our activity in the past fourteen years. Our previous program, for the thirteen year, was approved by the IIA in 2018 and relates to a grant of approximately $900,000. The grant was used to cover research and development expenses for the period of January 1, 2018 to December 31, 2018. Our most recent program, for the fourteenth year, was approved by the IIA in 2019 and relates to a grant of approximately $500,000. The grant will be used to cover research and development expenses for the period of January 1, 2019 to December 31, 2019.

As of March 31, 2019, we received total grants of approximately $4,604,000 in cash from the European Union research and development consortiums pursuant to the Horizon 2020 program.

The currency of our financial portfolio is mainly in U.S. dollars and we use options contracts in order to hedge our exposures to currencies other than the U.S. dollar. For more information, please see Item 7A. - “Quantitative and Qualitative Disclosures about Market Risk” in the 2018 Annual Report on form 10-K for the fiscal year ended June 30, 2018.

We have an effective Form S-3 registration statement, filed under the Securities Act of 1933, as amended, or the Securities Act, with the Securities and Exchange Commission, or the SEC, using a “shelf” registration process. Under this shelf registration process, we may, from time to time, sell common stock, preferred stock and warrants to purchase common stock, and units of two or more of such securities in one or more offerings up to a total dollar amount of $200,000,000. As of May 6, 2019, we have sold 39,000,000 shares of our common stock and warrants to purchase up to 28,571,429 shares of common stock in a total gross amount of $36,051,000 in offerings we closed in October 2017 and April 2019, 5,305,408 shares of common stock in a total gross amount of $7,258,542 pursuant to the ATM Agreement, 2,018,000 shares of common stock in a total gross amount of $1,967,060 pursuant to the Sale Agreement, and may be deemed to have sold an additional $48,032,940 pursuant to the Sale Agreement.

On April 8, 2019, we sold, pursuant to an underwriting agreement relating to a firm commitment public offering, or the Public Offering, an aggregate of 28,571,429 shares of common stock and warrants to purchase 28,571,429 shares of common stock, inclusive of the underwriter’s over-allotment option which was exercised in full, for aggregate gross proceeds of $20,000,000. The warrants issued in the Public Offering are exercisable for a period of five years from issuance and have an exercise price of $0.70 per share. In addition, on April 8, 2019, we sold, pursuant to a subscription agreement with a certain investor in a registered direct offering, or the Registered Direct Offering, 1,428,571 shares of common stock, for aggregate gross proceeds of $1,000,000. The net proceeds from the Public offering and the Registered Direct Offering, after deducting underwriting commissions and discounts, and other offering expenses, were $19,467,000.

Outlook

We have accumulated a deficit of $243,244,000 since our inception in May 2001. We do not expect to generate any significant revenues from sales of products in the next twelve months. Our cash needs will increase in the foreseeable future. We expect to generate revenues, which in the short and medium terms will unlikely exceed our costs of operations, from the sale of licenses to use our technology or products.

We will be required to obtain additional liquidity resources in order to support the commercialization of our products and maintain our research and development and clinical trials activities.

We are continually looking for sources of funding, including non-diluting sources such as the IIA grants, the European Union grant and other research grants, collaboration with other companies and sales of our common stock.

As of March 31, 2019, our cash position (cash and cash equivalents and short-term bank deposits) totaled approximately $10,537,000. On April 8, 2019, we closed the Public Offering and Registered Direct Offering, for aggregate net proceeds of $19,467,000. We are addressing our liquidity issues by implementing initiatives to allow the continuation of our activities. Our current operating plan includes various assumptions concerning the level and timing of cash outflows for operating activities and capital expenditures. Our ability to successfully carry out our business plan, which includes a cost-reduction plan should we be unable to raise sufficient additional capital, is primarily dependent upon our ability to (1) obtain sufficient additional capital, (2) enter into license agreements to use or commercialize our products and (3) receive other sources of funding, including non-diluting sources such as the IIA grants, the Horizon 2020 grant and other grants. There are no assurances, however, that we will be successful in obtaining an adequate level of financing needed for the long-term development and commercialization of our products.

According to management's estimates, liquidity resources as of March 31, 2019, together with the funds received from the Public Offering and Registered Direct Offering we closed on April 8, 2019, will be sufficient to maintain our operations into the beginning of the fourth quarter of fiscal year 2020. Our inability to raise funds to carry out our business plan will have a severe negative impact on our ability to remain a viable company.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures **-** We maintain a system of disclosure controls and procedures that are designed for the purposes of ensuring that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers, or Co-CEOs, and our Chief Financial Officer, or CFO, as appropriate to allow timely decisions regarding required disclosures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Co-CEOs and our CFO, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended. Based on that evaluation, our Co-CEOs and CFO concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting - There has been no change in our internal control over financial reporting during the third quarter of fiscal year 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2019, we issued an aggregate of 22,388 shares of common stock to a consultant for services rendered. We issued these shares pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, or the Securities Act.

Item 5. Other Information.

Employment Agreement with Chen Yehuda-Franco

On May 6, 2019, we entered into an employment agreement with Ms. Franco-Yehuda, our CFO, Secretary and Treasurer, which supersedes the existing employment agreement with Ms. Franco-Yehuda. Pursuant to the agreement, we have agreed to pay Ms. Franco-Yehuda a monthly salary of 36,000 NIS. Pursuant to the agreement, we have also agreed to provide Ms. Franco-Yehuda with a company car, or a fixed amount of NIS 4,000, cellular phone reimbursement and reimbursement for certain other expenses. The agreement may be terminated by us or Ms. Franco-Yehuda with sixty days' prior notice. Ms. Franco-Yehuda will also be subject to standard confidentiality, intellectual property assignment and non-compete provisions.

In addition, Ms. Franco-Yehuda will be entitled to receive equity awards as awarded by our Board of Directors and/or Compensation Committee at their sole discretion. Any awards issued to Ms. Franco-Yehuda will be entitled to acceleration, in the event of a change of control transaction (as defined in the agreement), of 100% of any unvested awards.

Item 6. Exhibits.

4.1*	Warrant Agreement by and between Pluristem Therapeutics Inc. and American Stock Transfer & Trust Company, LLC (including the form of Warrant certificate).
10.1*	Underwriting Agreement, dated April 4, 2019, between Pluristem Therapeutics Inc. and Ladenburg Thalmann & Co. Inc., as representative of the underwriters named therein.
10.2*	Subscription Agreement, dated April 4, 2019, between Pluristem Therapeutics Inc. and ARK Genomic Revolution ETF.
10.3*	Employment Agreement between Pluristem Ltd. and Chen Franco-Yehuda dated May 6, 2019.
31.1*	Rule 13a-14(a) Certification of Co-Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Co-Chief Executive Officer.
31.3*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1**	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.3**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101 *	The following materials from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 formatted in XBRL (eXtensible Business Reporting Language): (i) the Interim Condensed Consolidated Balance Sheets, (ii) the Interim Condensed Consolidated Statements of Operations, (iii) the Interim Condensed Consolidated Statements of Comprehensive Loss, (iv) the Interim Condensed Statements of Changes in Equity, (v) the Interim Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Interim Condensed Consolidated Financial Statements, tagged as blocks of text and in detail.

* Filed herewith.
** Furnished herewith.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLURISTEM THERAPEUTICS INC.

By: /s/ Zami Aberman
Zami Aberman, Co-Chief Executive Officer
(Principal Executive Officer)
Date: May 6, 2019

By: /s/ Yaky Yanay
Yaky Yanay, Co-Chief Executive Officer and President
(Principal Executive Officer)
Date: May 6, 2019

By: /s/ Chen Franco-Yehuda
Chen Franco-Yehuda, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Date: May 6, 2019

Exhibit 4.1

Pluristem Therapeutics Inc.

and

American Stock Transfer & Trust Company, LLC, as
Warrant Agent

Warrant Agent Agreement

Dated as of April 4, 2019

WARRANT AGENT AGREEMENT

WARRANT AGENT AGREEMENT, dated as of April 4, 2019 ("Agreement"), between Pluristem Therapeutics Inc., a Nevada corporation (the "Company"), and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company (the "Warrant Agent").

W I T N E S S E T H

WHEREAS, pursuant to a registered offering by the Company of the Company's common stock, par value $0.00001 per share (the "Common Stock"), together with warrants (the "Warrants") to purchase shares of Common Stock, pursuant to an effective registration statement on Form S-3 (File No. 333-218916) (the "Registration Statement"), the Company wishes to issue Warrants in book entry form entitling the respective holders of the Warrants (the "Holders", which term shall include a Holder's transferees, successors and assigns and "Holder" shall include, if the Warrants are held in "street name", a Participant (as defined below) or a designee appointed by such Participant) to purchase an aggregate of up to 28,571,429 shares of Common Stock upon the terms and subject to the conditions hereinafter set forth (the "Offering");

WHEREAS, the shares of Common Stock and Warrants to be issued in connection with the Offering shall be immediately separable and will be issued separately, but will be purchased together in the Offering; and

WHEREAS, the Company wishes the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing so to act, in connection with the issuance, registration, transfer, exchange, exercise and replacement of the Warrants and, in the Warrant Agent's capacity as the Company's transfer agent, the delivery of the Warrant Shares.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Affiliate" has the meaning ascribed to it in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which the Nasdaq Stock Market is authorized or required by law or other governmental action to close.

(c) "Close of Business" on any given date means 5:00 p.m., New York City time, on such date; provided, however, that if such date is not a Business Day it means 5:00 p.m., New York City time, on the next succeeding Business Day.

(e) "Person" means an individual, corporation, association, partnership, limited liability company, joint venture, trust, unincorporated organization, government or political subdivision thereof or governmental agency or other entity.

(f) "Warrant Certificate" means a certificate in substantially the form attached as Exhibit 1 hereto, representing such number of Warrant Shares as is indicated therein.

(g) "Warrant Shares" means the shares of Common Stock underlying the Warrants and issuable upon exercise of the Warrants.

All other capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Warrant Certificate.

Section 2. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Warrant Agent hereby accepts such appointment. The Company may from time to time appoint a Co-Warrant Agent as it may, in its sole discretion, deem necessary or desirable. The Warrant Agent shall have no duty to supervise, and will in no event be liable for the acts or omissions of, any co-Warrant Agent.

Section 3. Global Warrants.

(a) The Warrants shall be issuable in book entry form (the "Global Warrants"). All of the Warrants shall initially be represented by one or more Global Warrants deposited with the Warrant Agent and registered in the name of Cede & Co., a nominee of The Depository Trust Company (the "Depositary"), or as otherwise directed by the Depositary. Ownership of beneficial interests in the Warrants shall be shown on, and the transfer of such ownership shall be effected through, records maintained by (i) the Depositary or its nominee for each Global Warrant or (ii) institutions that have accounts with the Depositary (such institution, with respect to a Warrant in its account, a "Participant"). For purposes of Regulation SHO, a holder whose interest in a Global Warrant is a beneficial interest in certificate(s) representing such Warrant held in book-entry form through the Depositary shall be deemed to have exercised its interest in such Warrant upon instructing its broker that is a Participant to exercise its interest in such Warrant, provided that in each such case payment of the applicable aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case following such instruction.

(b) If the Depositary subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent regarding other arrangements for book-entry settlement. In the event that the Warrants are not eligible for, or it is no longer necessary to have the Warrants available in, book-entry form, the Warrant Agent shall provide written instructions to the Depositary to deliver to the Warrant Agent for cancellation each Global Warrant, and the Company shall instruct the Warrant Agent to deliver to each Holder a Warrant Certificate.

(c) A Holder has the right to elect at any time or from time to time a Warrant Exchange (as defined below) pursuant to a Warrant Certificate Request Notice (as defined below). Upon written notice by a Holder to the Warrant Agent for the exchange of some or all of such Holder's Global Warrants for a Warrant Certificate evidencing the same number of Warrants, which request shall be in the form attached hereto as Annex A (a "Warrant Certificate Request Notice" and the date of delivery of such Warrant Certificate Request Notice by the Holder, the "Warrant Certificate Request Notice Date" and the deemed surrender upon delivery by the Holder of a number of Global Warrants for the same number of Warrants evidenced by a Warrant Certificate, a "Warrant Exchange"), the Warrant Agent shall promptly effect the Warrant Exchange and shall promptly issue and deliver to the Holder a Warrant Certificate for such number of Warrants in the name set forth in the Warrant Certificate Request Notice. Such Warrant Certificate shall be dated the original issue date of the Warrants, shall be manually executed by an authorized signatory of the Company, shall be in the form attached hereto as Exhibit 1, and shall be reasonably acceptable in all respects to such Holder. In connection with a Warrant Exchange, the Company agrees to deliver, or to direct the Warrant Agent to deliver, the Warrant Certificate to the Holder within three (3) Business Days of the Warrant Certificate Request Notice pursuant to the delivery instructions in the Warrant Certificate Request Notice ("Warrant Certificate Delivery Date"). If the Company fails for any reason to deliver to the Holder the Warrant Certificate subject to the Warrant Certificate Request Notice by the seventh Business Day following the Warrant Certificate Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares evidenced by such Warrant Certificate (based on the VWAP (as defined in the Warrants) of the Common Stock on the Warrant Certificate Request Notice Date), $10 per Business Day for each Business Day after such Warrant Certificate Delivery Date until such Warrant Certificate is delivered or, prior to delivery of such Warrant Certificate, the Holder rescinds such Warrant Exchange. The Company covenants and agrees that, upon the date of delivery of the Warrant Certificate Request Notice, the Holder shall be deemed to be the holder of the Warrant Certificate and, notwithstanding anything to the contrary set forth herein, the Warrant Certificate shall be deemed for all purposes to contain all of the terms and conditions of the Warrants evidenced by such Warrant Certificate and the terms of this Agreement.

Section 4. Form of Warrant Certificates. The Warrant Certificate, together with the form of election to purchase Common Stock ("Notice of Exercise") and the form of assignment to be printed on the reverse thereof, shall be in the form of Exhibit 1 hereto.

Section 5. Countersignature and Registration. The Warrant Certificates shall be executed on behalf of the Company by a Co-Chief Executive Officer or Chief Financial Officer, either manually or by facsimile signature, and, if applicable, have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Warrant Certificates shall be countersigned by the Warrant Agent either manually or by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be such officer of the Company before countersignature by the Warrant Agent and issuance and delivery by the Company, such Warrant Certificates, nevertheless, may be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the person who signed such Warrant Certificate had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Agreement any such person was not such an officer.

The Warrant Agent will keep or cause to be kept, at one of its offices, or at the office of one of its agents, books for registration and transfer of the Warrant Certificates issued hereunder. Such books shall show the names and addresses of the respective Holders of the Warrant Certificates, the number of warrants evidenced on the face of each of such Warrant Certificate and the date of each of such Warrant Certificate. The Warrant Agent will create a special account for the issuance of Warrant Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Warrant Certificates; Mutilated, Destroyed, Lost or Stolen Warrant Certificates. With respect to the Global Warrant, subject to the provisions of the Warrant Certificate and the last sentence of this first paragraph of Section 6 and subject to applicable law, rules or regulations, or any "stop transfer" instructions the Company may give to the Warrant Agent, at any time after the closing date of the Offering, and at or prior to the Close of Business on the Termination Date, any Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants may be transferred, split up, combined or exchanged for another Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants, entitling the Holder to purchase a like number of shares of Common Stock as the Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants surrendered then entitled such Holder to purchase. Any Holder desiring to transfer, split up, combine or exchange any Warrant Certificate or Global Warrant shall make such request in writing delivered to the Warrant Agent, and shall surrender the Warrant Certificate or Warrant Certificates to be transferred, split up, combined or exchanged at the principal office of the Warrant Agent, provided that no such surrender is applicable to the Holder of a Global Warrant. Any requested transfer of Warrants, whether in book-entry form or certificate form, shall be accompanied by reasonable evidence of authority of the party making such request that may be required by the Warrant Agent. Thereupon the Warrant Agent shall, subject to the last sentence of this first paragraph of Section 6, countersign and deliver to the Person entitled thereto a Warrant Certificate or Warrant Certificates, as the case may be, as so requested. The Company may require payment from the Holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Warrant Certificates. The Company shall compensate the Warrant Agent per the fee schedule mutually agreed upon by the parties hereto and provided separately on the date hereof.

Upon receipt by the Warrant Agent of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of a Warrant Certificate, which evidence shall include an affidavit of loss, or in the case of mutilated certificates, the certificate or portion thereof remaining, and, in case of loss, theft or destruction, of indemnity in customary form and amount and reimbursement to the Company and the Warrant Agent of all reasonable expenses incidental thereto, and upon surrender to the Warrant Agent and cancellation of the Warrant Certificate if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor to the Warrant Agent for delivery to the Holder in lieu of the Warrant Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Warrants; Exercise Price; Termination Date.

(a) The Warrants shall be exercisable commencing on the Initial Exercise Date. The Warrants shall cease to be exercisable and shall terminate and become void, and all rights thereunder and under this Agreement shall cease, at or prior to the Close of Business on the Termination Date. The Holder of a Warrant may exercise the Warrant in whole or in part in accordance with Section 2 of the Warrant Certificate. The Company acknowledges that the bank accounts maintained by the Warrant Agent in connection with the services provided under this Agreement will be in its name and that the Warrant Agent may receive investment earnings in connection with the investment at Warrant Agent risk and for its benefit of funds held in those accounts from time to time. Neither the Company nor the Holders will receive interest on any deposits or Exercise Price.

(b) The Warrant Agent shall deposit all funds received by it in payment of the Exercise Price for all Warrants in the account of the Company maintained with the Warrant Agent for such purpose (or to such other account as directed by the Company in writing) and shall advise the Company via telephone or electronic mail at the end of each day on which funds for the exercise of any Warrant are received of the amount so deposited to its account. The Warrant Agent shall promptly confirm such telephonic advice to the Company in writing.

(c) In case the Holder of any Warrant Certificate shall exercise fewer than all Warrants evidenced thereby, a new Warrant Certificate evidencing the number of Warrants equivalent to the number of Warrants remaining unexercised may be issued by the Warrant Agent to the Holder of such Warrant Certificate or to his duly authorized assigns in accordance with Section 2(d)(ii) of the Warrant Certificate, subject to the provisions of Section 6 hereof.

Section 8. Cancellation and Destruction of Warrant Certificates. All Warrant Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Warrant Agent for cancellation or in canceled form, or, if surrendered to the Warrant Agent, shall be canceled by it, and no Warrant Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Warrant Agent for cancellation and retirement, and the Warrant Agent shall so cancel and retire, any other Warrant Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Warrant Agent shall deliver all canceled Warrant Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Warrant Certificates, and in such case shall deliver a certificate of destruction thereof to the Company, subject to any applicable law, rule or regulation requiring the Warrant Agent to retain such canceled certificates.

Section 9. Certain Representations; Reservation and Availability of Shares of Common Stock or Cash.

(a) This Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the Warrant Agent, constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, and the Warrants have been duly authorized, executed and issued by the Company and, assuming due authentication thereof by the Warrant Agent pursuant hereto and payment therefor by the Holders as provided in the Registration Statement, constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms and entitled to the benefits hereof; in each case except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) As of the date hereof, and excluding the shares of Common Stock and Warrants to be issued in the Offering, the authorized capital stock of the Company consists of 200,000,000 shares of Common Stock, of which 119,734,663 shares of Common Stock are issued and outstanding, and 28,571,429 shares of Common Stock are reserved for issuance upon exercise of the Warrants. Except as disclosed in the Registration Statement, there are no other outstanding obligations, warrants, options or other rights to subscribe for or purchase from the Company any class of capital stock of the Company.

(c) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Common Stock or its authorized and issued shares of Common Stock held in its treasury, free from preemptive rights, the number of shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants.

(d) The Warrant Agent will create a special account for the issuance of Common Stock upon the exercise of Warrants.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the original issuance or delivery of the Warrant Certificates or certificates evidencing Common Stock upon exercise of the Warrants. The Company shall not, however, be required to pay any tax or governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Warrant Certificates or the issuance or delivery of certificates for Common Stock in a name other than that of the Holder of the Warrant Certificate evidencing Warrants surrendered for exercise or to issue or deliver any certificate for shares of Common Stock upon the exercise of any Warrants until any such tax or governmental charge shall have been paid (any such tax or governmental charge being payable by the Holder of such Warrant Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax or governmental charge is due.

Section 10. Common Stock Record Date. Each Person in whose name any certificate for shares of Common Stock is issued upon the exercise of Warrants shall for all purposes be deemed to have become the holder of record for the Common Stock represented thereby on, and such certificate shall be dated, the date upon which the Notice of Exercise was delivered.

Section 11. Adjustment of Exercise Price, Number of Shares of Common Stock or Number of the Company Warrants. The Exercise Price, the number of shares covered by each Warrant and the number of Warrants outstanding are subject to adjustment from time to time as provided in Section 3 of the Warrant Certificate. In the event that at any time, as a result of an adjustment made pursuant to Section 3 of the Warrant Certificate, the Holder of any Warrant thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, thereafter the number of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 3 of the Warrant Certificate, and the provisions of Sections 7, 9 and 13 of this Agreement with respect to the shares of Common Stock shall apply on like terms to any such other shares. All Warrants originally issued by the Company subsequent to any adjustment made to the Exercise Price pursuant to the Warrant Certificate shall evidence the right to purchase, at the adjusted Exercise Price, the number of shares of Common Stock purchasable from time to time hereunder upon exercise of the Warrants, all subject to further adjustment as provided herein.

Section 12. Certification of Adjusted Exercise Price or Number of Shares of Common Stock. Whenever the Exercise Price or the number of shares of Common Stock issuable upon the exercise of each Warrant is adjusted as provided in Section 11 or 13, the Company shall promptly deliver to the Holder by facsimile or e-mail a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

Section 13. Fractional Shares of Common Stock.

(a) The Company shall not issue fractions of Warrants or distribute Warrant Certificates which evidence fractional Warrants. Whenever any fractional Warrant would otherwise be required to be issued or distributed, the actual issuance or distribution shall reflect a rounding of such fraction to the nearest whole Warrant (rounded down).

(b) The Company shall not issue fractions of shares or scrip representing fractions of shares of Common Stock upon exercise of Warrants or distribute stock certificates which evidence fractional shares of Common Stock. Whenever any fraction of a share of Common Stock would otherwise be required to be issued or distributed, the actual issuance or distribution in respect thereof shall be made in accordance with Section 2(d)(v) of the Warrant Certificate.

Section 14. Conditions of the Warrant Agent's Obligations. The Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following to all of which the Company agrees and to all of which the rights hereunder of the Holders from time to time of the Warrant Certificates shall be subject:

(a) The Company agrees promptly to pay the Warrant Agent the compensation detailed on Exhibit 2 hereto for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable out-of-pocket expenses (including reasonable counsel fees) incurred without gross negligence, bad faith or willful misconduct by the Warrant Agent in connection with the services rendered hereunder by the Warrant Agent. The Company also agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Warrant Agent, arising out of or in connection with its acting as Warrant Agent hereunder, including the reasonable costs and expenses of defending against any claim of such liability.

(b) In acting under this Warrant Agreement and in connection with the Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligations or relationship of agency or trust for or with any of the Holders of Warrant Certificates or beneficial owners of Warrants.

(c) The Warrant Agent may consult with counsel satisfactory to it, which may include counsel for the Company, and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(d) The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or omitted by it in reliance upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(e) The Warrant Agent, and its officers, directors and employees, may become the owner of, or acquire any interest in, Warrants, with the same rights that it or they would have if it were not the Warrant Agent hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depositary, trustee or agent for, any committee or body of Holders of Warrant Securities or other obligations of the Company as freely as if it were not the Warrant Agent hereunder. Nothing in this Warrant Agreement shall be deemed to prevent the Warrant Agent from acting as trustee under any indenture to which the Company is a party.

(f) Unless otherwise agreed with the Company, the Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(g) The Warrant Agent shall have no liability with respect to any invalidity of this Agreement or any of the Warrant Certificates (except as to the Warrant Agent's countersignature thereon).

(h) The Warrant Agent shall not be responsible for any of the recitals or representations herein or in the Warrant Certificates (except as to the Warrant Agent's countersignature thereon), all of which are made solely by the Company.

(i) The Warrant Agent shall be obligated to perform only such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Warrant Certificates authenticated by the Warrant Agent and delivered by it to the Company pursuant to this Agreement or for the application by the Company of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Warrant Certificates or in the case of the receipt of any written demand from a Holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law.

Section 15. Purchase or Consolidation or Change of Name of Warrant Agent. Any corporation into which the Warrant Agent or any successor Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent or any successor Warrant Agent shall be party, or any corporation succeeding to the corporate trust business of the Warrant Agent or any successor Warrant Agent, shall be the successor to the Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Warrant Agent under the provisions of Section 17. In case at the time such successor Warrant Agent shall succeed to the agency created by this Agreement any of the Warrant Certificates shall have been countersigned but not delivered, any such successor Warrant Agent may adopt the countersignature of the predecessor Warrant Agent and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

Section 16. Duties of Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company, by its acceptance hereof, shall be bound:

(a) The Warrant Agent may consult with legal counsel reasonably acceptable to the Company (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by either Co-Chief Executive Officer, Chief Financial Officer or Vice President of the Company; and such certificate shall be full authentication to the Warrant Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) Subject to the limitation set forth in Section 14, the Warrant Agent shall be liable hereunder only for its own gross negligence, bad faith, violation of law or willful misconduct, or for a breach by it of this Agreement.

(d) The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Warrant Certificates (except its countersignature thereof) by the Company or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Warrant Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Warrant Agent) or in respect of the validity or execution of any Warrant Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant Certificate; nor shall it be responsible for the adjustment of the Exercise Price or the making of any change in the number of shares of Common Stock required under the provisions of Section 11 or 13 or responsible for the manner, method or amount of any such change or the ascertaining of the existence of facts that would require any such adjustment or change (except with respect to the exercise of Warrants evidenced by Warrant Certificates after actual notice of any adjustment of the Exercise Price); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrant Certificate or as to whether any shares of Common Stock will, when issued, be duly authorized, validly issued, fully paid and nonassessable.

(f) Each party hereto agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the other party hereto for the carrying out or performing by any party of the provisions of this Agreement.

(g) The Warrant Agent is hereby authorized to accept instructions with respect to the performance of its duties hereunder from either Co-Chief Executive Officer or the Chief Financial Officer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable and shall be indemnified and held harmless for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer, provided Warrant Agent carries out such instructions without gross negligence, bad faith or willful misconduct.

(h) The Warrant Agent and any shareholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorney or agents, and the Warrant Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

Section 17. Change of Warrant Agent. The Warrant Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing sent to the Company and to each transfer agent of the Common Stock, and to the Holders of the Warrant Certificates. The Company may remove the Warrant Agent or any successor Warrant Agent upon 30 days' notice in writing, sent to the Warrant Agent or successor Warrant Agent, as the case may be, and to each transfer agent of the Common Stock, and to the Holders of the Warrant Certificates. If the Warrant Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent or by the Holder of a Warrant Certificate (who shall, with such notice, submit his Warrant Certificate for inspection by the Company), then the Holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new Warrant Agent, provided that, for purposes of this Agreement, the Company shall be deemed to be the Warrant Agent until a new warrant agent is appointed. Any successor Warrant Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of a state thereof, in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Warrant Agent a combined capital and surplus of at least $50,000,000. After appointment, the successor Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed; but the predecessor Warrant Agent shall deliver and transfer to the successor Warrant Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Warrant Agent and each transfer agent of the Common Stock, and mail a notice thereof in writing to the Holders of the Warrant Certificates. However, failure to give any notice provided for in this Section 17, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor Warrant Agent, as the case may be.

Section 18. Issuance of New Warrant Certificates. Notwithstanding any of the provisions of this Agreement or of the Warrants to the contrary, the Company may, at its option, issue new Warrant Certificates evidencing Warrants in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Exercise Price per share and the number or kind or class of shares of stock or other securities or property purchasable under the several Warrant Certificates made in accordance with the provisions of this Agreement.

Section 19. Notices. Notices or demands authorized by this Agreement to be given or made (i) by the Warrant Agent or by the Holder of any Warrant Certificate to or on the Company, (ii) subject to the provisions of Section 17, by the Company or by the Holder of any Warrant Certificate to or on the Warrant Agent or (iii) by the Company or the Warrant Agent to the Holder of any Warrant Certificate, shall be deemed given (a) on the date delivered, if delivered personally, (b) on the first Business Day following the deposit thereof with Federal Express or another recognized overnight courier, if sent by Federal Express or another recognized overnight courier, (c) on the fourth Business Day following the mailing thereof with postage prepaid, if mailed by registered or certified mail (return receipt requested), and (d) the date of transmission, if such notice or communication is delivered via facsimile or email attachment at or prior to 5:30 p.m. (New York City time) on a Business Day and (e) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile or email attachment on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, in each case to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to the Company, to:

Pluristem Therapeutics Inc.
MATAM Advanced Technology Park, Building No. 5
Haifa, Israel 31905
Attn: Chief Financial Officer
Fax:
Email: chenf@Pluristem.com

With a copy (which shall not constitute notice) to:

Zysman, Aharoni, Gayer and Sullivan & Worcester LLP
1633 Broadway, 32nd Floor
Attn: Oded Har-Even, Esq.
Fax: (212) 660-3001
Email: ohareven@zag-sw.com

(b) If to the Warrant Agent, to:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: Frank Ruggiero
email: FRuggiero@amstock.com
Facsimile: (718) 765-8713

For any notice delivered by email to be deemed given or made, such notice must be followed by notice sent by overnight courier service to be delivered on the next business day following such email, unless the recipient of such email has acknowledged via return email receipt of such email.

(c) If to the Holder of any Warrant Certificate, to the address of such Holder as shown on the registry books of the Company. Any notice required to be delivered by the Company to the Holder of any Warrant may be given by the Warrant Agent on behalf of the Company. Notwithstanding any other provision of this Agreement, where this Agreement provides for notice of any event to a Holder of any Warrant, such notice shall be sufficiently given if given to the Depositary (or its designee) pursuant to the procedures of the Depositary or its designee.

Section 20. Supplements and Amendments.

(a) The Company and the Warrant Agent may from time to time supplement or amend this Agreement without the approval of any Holders of Global Warrant certificates in order to add to the covenants and agreements of the Company for the benefit of the Holders of the Global Warrant certificates or to surrender any rights or power reserved to or conferred upon the Company in this Agreement, provided that such addition or surrender shall not adversely affect the interests of the Holders of the Global Warrant certificates in any material respect.

(b) In addition to the foregoing, with the consent of Holders of Warrants entitled, upon exercise thereof, to receive not less than a majority of the shares of Common Stock issuable thereunder, the Company and the Warrant Agent may modify this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Warrant Agreement or modifying in any manner the rights of the Holders of the Global Warrant certificates; provided, however, that no modification of the terms (including but not limited to the adjustments described in Section 11) upon which the Warrants are exercisable or reducing the percentage required for consent to modification of this Agreement may be made without the consent of the Holder of each outstanding warrant certificate affected thereby. As a condition precedent to the Warrant Agent's execution of any amendment, the Company shall deliver to the Warrant Agent a certificate from a duly authorized officer of the Company that states that the proposed amendment complies with the terms of this Section 20.

Section 21. Successors. All covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 22. Benefits of this Agreement. Nothing in this Agreement shall be construed to give any Person other than the Company, the Holders of Warrant Certificates and the Warrant Agent any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent and the Holders of the Warrant Certificates.

Section 23. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of law principles thereof.

Section 24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 25. Captions. The captions of the sections of this Agreement have been inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 26. Warrant Agent Agreement. To the extent any provision of this Warrant Agent Agreement conflicts with the express provisions of the Warrant Certificate, the provisions of such Warrant Certificate shall govern and be controlling.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

PLURISTEM THERAPEUTICS INC.

By: /s/ Yaky Yanay
Name: Yaky Yanay
Title: Co-Chief Executive Officer

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

By: /s/ Michael A. Nespoli
Name: Michael A. Nespoli
Title: Executive Director

[*Signature Page to Warrant Agent Agreement*]

Annex A: Form of Warrant Certificate Request Notice

WARRANT CERTIFICATE REQUEST NOTICE

To: American Stock Transfer & Trust Company, LLC as Warrant Agent for Pluristem Therapeutics Inc. (the "Company")

The undersigned Holder of Common Stock Purchase Warrants ("Warrants") in the form of Global Warrants issued by the Company hereby elects to receive a Warrant Certificate evidencing the Warrants held by the Holder as specified below:

1. Name of Holder of Warrants in form of Global Warrants: _____

2. Name of Holder in Warrant Certificate (if different from name of Holder of Warrants in form of Global Warrants): _____

3. Number of Warrants in name of Holder in form of Global Warrants: _____

4. Number of Warrants for which Warrant Certificate shall be issued: _____

5. Number of Warrants in name of Holder in form of Global Warrants after issuance of Warrant Certificate, if any: _____

6. Warrant Certificate shall be delivered to the following address:

_____

_____

_____

_____

The undersigned hereby acknowledges and agrees that, in connection with this Warrant Exchange and the issuance of the Warrant Certificate, the Holder is deemed to have surrendered the number of Warrants in form of Global Warrants in the name of the Holder equal to the number of Warrants evidenced by the Warrant Certificate.

[SIGNATURE OF HOLDER]

Name of Investing Entity:
_____

Signature of Authorized Signatory of Investing Entity:
_____

Name of Authorized Signatory:
_____

Title of Authorized Signatory:
_____

Date:
_____

Exhibit 1: Form of Warrant Certificate

COMMON STOCK PURCHASE WARRANT

PLURISTEM THERAPEUTICS INC.

Initial Issuance Date: April 8, 2019
Warrant Shares: _____ Initial Exercise Date: April 8, 2019

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, CEDE & CO or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York time) on April 8, 2024 (the "Termination Date") but not thereafter, to subscribe for and purchase from Pluristem Therapeutics Inc., a Nevada corporation (the "Company"), up to _____ shares of Common Stock (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b). This Warrant shall initially be issued and maintained in the form of a security held in book-entry form and the Depository Trust Company or its nominee ("DTC") shall initially be the sole registered holder of this Warrant, subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agent Agreement, in which case this sentence shall not apply.

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Board of Directors" means the board of directors of the Company and any authorized committee thereof.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.00001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Registration Statement" means the Company's registration statement on Form S-1 (File No. 333- 218916).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Trading Day" means a day on which the Common Stock is traded on a Trading Market.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

"Transfer Agent" means American Stock Transfer & Trust Company, LLC, the current transfer agent of the Company, with a mailing address of 6201 15th Avenue, 2nd Floor, Brooklyn, New York 11219, and any successor transfer agent of the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Warrant Agent Agreement" means that certain warrant agency agreement, dated on or about the Initial Exercise Date, between the Company and the Warrant Agent.

"Warrant Agent" means the Transfer Agent and any successor warrant agent of the Company.

"Warrants" means this Warrant and other Common Stock purchase warrants issued by the Company pursuant to the Registration Statement.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before 5:00 p.m. (New York City time) on the Termination Date by delivery to the Company or Warrant Agent of a duly executed facsimile copy or PDF copy submitted by e-mail of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company or the Warrant Agent until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company or Warrant Agent shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

Notwithstanding the foregoing in this Section 2(a), a holder whose interest in this Warrant is a beneficial interest in certificate(s) representing this Warrant held in book-entry form through DTC (or another established clearing corporation performing similar functions), shall effect exercises made pursuant to this Section 2(a) by delivering to DTC (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that are required by DTC (or such other clearing corporation, as applicable), subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agent Agreement, in which case this sentence shall not apply.

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be **$0.70**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at the time of exercise hereof, there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

Notwithstanding the foregoing, and without limiting the rights of the Holder under this Section 2(c) and Sections 2(d)(i) and 2(d)(iv), in no event will the Company be required to net cash settle an exercise of this Warrant.

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with DTC through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company or Warrant Agent of the Notice of Exercise, (ii) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares further, for purposes of Regulation SHO, a holder whose interest in this Warrant is a beneficial interest in certificate(s) representing this Warrant held in book-entry form through DTC shall be deemed to have exercised its interest in this Warrant upon instructing its broker that is a DTC participant to exercise its interest in this Warrant, provided that in each such case payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either round the Warrant Shares to be issued to the nearest whole share or pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the VWAP.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall have the same rights as the holders of Common Stock as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, Holder shall only be entitled to receive from the Company or any Successor Entity, as of the date of consummation of such Fundamental Transaction, the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("Bloomberg") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (ii) the greater of (x) the last VWAP immediately prior to the public announcement of such Fundamental Transaction and (y) the last VWAP immediately prior to the consummation of such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within five Business Days of the Holder's election (or, if later, on the effective date of the Fundamental Transaction). The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. For the avoidance of doubt, if, at any time while this Warrant is outstanding, a Fundamental Transaction occurs, pursuant to the terms of this Section 3(d), the Holder shall not be entitled to receive more than one of (i) the consideration receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction, (ii) an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant as calculated pursuant this Section, or (iii) the assumption by the Successor Entity of all of the obligations of the Company under this Warrant and the other Transaction Documents and the option to receive a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Warrant Agent for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company and the Warrant Agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by facsimile or e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at MATAM Advanced Technology Park, Building No. 5, Haifa, Israel, Attention: Chief Financial Officer, facsimile number: +972-74-710-8787, email address: chenf@pluristem.com, or such other facsimile number, email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holder or the beneficial owner of this Warrant, on the other hand.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Warrant Agent Agreement. If this Warrant is held in global form through DTC (or any successor depositary), this Warrant is issued subject to the Warrant Agent Agreement. To the extent any provision of this Warrant conflicts with the express provisions of the Warrant Agent Agreement, the provisions of this Warrant shall govern and be controlling.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

PLURISTEM THERAPEUTICS INC.

By:_____
Name:
Title:

NOTICE OF EXERCISE

TO: PLURISTEM THERAPEUTICS INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:

(Please Print)

Address:

(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature: _____

Holder's Address: _____

Exhibit 2 – Warrant Agent Compensation

A monthly fee of $250.

Exhibit 10.1

PLURISTEM THERAPEUTICS INC.

27,142,858 Shares

and

Warrants to purchase 27,142,858 Shares

UNDERWRITING AGREEMENT

April 4, 2019

Ladenburg Thalmann & Co. Inc.
As Representative of the several underwriters listed on Schedule I hereto
277 Park Avenue
26th Floor
New York, NY 10172

Ladies and Gentlemen:

PLURISTEM THERAPEUTICS INC., a Nevada corporation (the "**Company**"), proposes to issue and sell to Ladenburg Thalmann & Co. Inc. (the "**Representative**") and the other underwriters listed on Schedule I hereto (collectively, with the Representative, the "**Underwriters**"), pursuant to and in accordance with the terms and conditions of this underwriting agreement (the "**Agreement**") in a public offering (the "**Offering**"), an aggregate of 27,142,858 shares (the "**Shares**") of its common stock, par value $0.00001 per share (the "**Common Stock**"), and warrants (each whole warrant, a "**Warrant**") to purchase up to an aggregate of 27,142,858 shares of Common Stock. The Shares to be sold by the Company are called the "Firm Shares." The Firm Shares and the Warrants will be sold as units (the "**Units**"), with each Unit consisting of one Share and a Warrant to purchase one Share. In addition, the Company has granted to the Underwriters an option to purchase up to an additional 1,428,571 Shares as provided in Section 3 (the "**Option Shares**") and/or Warrants to purchase up to an additional 1,428,571 Shares (the "**Option Warrants**" and, collectively with the Option Shares, the "**Option Securities**"). The Units, the Shares, the Warrants, the Option Securities and the Warrant Shares (as defined below) are collectively called the "**Securities**." The Shares underlying the Warrants and Option Warrants are collectively called the "**Warrant Shares**."

This is to confirm the agreement concerning the purchase of the Securities from the Company by the Underwriters.

The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a shelf registration statement on Form S-3, File No. 333-218916, including a base prospectus (the "**Base Prospectus**") to be used in connection with the public offering and sale of the Securities. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, in the form in which it became effective under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), including all documents incorporated or deemed to be incorporated by reference therein and any information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430A or 430B under the Securities Act, is called the "**Registration Statement**." Any registration statement filed by the Company pursuant to Rule 462(b) under the Securities Act in connection with the offer and sale of the Securities is called the "**Rule 462(b) Registration Statement**," and from and after the date and time of filing of any such Rule 462(b).

The term "Registration Statement" shall include the Rule 462(b) Registration Statement. The preliminary prospectus supplement dated April 3, 2019 describing the Securities and the offering thereof (the "**Preliminary Prospectus Supplement**"), together with the Base Prospectus, is called the "**Preliminary Prospectus**," and the Preliminary Prospectus and any other prospectus supplement to the Base Prospectus in preliminary form that describes the Securities and the offering thereof and is used prior to the filing of the Prospectus (as defined below), together with the Base Prospectus, is called a "**preliminary prospectus**." As used herein, the term "**Prospectus**" shall mean the final prospectus supplement to the Base Prospectus that describes the Securities and the offering thereof, together with the Base Prospectus, in the form first used by the Underwriters to confirm sales of the Securities or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act. References herein to the Preliminary Prospectus, any preliminary prospectus and the Prospectus shall refer to both the prospectus supplement and the Base Prospectus components of such prospectus. As used herein, "**Applicable Time**" is 8:40 a.m. (New York City time) on the date of this Agreement. As used herein, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, and "**Time of Sale Prospectus**" means the Preliminary Prospectus, as amended or supplemented immediately prior to the Applicable Time, together with the free writing prospectuses, if any, identified on Schedule II hereto. As used herein, "**Road Show**" means a "road show" (as defined in Rule 433 under the Securities Act) relating to the offering of the Securities contemplated hereby that is a "written communication" (as defined in Rule 405 under the Securities Act).

All references in this Agreement to the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus and the Prospectus shall include the documents incorporated or deemed to be incorporated by reference therein. All references in this Agreement to financial statements and schedules and other information which are "contained," "included" or "stated" in, or "part of" the Registration Statement, the Rule 462(b) Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus, and all other references of like import, shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Rule 462(b) Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus, as the case may be. All references in this Agreement to amendments or supplements to the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, the Time of Sale Prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Exchange Act**") that is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus, or the Prospectus, as the case may be. All references in this Agreement to the Registration Statement, the Preliminary Prospectus, any preliminary prospectus, the Base Prospectus or the Prospectus, any amendments or supplements to any of the foregoing, or any free writing prospectus, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**").

Concurrently with the offer and sale of the Securities, the Company is offering shares of Common Stock directly to certain investors pursuant to the Registration Statement and a separate prospectus supplement to the Base Prospectus that describes the offering thereof (the "**Concurrent Registered Direct Offering**") as disclosed in the Time of Sale Prospectus and the Prospectus.

1. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, the Underwriters that:

(a) *Compliance with Registration Requirements*. The Registration Statement has become effective under the Securities Act. The Company has complied, to the Commission's satisfaction, with all requests of the Commission for additional or supplemental information, if any. No stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the best knowledge of the Company, are contemplated or threatened by the Commission. At the time the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (the "**Annual Report**") was filed with the Commission, or, if later, at the time the Registration Statement was originally filed with the Commission, the Company met the then-applicable requirements for use of Form S-3 under the Securities Act. The Company meets the requirements for use of Form S-3 under the Securities Act and it meets the transaction requirements as set forth in General Instruction I.B.1 of Form S-3 and the requirements specified in the Financial Industry Regulatory Authority, Inc. ("**FINRA**") Conduct Rule 5110(B)(7)(C)(i). The documents incorporated or deemed to be incorporated by reference in the Registration Statement, the Time of Sale Prospectus and the Prospectus, at the time they were or hereafter are filed with the Commission, or became effective under the Exchange Act, as the case may be, complied and will comply in all material respects with the requirements of the Exchange Act.

(b) *Disclosure*. Each preliminary prospectus and the Prospectus when filed complied in all material respects with the Securities Act and, if filed by electronic transmission pursuant to EDGAR, was identical (except as may be permitted by Regulation S-T under the Securities Act) to the copy thereof delivered to the Underwriters for use in connection with the offer and sale of the Securities. Each of the Registration Statement and any post-effective amendment thereto, at the time it became or becomes effective and at all subsequent times, complied and will comply in all material respects with the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, the Time of Sale Prospectus did not, and at the time of each sale of the Securities and at the First Closing Date (as defined in Section 4) and at each applicable Option Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Prospectus, as of its date and (as then amended or supplemented) at all subsequent times, did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the three immediately preceding sentences do not apply to statements in or omissions from the Registration Statement or any post-effective amendment thereto, or the Prospectus or the Time of Sale Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with written information relating to any Underwriter furnished to the Company in writing by the Representative expressly for use therein, it being understood and agreed that the only such information consists of the information described in Section 12 below. There are no contracts or other documents required to be described in the Time of Sale Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which have not been described or filed as required.

(c) *Free Writing Prospectuses; Road Show*. As of the determination date referenced in Rule 164(h) under the Securities Act, the Company was not, is not or will not be (as applicable) an "ineligible issuer" in connection with the offering of the Securities pursuant to Rules 164, 405 and 433 under the Securities Act. Each free writing prospectus, if any, that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of Rule 433 under the Securities Act, including timely filing with the Commission or retention where required and legending, and each such free writing prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Prospectus or any preliminary prospectus and not superseded or modified. Except for the free writing prospectuses, if any, identified on Schedule II, and electronic road shows, if any, furnished to the Representative before first use, the Company has not prepared, used or referred to, and will not, without the Representative's prior written consent, prepare, use or refer to, any free writing prospectus in connection with the Securities or in connection with the Concurrent Registered Direct Offering. Each Road Show, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) *Offering Materials Furnished to Underwriters*. The Company has delivered to the Representative two complete copies of the Registration Statement and each amendment thereto (including, in each case, exhibits) and each consent and certificate of experts filed as a part thereof, and additional copies of the Registration Statement and each amendment thereto (without exhibits) and each preliminary prospectus and any free writing prospectus reviewed and consented to by the Representative, in such quantities and at such places as the Representative has reasonably requested for each of the Underwriters. Upon request of the Representative, the Company will provide to the Underwriters two complete, manually signed copies of the Registration Statement and each amendment thereto.

(e) *Distribution of Offering Material by the Company*. Prior to the later of (i) the expiration or termination of the option granted to the several Underwriters in Section 3 and (ii) the completion of the Underwriters' distribution of the Securities, the Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Securities other than the Registration Statement, the Time of Sale Prospectus, the Prospectus (each as amended or supplemented), or any free writing prospectus reviewed and consented to by the Representative. The Company has not distributed and will not distribute any offering material in connection with the offering and sale of the shares of Common Stock in the Concurrent Registered Direct Offering other than a form of subscription agreement, the Registration Statement and the prospectus supplement to the Base Prospectus that describes the offering thereof.

(f) *The Underwriting Agreement*. This Agreement has been duly authorized, executed and delivered by the Company.

(g) *Authorization of the Securities*. The Securities have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company against payment therefor pursuant to this Agreement or the terms of the Warrants, as the case may be, will be validly issued, fully paid and nonassessable, and the issuance and sale of the Securities is not subject to any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase the Securities. Upon the sale and delivery to the Underwriters of the Securities, and payment therefor, the Underwriters will acquire good, marketable and valid title to such Securities, free and clear of all pledges, liens, security interests, charges, claims or encumbrances.

(h) *No Applicable Registration or Other Similar Rights*. There are no persons with registration or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by this Agreement, except for such rights as have been duly waived.

(i) *No Material Adverse Effect*. Except as otherwise disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement, the Time of Sale Prospectus and the Prospectus: (i) there has been no material adverse change, or any development that could be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, business, properties, operations or prospects, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change being referred to herein as a "**Material Adverse Effect**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company or, except for dividends paid to the Company or other subsidiaries, by any of the Company's subsidiaries on any class of capital stock, or any repurchase or redemption by the Company or any of its subsidiaries of any class of capital stock.

(j) *Independent Accountants*. Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global ("**E&Y**"), which has expressed its opinion with respect to the financial statements (which term as used in this Agreement includes the related notes thereto) filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus, is (i) an independent registered public accounting firm as required by the Securities Act, the Exchange Act, and the rules of the Public Company Accounting Oversight Board ("**PCAOB**"), (ii) in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X under the Securities Act and (iii) a registered public accounting firm as defined by the PCAOB whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(k) *Financial Statements*. The financial statements filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations, changes in stockholders' equity and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles as applied in the United States applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto. The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents, in all material respects, the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto. No other financial statements or supporting schedules are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus. The financial data set forth or incorporated by reference in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption "Capitalization" fairly present the information set forth therein on a basis consistent with that of the financial statements contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus. All disclosures contained in the Registration Statement, any preliminary prospectus, the Prospectus and any free writing prospectus that constitute non-GAAP financial measures (as defined by the rules and regulations under the Securities Act and the Exchange Act) comply with Regulation G under the Exchange Act and Item 10 of Regulation S-K under the Securities Act, as applicable. To the Company's knowledge, no person who has been suspended or barred from being associated with a registered public accounting firm, or who has failed to comply with any sanction pursuant to Rule 5300 promulgated by the PCAOB, has participated in or otherwise aided the preparation of, or audited, the financial statements, supporting schedules or other financial data filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(l) *Company's Accounting System*. The Company and each of its subsidiaries make and keep accurate books and records and maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles as applied in the United States and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(m) *Disclosure Controls and Procedures; Deficiencies in or Changes to Internal Control Over Financial Reporting*. The Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Exchange Act), which (i) are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; (ii) have been evaluated by management of the Company for effectiveness as of the end of the Company's most recent fiscal quarter; and (iii) are effective in all material respects to perform the functions for which they were established. Since the end of the Company's most recent audited fiscal year, to the Company's knowledge, there have been no significant deficiencies or material weakness in the Company's internal control over financial reporting (whether or not remediated) and no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is not aware of any change in its internal control over financial reporting that has occurred during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(n) *Incorporation and Good Standing of the Company*. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to do so could not be expected, individually or in the aggregate, to have a Material Adverse Effect.

(o) *Subsidiaries*. Each of the Company's "subsidiaries" (for purposes of this Agreement, as defined in Rule 405 under the Securities Act) has been duly incorporated or organized, as the case may be, and is validly existing as a corporation, partnership or limited liability company, as applicable, in good standing (or the non-U.S. equivalent thereof, if such qualification is applicable) under the laws of the jurisdiction of its incorporation or organization and has the power and authority (corporate or other) to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus. Each of the Company's subsidiaries is duly qualified as a foreign corporation, partnership or limited liability company, as applicable, to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to do so could not be expected, individually or in the aggregate, to have a Material Adverse Effect. All of the issued and outstanding capital stock or other equity or ownership interests of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or adverse claim. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

(p) *Capitalization and Other Capital Stock Matters*. The authorized, issued and outstanding capital stock of the Company is as set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption "Capitalization" (other than for subsequent issuances, if any, pursuant to employee benefit plans, or upon the exercise of outstanding options or warrants, in each case described in the Registration Statement, the Time of Sale Prospectus and the Prospectus). The Securities (including the Firm Shares and the Warrants) conform in all material respects to the description thereof contained in the Time of Sale Prospectus. All of the issued and outstanding Shares have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with all federal and state securities laws. None of the outstanding Shares were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its subsidiaries other than those described in the Registration Statement, the Time of Sale Prospectus and the Prospectus. The descriptions of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus accurately and fairly presents, in all material respects, the information required to be shown with respect to such plans, arrangements, options and rights. The Company has reserved and kept available for the exercise of the Warrants and the Option Warrants such number of authorized but unissued Shares as are sufficient to permit the exercise in full of the Warrants and the Option Warrants.

(q) *Stock Exchange Listing.* The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act and is listed on the Nasdaq Capital Market (the "**Nasdaq**"), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from Nasdaq, nor has the Company received any notification that the Commission or Nasdaq is contemplating terminating such registration or listing. The Company complies and will comply with all applicable securities laws and other applicable laws, rules and regulations (including listing requirement) in the U.S. and each foreign jurisdiction in which the Company's securities are traded, including the Tel Aviv Stock Exchange (the "**TASE**") and the Company has taken no action designed to, or likely to have the effect of, delisting the Common Stock from the TASE, nor has the Company received any notification that the Israel Securities Authority or the TASE is contemplating suspending or terminating such listing. The Firm Shares, Option Shares and Warrant Shares have been, or will be, duly authorized for listing on Nasdaq and the TASE, prior to the First Closing Date.

(r) *Non-Contravention of Existing Instruments; No Further Authorizations or Approvals Required*. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws, articles of association, partnership agreement or operating agreement or similar organizational documents, as applicable, or is in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, loan, credit agreement, note, lease, license agreement, approval, contract, franchise or other instrument (including, without limitation, any pledge agreement, security agreement, mortgage or other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness) which is filed as an exhibit to the Company's reports required under the Exchange Act and to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of their respective properties or assets are subject, including (A) any instrument of approval granted to it by the Israel Innovation Authority of the Israeli Ministry of Economy and Industry or (B) any instrument of approval granted to any of them by the Authority for Investment and Development of Industry and the Economy of the Israeli Ministry of Economy and Industry (each, an "**Existing Instrument**"), except for such Defaults as could not be expected, individually or in the aggregate, to have a Material Adverse Effect. The Company's execution, delivery and performance of this Agreement, the Warrant Agent Agreement (as hereinafter defined), the Warrants and the Option Warrants, consummation of the transactions contemplated hereby and thereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus and the issuance and sale of the Securities (i) have been, or will be, duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws, articles of association, partnership agreement or operating agreement or similar organizational documents, as applicable, of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party to, any Existing Instrument and (iii) will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries, except, in the case of clauses (ii) and (iii), for any such conflict, breach or violation, Default, Debt Repayment Triggering Event, lien, charge or encumbrance that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, foreign or domestic, is required for the Company's execution, delivery and performance of this Agreement, the Warrant Agent Agreement, the Warrants and the Option Warrants and consummation of the transactions contemplated hereby and thereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus, except such as have been obtained or made by the Company and are in full force and effect under the Securities Act, such as may be required under applicable U.S. state securities or blue sky laws or the FINRA. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(s) *Warrants*. The Warrants on the First Closing Date and the Option Warrants on the Option Closing Date will be duly and validly authorized, executed and delivered by the Company and will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

(t)*Compliance with Laws.* The Company and its subsidiaries have been and are in compliance with all applicable laws, rules and regulations, except where failure to be so in compliance could not be expected, individually or in the aggregate, to have a Material Adverse Effect.

(u) *No Material Actions or Proceedings*. There is no action, suit, proceeding, inquiry or investigation brought by or before any governmental entity, foreign or domestic, now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which could be expected, individually or in the aggregate, to have a Material Adverse Effect or materially and adversely affect the consummation of the transactions contemplated by this Agreement or the performance by the Company of its obligations hereunder; and the aggregate of all pending legal or governmental proceedings, foreign or domestic, to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject, including ordinary routine litigation incidental to the business, if determined adversely to the Company, could not be expected to have a Material Adverse Effect. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier, manufacturer, customer or contractor of the Company, exists or, to the best of the Company's knowledge, is threatened or imminent.

(v) *Intellectual Property Rights*. To the best of the Company's knowledge, the Company and its subsidiaries own or possess the right to use its proprietary information including, where applicable, all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, software, databases, know-how, Internet domain names, trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, and other material intellectual property necessary or desirable to carry on their respective businesses as currently conducted, and as proposed to be conducted (collectively, "**Intellectual Property**"), and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company and its subsidiaries with respect to the foregoing that would, singularly or in the aggregate, have a Material Adverse Effect. The Intellectual Property agreements described in the Registration Statement, the Time of Sale Prospectus and the Prospectus are valid, binding upon, and enforceable by or against the parties thereto in accordance with its terms. The Company and each of its subsidiaries has complied in all material respects with, and is not in breach nor has received any asserted or threatened claim of breach of, any Intellectual Property agreement, except for any such breach that would not, singularly or in the aggregate, have a Material Adverse Effect, and the Company has no knowledge of any breach or anticipated breach by any other person to any Intellectual Property agreement. To the best of the Company's knowledge, the Company's and each of its subsidiary's businesses as now conducted and as proposed to be conducted does not and will not infringe or conflict with any patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person. The Company has received no claim alleging the infringement by the Company or any of its subsidiaries of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any person. The Company and each of its subsidiaries has taken all reasonable steps to protect, maintain and safeguard its rights in all Intellectual Property, including the execution of appropriate nondisclosure and confidentiality agreements. The consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other person in respect of, the Company's or any of its subsidiaries' right to own, use, or hold for use any of the Intellectual Property as owned, used or held for use in the conduct of its business. The granted and issued Intellectual Property owned by the Company and its subsidiaries, have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and except as otherwise disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property nor is there any reasonable basis for such a claim. The Company and each subsidiary has at all times complied with all applicable laws relating to privacy, data protection, and the collection and use of personal information collected, used, or held for use by the Company or any subsidiary in the conduct of the Company's or any subsidiary's business, except where such non-compliance would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. No claims have been asserted or, to the Company's knowledge, threatened against the Company or any subsidiary alleging a violation of any person's privacy or personal information or data rights and the consummation of the transactions contemplated hereby will not breach or otherwise cause any violation of any law related to privacy, data protection, or the collection and use of personal information collected, used, or held for use by the Company or any of its subsidiaries in the conduct of the Company's or any of its subsidiaries' businesses. The Company and each of its subsidiaries take reasonable measures to ensure that such information is protected against unauthorized access, use, modification, or other misuse. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property of any other person or entity that are required to be set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus and are not described therein.

(w) *All Necessary Permits, etc*. The Company and its subsidiaries possess such valid and current certificates, authorizations or permits required by state, federal or foreign regulatory agencies or bodies to conduct their respective businesses as currently conducted and as described in the Registration Statement, the Time of Sale Prospectus or the Prospectus ("**Permits**"), except where the failure to possess such valid and current certificates, authorizations or permits could not be expected, individually or in the aggregate, to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries is in violation of, or in default under, any of the Permits or has received any notice of proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit.

(x) *Title to Properties*. The Company and its subsidiaries have good and marketable title to all of the real and personal property and other assets reflected as owned in the financial statements referred to in Section 1(k) above (or elsewhere in the Registration Statement, the Time of Sale Prospectus or the Prospectus), in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, adverse claims and other defects, except for such as are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus. The real property, improvements, equipment and personal property held under lease by the Company or any of its subsidiaries are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(y) *Tax Law Compliance*. The Company and its subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns or have properly requested extensions thereof and have paid all taxes required to be paid by any of them and, if due and payable, any related or similar assessment, fine or penalty levied against any of them except as may be being contested in good faith and by appropriate proceedings. The Company has made adequate charges, accruals and reserves in the applicable financial statements referred to in Section 1(k) above in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or any of its subsidiaries has not been finally determined. No transaction, stamp or other issuance taxes or duties, and assuming that the Underwriters are not otherwise subject to taxation in Israel due to Israeli tax residence or the existence of a permanent establishment in Israel, no capital gain, income, transfer, withholding or other tax or duty is payable in the State of Israel by or on behalf of the Underwriters to any taxing authority thereof or therein in connection with (i) the issuance, sale and delivery of the Securities by the Company; (ii) the purchase from the Company, and the initial sale and delivery by the Underwriters of the Securities to purchasers thereof; (iii) the holding or transfer of the Securities; or (iv) the execution and delivery of this Agreement or any other document to be furnished hereunder.

(z) *Insurance*. Each of the Company and its subsidiaries are insured by recognized, financially sound and reputable institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses including, but not limited to, policies covering real and personal property owned or leased by the Company and its subsidiaries against theft, damage, destruction, acts of vandalism and earthquakes and policies covering the Company and its subsidiaries for product liability claims and clinical trial liability claims. The Company has no reason to believe that it or any of its subsidiaries will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has been denied any insurance coverage which it has sought or for which it has applied.

(aa) *Compliance with Environmental Laws*. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"); (ii) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements; (iii) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries; and (iv) to the Company's knowledge, there are no events or circumstances that could reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, foreign or domestic, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(bb) *Compliance with the Sarbanes-Oxley Act.* The Company and its subsidiaries are in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder (collectively, the "**Sarbanes-Oxley Act**") that are then in effect and with which each such entity is required to comply and with all corporate governance requirements under applicable Nasdaq regulations, and have no reason to believe that they will not be able to comply with any of such provisions. There is and has been no failure on the part of the Company or any subsidiary or any of their directors or officers, in their capacities as such, to comply with any applicable provision of the Sarbanes-Oxley Act, including, without limitation, Section 402 related to loans and Sections 302 and 906 related to certifications.

(cc) *Periodic Review of Costs of Environmental Compliance*. In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). No facts or circumstances have come to the Company's attention that could result in costs or liabilities that could be expected, individually or in the aggregate, to have a Material Adverse Effect.

(dd) *ERISA Compliance*. The Company and its subsidiaries and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company, its subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company or any of its subsidiaries, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company or such subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company, its subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each employee benefit plan established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

(ee) *Company Not an "Investment Company."* The Company is not, and will not be, either after receipt of payment for the Securities or after the application of the proceeds therefrom as described under "Use of Proceeds" in the Registration Statement, the Time of Sale Prospectus or the Prospectus, or after receipt of payment for the shares of Common Stock offered in the Concurrent Registered Direct Offering, required to register as an "investment company" under the Investment Company Act of 1940, as amended.

(ff) *No Price Stabilization or Manipulation; Compliance with Regulation M*. Neither the Company nor any of its subsidiaries has taken, directly or indirectly, any action designed to or that could be reasonably expected to cause or result in stabilization or manipulation of the price of the Shares or of any "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act (**"Regulation M"**)) with respect to the Shares, whether to facilitate the sale or resale of the Securities or otherwise, and has taken no action which would directly or indirectly violate Regulation M.

(gg) *Related-Party Transactions*. There are no business relationships or related-party transactions involving the Company or any of its subsidiaries or any other person required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus that have not been described as required.

(hh) *FINRA Matters*. All of the information provided to the Underwriters or their counsel by the Company, or, to the Company's knowledge, by its counsel, its officers and directors, and the holders of any securities (debt or equity) or options to acquire any securities of the Company in connection with the offering of the Securities is true, complete, correct and compliant with FINRA's rules and any letters, filings or other supplemental information provided to FINRA by the Company pursuant to FINRA Rules or NASD Conduct Rules is true, complete and correct.

(ii) *Parties to Lock-Up Agreements*. The Company has furnished to the Underwriters a letter agreement in the form attached hereto as Exhibit A (the "**Lock-up Agreement**") from each of the persons listed on Exhibit B. Such Exhibit B lists the directors and executive officers of the Company. If any additional persons shall become directors or executive officers of the Company prior to the end of the Company Lock-up Period (as defined below), the Company shall cause each such person, prior to or contemporaneously with their appointment or election as a director or executive officer of the Company, to execute and deliver to the Representative a Lock-up Agreement.

(jj) *Statistical and Market-Related Data*. All statistical, demographic and market-related data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate. To the extent required, the Company has obtained the written consent to the use of such data from such sources.

(kk) *No Unlawful Contributions or Other Payments*. Neither the Company nor any of its subsidiaries nor, to the best of the Company's knowledge, any employee or agent of the Company or any such subsidiary, has made any contribution or other payment to any official of, or candidate for, any federal, state or foreign office in violation of any law or of the character required to be disclosed in the Registration Statement, the Time of Sale Prospectus or the Prospectus.

(ll) *Foreign Corrupt Practices Act*. Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any domestic government official, "foreign official" (as defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**") or employee from corporate funds; (iii) violated or is in violation of any provision of the FCPA or any applicable non-U.S. anti-bribery statute or regulation; or (iv) made any unlawful bribe, rebate, payoff, influence, payment, kickback or other unlawful payment to any domestic government official (as such term is defined in the FCPA) or any foreign political party or official or employee thereof or any candidate for foreign political office, in contravention of the FCPA; and the Company and its subsidiaries and, to the knowledge of the Company, the Company's affiliates have conducted their respective businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith. The foregoing representation and warranty shall also be deemed given regarding laws of applicable non-U.S. jurisdictions similar to the FCPA, including, without limitation, Sections 291 and 291A of the Israel Penal Law, 5737-1977 and the rules and regulations thereunder.

(mm) *Money Laundering Laws*. The operations of the Company and its subsidiaries are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any foreign or domestic governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any foreign or domestic court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(nn) *OFAC*. Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not directly or indirectly use the proceeds of this offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, or any joint venture partner or other person or entity, for the purpose of financing the activities of or business with any person, or in any country or territory, that currently is the subject to any sanctions administered by OFAC, or in any other manner that will result in a violation by any person (including any person participating in the transaction whether as underwriter, advisor, investor or otherwise) of such sanctions.

(oo) *Brokers*. Except pursuant to this Agreement, there is no broker, finder or other party that is entitled to receive from the Company any brokerage or finder's fee or other fee or commission as a result of any transactions contemplated by this Agreement.

(pp) *FINRA Exemption*. The Company satisfies the pre-October 21, 1992 eligibility requirements for the use of a registration statement on Form S-3 in connection with the offering of the Securities, including, without limitation: (i) having a non-affiliate, public common equity float of at least $150 million as of a date within 60 days of the date of this Agreement or at least $100 million as of a date within 60 days of the date of this Agreement and annual trading volume of at least three million shares for the continuous 12-month period ending on the date of this Agreement and (ii) having been subject to the Exchange Act reporting requirements for a period of at least 36 months.

(qq) *Forward-Looking Statements.* Each financial or operational projection or other "forward-looking statement" (as defined by Section 27A of the Securities Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Time of Sale Prospectus or the Prospectus (i) was so included by the Company in good faith and with reasonable basis after due consideration by the Company of the underlying assumptions, estimates and other applicable facts and circumstances and (ii) is accompanied by meaningful cautionary statements identifying those factors that could cause actual results to differ materially from those in such forward-looking statement. No such statement was made with the knowledge of an executive officer or director of the Company that is was false or misleading.

(rr) *Clinical Data and Regulatory Compliance*. Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Company and each of its subsidiaries: (A) are and at all times have been in material compliance with all statutes, rules and regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product under development, manufactured or distributed by the Company or any subsidiary ("**Applicable Laws**"); (B) have not received any Form 483 from the United States Food and Drug Administration (the "**FDA**"), notice of adverse finding, warning letter, or other correspondence or notice from the FDA, the European Medicines Agency (the "**EMA**"), or any other federal, state, local or foreign governmental or regulatory authority alleging or asserting material noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws ("**Authorizations**"), which would, individually or in the aggregate, result in a Material Adverse Effect; (C) possess all material Authorizations and such Authorizations are valid and in full force and effect and neither the Company nor any subsidiary is in material violation of any term of any such Authorizations; (D) have not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from the FDA, the EMA, or any other federal, state, local or foreign governmental or regulatory authority or third party alleging that any product, operation or activity is in material violation of any Applicable Laws or Authorizations and has no knowledge that the FDA, the EMA, or any other federal, state, local or foreign governmental or regulatory authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) have not received notice that the FDA, EMA, or any other federal, state, local or foreign governmental or regulatory authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any material Authorizations and has no knowledge that the FDA, EMA, or any other federal, state, local or foreign governmental or regulatory authority is considering such action; and (F) have filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations except where the failure to file such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments would not result in a Material Adverse Effect, and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission).

The animal and other preclinical studies and clinical trials conducted by the Company or on behalf of the Company were, and, if still pending are, to the Company's knowledge, being conducted in all material respects in compliance with all Applicable Laws and in accordance with experimental protocols, procedures and controls generally used by qualified experts in the preclinical study and clinical trials of new drugs and biologics as applied to comparable products to those being developed by the Company; the descriptions of the results of such preclinical studies and clinical trials contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus are accurate and complete in all material respects, and, except as set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Company has no knowledge of any other clinical trials or preclinical studies, the results of which reasonably call into question the clinical trial or preclinical study results described or referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus when viewed in the context in which such results are described; and the Company has not received any written notices or correspondence from the FDA, the EMA, or any other domestic or foreign governmental agency requiring the termination, suspension or modification of any preclinical studies or clinical trials conducted by or on behalf of the Company that are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or the results of which are referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(ss) *No Contract Terminations.* Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, neither the Company nor any of its subsidiaries has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Registration Statement, the Time of Sale Prospectus and the Prospectus , and no such termination or non-renewal has been threatened by the Company or any of its subsidiaries or any other party to any such contract or agreement, which threat of termination or non-renewal has not been rescinded as of the date hereof.

(tt) Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering, or the purchase and sale, of the Securities shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(uu) The Company has a reasonable basis for making each of the representations set forth in this Section 1. The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered pursuant to Section 6 hereof, counsel to the Company and counsel to the Underwriters, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

2. Representations and Warranties of the Underwriters. Each of the Underwriters, severally and not jointly, represents and agrees as to itself that:

(a) It has not and will not use, authorize use of, refer to, or participate in the planning for use of, any "free writing prospectus", as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) any free writing prospectus identified in Schedule II hereto, or (ii) any other free writing prospectus that the parties hereto shall hereafter expressly agree in writing to treat as part of the Time of Sale Prospectus.

(b) It will retain copies of each free writing prospectus used or referred to by it to the extent required by Rule 433 under the Securities Act.

3. Purchase of the Securities by the Underwriters.

(a) Upon the terms herein set forth, the Company agrees to issue and sell to the several Underwriters an aggregate of 27,142,858 Firm Shares and Warrants to purchase up to an aggregate of 27,142,858 Shares. On the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Company the respective number of Firm Shares and Warrants representing that number of underlying Warrant Shares set forth opposite their names on Schedule I. The purchase price per Unit to be paid by the several Underwriters to the Company shall be $0.658 as more fully described on Schedule III hereto.

(b) In addition, on the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 1,428,571 Option Shares and/or Option Warrants to purchase up to an aggregate of 1,428,571 Shares from the Company, at a purchase price of $0.6486 per Option Share and $0.0094 per Option Warrant, less an amount per share equal to any dividend or distribution declared by the Company and payable on the Shares underlying the Units but not payable on the Shares underlying the Option Securities. The option granted hereunder may be exercised at any time and from time to time in whole or in part upon notice by the Representative to the Company, which notice may be given at any time within 30 days from the date of this Agreement. If any Option Securities are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Option Shares and/or Option Warrants (subject to such adjustments to eliminate fractional shares as the Representative may determine) that bears the same proportion to the total number of Option Shares and/or Option Warrants to be purchased as the number of Firm Shares set forth on Schedule I opposite the name of such Underwriter bears to the total number of Firm Shares. The Representative may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Company.

4. Delivery of and Payment for Securities. The Company shall deliver, or cause to be delivered to the Representative through the facilities of the Depositary Trust Company ("**DTC**") unless the Representative shall otherwise instruct, to the Representative the Firm Shares and the Warrants on the second full Business Day following the date hereof or, if the pricing of the Firm Shares occurs after 4:30 p.m., New York City time, on the third full Business Day thereafter, or at such other date as shall be determined by the Representative and the Company (the "**First Closing Date**"), against release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Company shall also deliver, or cause to be delivered to the Representative through the facilities of DTC unless the Representative shall otherwise instruct, to the Representative for the accounts of the several Underwriters, the Option Securities the Underwriters have agreed to purchase at the First Closing Date or the applicable Option Closing Date, as the case may be, against the release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Securities shall be registered in such names and denominations as the Representative shall have requested prior to the First Closing Date (or the applicable Option Closing Date, as the case may be) and shall be made available for inspection on the business day preceding the First Closing Date (or the applicable Option Closing Date, as the case may be) at a location in New York City as the Representative may designate. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriters.

The option to purchase Option Shares and/or Option Warrants granted in Section 3 hereof may be exercised during the term thereof by written notice to the Company from the Representative. The option may be exercised in whole or part, and if in part, the option can be exercised on multiple occasions. Such notice shall set forth (i) the aggregate number of Option Shares and/or Option Warrants as to which the option is being exercised and (ii) the time and date, not earlier than either the First Closing Date or the first Business Day after the date on which the option shall have been exercised nor later than the fourth Business Day after the date of such exercise, as determined by the Representative, when the Option Shares and/or Option Warrants are to be delivered (the "**Option Closing Date**"). Delivery and payment for such Option Shares and/or Option Warrants is to be at the offices set forth above for delivery and payment of the Firm Shares and the Warrants. (The First Closing Date and each Option Closing Date are herein individually referred to as the "**Closing Date**" and collectively referred to as the "**Closing Dates**".)

Delivery of the Firm Shares, Warrants and any Option Shares and/or Option Warrants shall be made by or on behalf of the Company to the Underwriters against payment by the Underwriters of the purchase price therefor by wire transfer of immediately available funds to an account specified in writing, not later than the close of business on the business day next preceding the First Date or the Option Closing Date, as the case may be, by the Company. Payment for the Securities sold by the Company hereunder shall be delivered by the Representative to the Company. Delivery of the Firm Shares, Warrants and any Option Shares and/or Option Warrants shall be made through the facilities of The Depositary Trust Company unless the Representative shall otherwise instruct.

5. Covenants. The Company covenants and agrees with the Underwriters that:

(a) During such period beginning on the Applicable Time and ending on the later of the Closing Date or such date, as in the opinion of counsel for the Underwriters, the Prospectus is no longer required by law to be delivered in connection with sales as contemplated by this Agreement by any Underwriter or any dealer, including in circumstances where such requirement may be satisfied pursuant to Rule 172 (the "**Prospectus Delivery Period**"), prior to amending or supplementing the Registration Statement (including any registration statement filed under Rule 462(b) under the Securities Act), the Time of Sale Prospectus or the Prospectus, the Company shall furnish to the Representative for review a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which the Representative reasonably objects.

(b) After the date of this Agreement and for period of two years thereafter, the Company shall promptly advise the Representative in writing (i) when the Registration Statement, if not effective at the date and time that this Agreement is executed and delivered by the parties hereto, shall have become effective, (ii) of the receipt of any comments of, or requests for additional or supplemental information from, the Commission, (iii) of the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any Preliminary Prospectus or the Prospectus, (iv) of the time and date that any post-effective amendment to the Registration Statement becomes effective and (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or of any order or notice preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus, or of any proceedings to remove, suspend or terminate from listing or quotation the Common Stock from any securities exchange upon which it is listed for trading or included or designated (or approved for inclusion or designation) for quotation, or of the threatening or initiation of any proceedings for any of such purposes. The Company shall use its best efforts to prevent the issuance of any such stop order or prevention or suspension of such use. If the Commission shall enter any such stop order or order or notice of prevention or suspension at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment, or will file a new registration statement and use its best efforts to have such new registration statement declared effective as soon as practicable. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b) and 434, as applicable, under the Securities Act, including with respect to the timely filing of documents thereunder, and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) were received in a timely manner by the Commission.

(c) (i) If the Preliminary Prospectus included in the Time of Sale Prospectus is being used to solicit offers to buy the Securities and any event or development shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in light of the circumstances under which they were made or then prevailing, as the case may be, not misleading (in which case the Company agrees to notify the Representative promptly of any such event or condition), or if in the reasonable opinion of the Representative it is otherwise necessary to amend or supplement the Time of Sale Prospectus to comply with law, the Company agrees to promptly prepare, file with the Commission and furnish to the Underwriters and to dealers, at its own expense, amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not be, in the light of the circumstances under which they were made or then prevailing, as the case may be, misleading or so that the Time of Sale Prospectus, as amended or supplemented, will comply with law; (ii) if, during the Prospectus Delivery Period, any event or development shall occur or condition exist as a result of which it is necessary to amend or supplement the Registration Statement or the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made or then prevailing, as the case may be, not misleading (in which case the Company agrees to notify the Representative promptly of any such event or condition), or if in the reasonable opinion of the Representative it is otherwise necessary to amend or supplement the Registration Statement or the Prospectus to comply with law, including in connection with the delivery of the Prospectus, the Company agrees to promptly prepare, file with the Commission (and use its best efforts to have any amendment to the Registration Statement or any new registration statement to be declared effective) and furnish to the Underwriters and to dealers, amendments or supplements to the Registration Statement or the Prospectus, or any new registration statement so that the statements in the Registration Statement or the Prospectus as so amended or supplemented will not be, in the light of the circumstances under which they were made or then prevailing, as the case may be, misleading or so that the Registration Statement or the Prospectus, as amended or supplemented, will comply with law.

(d) The Company agrees that, unless it obtains the prior written consent of the Representative, it will not make any offer relating to the Common Stock that would constitute a "free writing prospectus" (as defined in Rule 405 of the Securities Act) required to be filed by the Company with the Commission or retained by the Company under Rule 433 of the Securities Act; provided that the prior written consent of the Representative hereto shall be deemed to have been given in respect of any free writing prospectus included in Schedule II hereto. Any such free writing prospectus consented to by the Representative is hereinafter referred to as a "**Permitted Free Writing Prospectus**". The Company agrees that (i) it has treated and will treat, as the case may be, each Permitted Free Writing Prospectus as a free writing prospectus, and (ii) has complied and will comply, as the case may be, with the requirements of Rules 164 and 433 of the Securities Act applicable to any Permitted Free Writing Prospectus, including in respect of timely filing with the Commission, legending and record keeping.

(e) The Company shall furnish to the Underwriters, from time to time and without charge, copies of the Registration Statement of which three shall be signed and shall include exhibits and all amendments and supplements to any of such Registration Statement, in each case as soon as available and in such quantities as the Underwriters may from time to time reasonably request.

(f) The Company shall take or cause to be taken all necessary action and furnish to whomever the Underwriters may direct such information as may be required in qualifying the Securities for sale under the laws of such jurisdictions which the Underwriters shall designate and to continue such qualifications in effect for as long as may be necessary for the distribution of the Securities; except that in no event shall the Company be obligated in connection therewith to qualify as a foreign corporation, or to execute a general consent for service of process.

(g) The Company shall make generally available to its securityholders, in the manner contemplated by Rule 158(b) under the Securities Act, as soon as practicable but in any event not later than 60 days after the end of its fiscal quarter in which the first anniversary date of the effective date of the Registration Statement occurs, an earnings statement which will comply with Section 11(a) of the Securities Act covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement.

(h) Subject to Section 5(i) below, except for (i) the issuance of options, restricted stock grants and restricted stock units to directors, officers, employees and consultants in the ordinary course under plans approved by the Company's board of directors and disclosed in the Prospectus, (ii) the offer, issuance and sale of shares of Common Stock, or any securities convertible into or exercisable or exchangeable for Common Stock, in connection with any acquisition or strategic investment (including any joint venture, strategic alliance, licensing agreement, collaboration or partnership) and (iii) the issuance of shares of Common Stock pursuant to the Concurrent Registered Direct Offering, the Company will not, without the prior written consent of the Representative (which consent may be withheld in the Representative's sole discretion), directly or indirectly, issue, sell, offer, agree to sell, contract or grant any option to sell (including, without limitation, pursuant to any short sale), pledge, make any short sale of, maintain any short position with respect to, transfer, establish or maintain an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, enter into any swap, derivative transaction or other arrangement (whether such transaction is to be settled by delivery of common stock, other securities, cash or other consideration) that transfers to another, in whole or in part, any of the economic consequences of ownership, or otherwise dispose of any shares of Common Stock, options or warrants to acquire shares of Common Stock, or securities exchangeable or exercisable for or convertible into shares of Common Stock, or publicly announce an intention to do any of the foregoing, for a period commencing on the date hereof and continuing through the close of trading on the date 90 days after the date of the Prospectus (the "**Lock-Up Period**").

(i) Without the prior written consent of the Representative for a period of 45 days after the date of the Prospectus, the Company will not sell any shares of Common Stock pursuant to the Open Market Sale Agreement dated as of February 6, 2019, by and between the Company and Jefferies LLC.

(j) The Company shall cause each officer and director of the Company to furnish to the Representative, on or prior to the date of this Agreement, the Lock-up Agreements.

(k) The Company shall maintain, at its expense, a registrar and transfer agent for the Common Stock. For so long as the Firm Warrants and the Option Warrants are outstanding, the Company shall retain a warrant agent reasonably acceptable to the Representative. American Stock Transfer & Trust Company is acceptable to the Representative to act as Warrant Agent for the Firm Warrants and the Option Warrants.

(l) The Company shall apply the net proceeds of the sale of the Securities in the manner specified in the Prospectus under the heading "Use of Proceeds."

(m) The Company will furnish to its securityholders annual reports containing financial statements audited by independent public accountants and quarterly reports containing financial statements and financial information which may be unaudited.

(n) The Company will use its best efforts to maintain the listing of the Firm Shares, Option Shares and Warrant Shares on Nasdaq, the TASE and any other securities exchange on which they are listed.

(o) Whether or not this Agreement is terminated or the sale of the Securities to the Underwriters is consummated, the Company shall pay or cause to be paid (A) all expenses (including stock transfer taxes) incurred in connection with the delivery to the Underwriters of the Securities, (B) all fees and expenses (including, without limitation, fees and expenses of the Company's accountants and counsel) in connection with the preparation, printing, filing, delivery and shipping of the Registration Statement (including the financial statements therein and all amendments and exhibits thereto), each preliminary prospectus, the Time of Sale Prospectus and the Prospectus, as amended or supplemented, and the printing, delivery and shipping of this Agreement and other underwriting documents, including, if applicable, Underwriters' Questionnaires, Underwriters' Powers of Attorney, Blue Sky Memoranda, the Agreement Among Underwriters and Selected Dealer Agreements, (C) if necessary, all filing fees and reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the qualification of the Securities for sale under state securities laws as provided in Section 5(f) hereof, (D) any applicable listing fees, (E) the cost of printing certificates representing the Securities, (F) the cost and charges of any transfer agent or registrar, and (G) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise provided for in this Section. In addition, the Company will pay the Representative a management fee as set forth on Schedule III hereto. If the sale of the Securities provided for herein is not consummated by reason of acts of the Company which prevent this Agreement from becoming effective, or by reason of any failure, refusal or inability on the part of the Company to perform any agreement on its part to be performed or because any other condition of the Underwriters' obligations hereunder is not fulfilled, unless the failure to perform the agreement or fulfill the condition is due to the default or omission of the Underwriters, the Company shall reimburse the Underwriters for all reasonable out-of-pocket disbursements (including fees and disbursements of counsel) incurred by the Underwriters in connection with its investigation, preparing to market and marketing the Securities or in contemplation of performing its obligations hereunder. The Company shall not in any event be liable to the Underwriters for loss of anticipated profits from the transactions covered by this Agreement.

6. Conditions of Underwriters' Obligations. The obligations of the Underwriters hereunder are subject to the accuracy, at and as of the date hereof and the First Closing Date (as if made at the First Closing Date) and, with respect to the Option Shares, each Option Closing Date (as if made at the Option Closing Date), of the representations and warranties of the Company contained herein, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Registration Statement shall be effective and all filings required by Rules 424, 430A and 433 under the Securities Act shall have been timely made; no stop order suspending the effectiveness of the Registration Statement or any amendment thereof shall have been issued; no proceedings for the issuance of such an order shall have been initiated or threatened; and any request of the Commission for additional information (to be included in the Registration Statement, the Time of Sale Prospectus, the Prospectus or otherwise) shall have been complied with to the Representative's satisfaction.

(b) The Representative shall not have advised the Company that the Registration Statement, the Time of Sale Prospectus or the Prospectus, or any amendment thereof or supplement thereto, contains an untrue statement of fact which, in the Representative's opinion, is material, or omits to state a fact which, in the Representative's opinion, is material and is required to be stated therein or is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) On each Closing Date, the Underwriters shall have received (i) the favorable opinion and 10b-5 statement of each of Zysman, Aharoni, Gayer and Sullivan & Worcester LLP and Zysman, Aharoni, Gayer & Co, counsels for the Company, substantially in the form satisfactory to the Representative (with appropriate modifications acceptable to the Representative for any opinion or 10b-5 statement delivered on any Option Closing Date), (ii) the favorable opinion of Lando & Anastasi, LLP, intellectual property counsel for the Company, in form and substance acceptable to the Representative, each dated as of such Closing Date, and (iii) an officer's certificate of the Company regarding intellectual property affairs, in form and substance satisfactory to the Representative.

(d) On each Closing Date the Underwriters shall have received the favorable opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel for the Underwriters, dated as of such Closing Date, in form and substance satisfactory to the Representative.

(e) On each Closing Date, the Underwriters shall have received the favorable opinion of Zysman, Aharoni, Gayer & Co. as to Israeli law matters, dated as of such Closing Date, in form and substance satisfactory to the Representative.

(f) There shall have been furnished to the Underwriters a certificate of the Company, dated as of each Closing Date and addressed to the Underwriters, signed by the Co-Chief Executive Officers and by the Chief Financial Officer of the Company to the effect that:

(i) The representations and warranties of the Company in this Agreement are true and correct, as if made at and as of such Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date;

(ii) No stop order suspending the effectiveness of the Registration Statement has been issued, and no proceedings for that purpose have been initiated or are pending or, to their knowledge, contemplated;

(iii) Any and all filings required by Rules 424, 430A, 430B and 430C under the Securities Act have been timely made;

(iv) The signers of said certificate have carefully examined the Registration Statement and the Time of Sale Prospectus and the Prospectus, and any amendments or supplements thereto, and such documents contain all statements and information required to be included therein; the Registration Statement or any amendment thereto does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and the Time of Sale Prospectus and the Prospectus or any supplements thereto do not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(v) Since the effective date of the Registration Statement, there has occurred no event required to be set forth in an amendment or supplement to the Registration Statement or the Time of Sale Prospectus and the Prospectus which has not been so set forth.

(g) Since the effective date of the Registration Statement, neither the Company nor any of its Subsidiaries shall have sustained any loss by strike, fire, flood, accident or other calamity (whether or not insured), which has a material adverse effect on the Company or its Subsidiaries taken as a whole, nor shall have become a party to or the subject of any litigation that would reasonably be expected to have a material adverse effect on the Company and its Subsidiaries taken as a whole, nor shall there have been a material adverse change in the general affairs, business, key personnel, capitalization, financial position, earnings or net worth of the Company and its Subsidiaries, whether or not arising in the ordinary course of business, which loss, litigation or change, in the Representative's judgment, shall render it inadvisable to proceed with the delivery of the Securities.

(h) On the date hereof, and on each Closing Date, the Underwriters shall have received from E&Y, the independent registered public accounting firm for the Company, a letter dated the date hereof (or, in the case of a "bring-down" comfort letter, dated as of the applicable Closing Date) addressed to the Underwriters in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountant's "comfort letters" to Underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the respective audited and unaudited financial statements and certain financial information contained or incorporated by reference in the Registration Statement and the Prospectus for which such accountant was engaged by the Company.

(i) Since the date of the Prospectus, there shall not have been a Material Adverse Effect.

(j) The Lock-Up Agreements shall have been delivered to the Representative and be in full force and effect on such Closing Date.

(k) On or before the First Closing Date, the Firm Shares, Option Shares and Warrant Shares shall be listed on Nasdaq and approved for listing on the TASE by the TASE and the Underwriters shall have received, on or prior to the First Closing Date, a copy of such approval of the TASE.

(l) On or before the First Closing Date, the Representative shall have received a copy of the warrant agent agreement, in the form annexed hereto as Exhibit C (the "**Warrant Agent Agreement**"), executed by the Company and American Stock Transfer & Trust Company, LLC, in a form acceptable to the Representative.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Representative and to counsel for the Underwriters. The Company shall furnish the Underwriters with such conformed copies of such opinions, certificates, letters and other documents as the Representative shall reasonably request. If any of the conditions specified in this Section 6 shall not have been fulfilled when and as required by this Agreement, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the First Closing Date or any Option Closing Date, as the case may be, by the Representative. Any such cancellation shall be without liability of the Underwriters to the Company. Notice of such cancellation shall be given to the Company in writing, or by telegraph or telephone and confirmed in writing.

7. Indemnification and Contribution.

(a) The Company agrees to indemnify, defend and hold harmless each of the Underwriters and any person who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and the respective directors, officers, employees and agents of each Underwriter from and against any loss, expense, liability, damage or claim (including the reasonable cost of investigation) which, jointly or severally, such Underwriter or any such director, officer, employee, agent or controlling person may incur under the Securities Act, the Exchange Act or otherwise, insofar as such loss, expense, liability, damage or claim arises out of or is based upon (A) any breach of any representation, warranty or covenant of the Company contained herein, (B) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereof), the Time of Sale Prospectus or the Prospectus (the term Prospectus for the purpose of this Section being deemed to include the preliminary prospectus included in the Registration Statement at the time it became effective, the Prospectus and the Prospectus as amended or supplemented by the Company), (C) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction (domestic or foreign) in order to qualify the Common Stock under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"), (D) any omission or alleged omission to state a material fact required to be stated in any such Registration Statement, or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, or (E) any omission or alleged omission from the Time of Sale Prospectus, Prospectus or any Application of a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; except in the case of (B), (D) and (E) above only insofar as any such loss, expense, liability, damage or claim arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in and in conformity with information furnished in writing by the Underwriter to the Company expressly for use in such Registration Statement, Time of Sale Prospectus, Prospectus or Application; and to promptly reimburse the Underwriters, or any such director, officer, employee, agent or controlling person for any legal and other expense reasonably incurred by the Underwriter, or any such director, officer, employee, agent or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. The indemnity agreement set forth in this Section 7(a) shall be in addition to any liability which the Company may otherwise have.

(b) Each of the Underwriters agrees, severally and not jointly, to indemnify, defend and hold harmless the Company, the Company's directors, the Company's officers that signed the Registration Statement, and any person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any loss, expense, liability, damage or claim (including the reasonable cost of investigation) which the Company or any such person may incur under the Securities Act, the Exchange Act or otherwise, insofar as such loss, expense, liability, damage or claim arises out of or is based upon (A) any breach of any representation, warranty or covenant of such Underwriter contained herein, (B) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereof), the Time of Sale Prospectus, the Prospectus, or any Application, (C) any omission or alleged omission to state a material fact required to be stated in any such Registration Statement, or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, or (D) any omission or alleged omission from the Time of Sale Prospectus, Prospectus or any Application of a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, but in each case only insofar as such untrue statement or alleged untrue statement or omission or alleged omission was made in such Registration Statement, Time of Sale Prospectus, Prospectus or Application in reliance upon and in conformity with information furnished in writing by the Underwriter to the Company expressly for use therein; and to promptly reimburse the Company, or any such director, officer, employee or controlling person for any legal and other expense reasonably incurred by the Company, or any such director, officer, employee or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. The indemnity agreement set forth in this Section 7(b) shall be in addition to any liabilities that the Underwriters may otherwise have.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the claim or the commencement of that action; the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party except to the extent such indemnifying party has been materially prejudiced otherwise than under such subsection. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party *provided*, *however*, that if the named parties in any such action (including impleaded parties) include any of the Underwriters or any director, officer, employee, agent or controlling person of any of the Underwriters as an indemnified party or parties as well as the Company, and such indemnified party or parties shall have reasonably concluded, based on advice of outside counsel, that there may be one or more legal defenses reasonably available to it or them which are different from or additional to those available to the Company, or that representation of the indemnified party or parties and the Company by the same counsel would be inappropriate due to actual or potential differing interests between them, the Company shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under such subsection for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation unless such indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence, in which case the indemnifying party shall be liable for all legal fees and expenses of such separate counsel.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsections (a) and (b) of this Section 7 in respect of any losses, expenses, liabilities, damages or claims referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, expenses, liabilities, damages or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the applicable Underwriter, on the other hand, from the offering of the Securities or (ii) if (but only if) the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and of the applicable Underwriter, on the other hand, in connection with the statements or omissions which resulted in such losses, expenses, liabilities, damages or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the applicable Underwriter shall be deemed to be in the same proportion as the total proceeds from the Offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company bear to the underwriting discounts and commissions received by such Underwriter. The relative fault of the Company and of the applicable Underwriter shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company or by the applicable Underwriter, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any claim or action.

(e) The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in subsection (d)(i) and, if applicable (ii), above. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Securities purchased by such Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Effective Date and Termination.

(a) [RESERVED]

(b) Until the First Closing Date, this Agreement may be terminated by the Representative by giving notice as hereinafter provided to the Company if: (i) the Company shall have failed, refused or been unable, at or prior to the First Closing Date, to perform any agreement on its part to be performed hereunder, unless the failure to perform any agreement is due to the default or omission by an Underwriter; (ii) any other condition of the obligations of the Underwriters hereunder is not fulfilled; (iii) trading in securities generally on the New York Stock Exchange or Nasdaq shall have been suspended or minimum or maximum prices shall have been established on either of such exchanges by the Commission or by such exchange or other regulatory body or governmental authority having jurisdiction; (iv) trading or quotation in any of the Company's securities shall have been suspended or limited by the Commission or by Nasdaq or other stock exchange or regulatory body or governmental authority having jurisdiction, including the Israel Securities Authority and the TASE; (v) a general banking moratorium shall have been declared by Federal or state authorities; (vi) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred; (vii) there shall have been any material adverse change in general economic, political or financial conditions or if the effect of international conditions on the financial markets in the United States shall be such as, in the Representative's judgment, makes it inadvisable to proceed with the delivery of the Securities; or (viii) any attack on, outbreak or escalation of hostilities, declaration of war or act of terrorism involving the United States or any other national or international calamity or emergency if, in the Representative's judgment, the effect of any such attack, outbreak, escalation, declaration, act, calamity or emergency makes it impractical or inadvisable to proceed with the completion of the public offering or the delivery of the Securities. Any termination of this Agreement pursuant to this Section 8 shall be without liability on the part of the Company or the Underwriters, except as otherwise provided in Sections 5(o) or 7 hereof.

Any notice referred to above may be given at the address specified in Section 11 hereof in writing or by telegraph or telephone, and if by telegraph or telephone, shall be immediately confirmed in writing.

9. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail on any Closing Date, as applicable, to purchase the Securities which it or they are obligated to purchase under this Agreement (the "**Defaulted Securities**"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Option Closing Date, the obligation of the Underwriters to purchase, and the Company to sell, the Option Shares to be purchased and sold on such Option Closing Date shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of an Option Closing Date, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Shares, as the case may be, either the (i) Representatives or (ii) the Company shall have the right to postpone the Closing Date, as applicable, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, Time of Sale Prospectus or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 9.

10. Survival of Indemnities, Contribution, Warranties and Representations. All representations, warranties, and agreements of the Company and the Underwriters herein or in certificates delivered pursuant hereto, and the agreements of the Underwriters and the Company contained in Section 7 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters or any controlling person thereof, or the Company or any of its officers, directors, or controlling persons, and shall survive delivery of, and payment for, the Securities to and by the Underwriters hereunder.

11. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered or telecopied and confirmed to the parties hereto as follows:

If to the Representative
or the Underwriters:

Ladenburg Thalmann & Co. Inc.
277 Park Avenue, 26th Floor
New York, NY 10172
Attention: Vlad Ivanov
Facsimile: (212) 409-2045

with a copy to (which shall not constitute notice):

Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C.
666 Third Avenue
New York, NY 10017
Attention: Ivan K. Blumenthal, Esq.
Facsimile: (212) 692-6784

If to the Company:

Pluristem Therapeutics Inc.
MATAM Advanced Technology Park, Building No. 5
Haifa, Israel 3508409
Attention: Yaky Yanay, Co-Chief Executive Officer

with a copy to (which shall not constitute notice):

Zysman, Aharoni, Gayer and Sullivan & Worcester LLP
1633 Broadway
New York, NY 10019
Attention: Oded Har-Even, Esq.
Facsimile: (212) 660-3001

12. Information Furnished by Underwriters. The statements in the Prospectus set forth under the caption "Underwriting" in the 5th, 7th, 16th, 17th, 18th, 20th and 22nd paragraphs constitute the only written information furnished by or on behalf of the Underwriters referred to in paragraphs (b) and (c) of Section 1 hereof and in paragraphs (a) and (b) of Section 7 hereof.

13. Parties. This Agreement is made solely for the benefit of the Underwriters, the Company, any officer, director, employee agent or controlling person referred to in Section 7 hereof, and their respective successors and assigns, and no other person shall acquire or have any right by virtue of this Agreement. The term "successors and assigns," as used in this Agreement, shall not include any purchaser of any of the Securities from any Underwriters merely by reason of such purchase.

14. Definition of "Business Day" and "Subsidiary". For purposes of this Agreement, (a) "Business Day" means any day on which Nasdaq is open for trading, and (b) "Subsidiary" has the meaning set forth in Rule 405 under the Securities Act.

15. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the choice of law or conflict of laws principles thereof. Each of the Underwriters and the Company: (a) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York; (b) waives any objection which it may have now or hereafter to the venue of any such suit, action or proceeding, and (c) irrevocably consents to the jurisdiction of the Supreme Court of the State of New York, New York County, or of the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the Underwriters and the Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York and agrees that service of process upon the Company mailed by certified mail to the Company's address or delivered via overnight delivery shall be deemed in every respect effective service of process upon the Company, in any such suit, action or proceeding, and service of process upon the Underwriters mailed by certified mail to the Underwriter's address or delivered via overnight delivery shall be deemed in every respect effective service of process upon the Underwriters, in any such suit, action or proceeding. THE COMPANY (ON BEHALF OF ITSELF, THE SUBSIDIARIES AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE EQUITY HOLDERS AND CREDITORS) HEREBY WAIVES ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT AND THE PROSPECTUS.

16. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

17. Absence of Fiduciary Relationship. The Company acknowledges and agrees that:

(a) The Underwriters has been retained solely to act as Underwriters in connection with the sale of Securities and that no fiduciary, advisory or agency relationship between the Company and the Underwriters or any of their respective affiliates has been created in respect of any of the transactions contemplated by this Agreement, the Prospectus or the Concurrent Registered Direct Offering, irrespective of whether any Underwriter has advised or is advising the Company on other matters;

(b) The price of the Securities set forth in this Agreement was established by the Company following discussions and arms' length negotiations with the Underwriters, and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) The Company has been advised that the Underwriters and their respective affiliates are engaged in a broad range of transactions and services which may involve interests that differ from those of the Company, and that the Underwriters have no obligation to disclose such interests and transactions and services to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) The Company waives, to the fullest extent permitted by law, any claims it may have against any Underwriter for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Underwriters shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

18. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The Section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

All payments made or deemed to be made by the Company to any of the Underwriters, their respective directors, officers, employees and agents or to any person controlling any Underwriter, under this Agreement, if any, will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (other than taxes on net income) imposed or levied by or on behalf of the State of Israel or any political subdivision or any taxing authority thereof or therein unless the Company is or becomes required by law to withhold or deduct such taxes, duties, assessments or other governmental charges. In such event, the Company will pay such additional amounts as will result, after such withholding or deduction, in the receipt by each Underwriter, their respective directors, officers, employees and each person controlling any Underwriter, as the case may be, of the amounts that would otherwise have been receivable in respect thereof.

Please confirm, by signing and returning to us two (2) counterparts of this Agreement, that each of the Underwriters is acting on behalf of itself and that the foregoing correctly sets forth the agreement among the Company and the Underwriters.

[*Remainder of page intentionally left blank*]

Very truly yours,

PLURISTEM THERAPEUTICS INC.

By: /s/ Yaky Yanay
Name: Yaky Yanay
Title: President and Co-CEO

Confirmed and accepted as of the date first above mentioned:

LADENBURG THALMANN & CO. INC.
As Representative of the Several Underwriters

By: /s/ Vlad Ivanov
Name: Vlad Ivanov
Title: Managing Director

SCHEDULE I

Underwriting Agreement dated April 4, 2019

Underwriters	Number of Firm Shares to be Purchased	Number of Warrants to be Purchased
Ladenburg Thalmann & Co. Inc.	19,000,001	19,000,001
H.C. Wainwright & Co., LLC	3,392,857	3,392,857
LifeSci Capital LLC	2,714,286	2,714,286
Maxim Group LLC	2,035,714	2,035,714
TOTAL	**27,142,858**	**27,142,858**

SCHEDULE II

Free Writing Prospectuses Included in the Time of Sale Prospectus

None

SCHEDULE III

Price-Related Information

Number of Units being offered: 27,142,858

Public offering price per Unit: $0.70

Underwriting discounts and commissions to investors identified by Leader Underwriters (1993) Ltd.:

4.0% per Unit to Leader Underwriters (1993) Ltd.
2.0% per Unit to the Underwriters

Underwriting discounts and commissions to investors identified by Rosario Underwriting Services (A.S.) Ltd.:

4.0% per Unit to Rosario Underwriting Services (A.S.) Ltd.
2.0% per Unit to the Underwriters

Underwriting discounts and commissions to all other investors:

6.0% per Unit to the Underwriters.

Management fees:

0.5% management fee per Unit to Ladenburg Thalmann & Co. Inc. for all investors other than those investors identified by Leader Underwriters (1993) Ltd. and Rosario Underwriting Services (A.S.) Ltd.

Settlement date: April 8, 2019

Price to the Underwriters: $0.658 per Unit

Gross Proceeds From Concurrent Registered Direct Offering: $1,000,000

EXHIBIT A

Form of Lock-up Agreement

Ladenburg Thalmann & Co. Inc.
277 Park Avenue
26th Floor
New York, New York 10172

As Representative of the Several Underwriters

Re: **Public Offering by Pluristem Therapeutics Inc.**

Ladies and Gentlemen:

The undersigned, an officer, director or holder of common stock, par value $0.00001 per share ("Common Stock"), or rights to acquire Common Stock, of **Pluristem Therapeutics Inc.** (the "Company") understands that you, as Representative of the several Underwriters, propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with the Company, providing for the public offering (the "Offering") by the several Underwriters named in Schedule I to the Underwriting Agreement (the "Underwriters"), of securities of the Company (the "Securities") pursuant to a registration statement on Form S-3 (as amended, the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to enter into the Underwriting Agreement and to proceed with the Offering of the Securities, and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby agrees for the benefit of the Company, you and the other Underwriters that, without the prior written consent of the Representative on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending ninety (90) days (the "Lock-Up Period") after the date of the final prospectus supplement relating to the Offering (the "Prospectus"), directly or indirectly: (a) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock owned either of record or beneficially or may be deemed to be beneficially owned (as defined in the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder (the "Exchange Act")) by the undersigned on the date hereof or hereafter acquired; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; or (c) make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock; or (d) publicly announce an intention to do any of the foregoing.

The foregoing paragraph shall not apply to (a) the registration of the offer and sale of Securities as contemplated by the Underwriting Agreement and the sale of the Securities to the Underwriters in the Offering and/or participation of the undersigned in the Offering, (b) bona fide gifts, provided the recipient thereof agrees in writing with the Underwriters to be bound by the terms of this Lock-Up Agreement, (c) dispositions to any trust for the direct or indirect benefit of the undersigned and/or the immediate family of the undersigned, provided that such trust agrees in writing with the Underwriters to be bound by the terms of this Lock-Up Agreement, (d) transfers of Common Stock or securities convertible into Common Stock on death by will or intestacy, (e) sales or transfers of Common Stock solely in connection with the "cashless" exercise of Company stock options outstanding on the date hereof for the purpose of exercising such stock options (provided that any remaining Common Stock received upon such exercise will be subject to the restrictions provided for in this Lock-Up Agreement) or (f) sales or transfers of Common Stock or securities convertible into Common Stock pursuant to a sales plan entered into prior to the date hereof pursuant to Rule 10b5-1 under the Exchange Act, a copy of which has been, or will be, provided to the Underwriters. In addition, the restrictions sets forth herein shall not prevent the undersigned from entering into a sales plan pursuant to Rule 10b5-1 under the Exchange Act after the date hereof, provided that (i) a copy of such plan is provided to the Underwriters promptly upon entering into the same and (ii) no sales or transfers may be made under such plan until the Lock-Up Period ends or this Lock-Up Agreement is terminated in accordance with its terms. For purposes of this paragraph, "immediate family" shall mean the undersigned and the spouse, any lineal descendent, father, mother, brother or sister of the undersigned.

In addition, the undersigned hereby waives any rights the undersigned may have to require registration of Common Stock in connection with the filing of a registration statement relating to the Offering.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that the undersigned shall be released from all obligations under this Lock-Up Agreement if (a) the Underwriting Agreement does not become effective by April 30, 2019 or, if after becoming effective, the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, or (b) the Company provides written notice to the Underwriters that the Company does not intend to proceed with the Offering.

The undersigned, whether or not participating in the Offering, understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Offering in reliance upon this Lock-Up Agreement.

This Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

Very truly yours,

Entity Name (if applicable) _____

By: (Signature) _____

Print Name: _____

Title: _____

EXHIBIT B

Directors and Executive Officers
Signing Lock-up Agreement

Zami Aberman
Chen Franco-Yehuda
Israel Ben-Yoram
Isaac Braun
Mark Germain
Moria Kwiat
Hava Meretzki
Nachum Rosman
Doron Shorrer
Yaky Yanay

EXHIBIT C

Form of Warrant Agent Agreement

Exhibit 10.2

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "***Subscription***") is dated as of April 4, 2019, by and between **Pluristem Therapeutics Inc.**, a Nevada corporation (the "***Company***"), and the investor identified on the signature page hereto (including its successors and assigns, the "***Investor***").

RECITALS

WHEREAS**,** subject to the terms and conditions set forth in this Subscription and pursuant to the Company's effective registration statement under the Securities Act of 1933, as amended (the "***Securities Act***"), on Form S-3 (File No. 333-218916), effective as of June 30, 2017 (as amended and/or supplemented from time to time, the "***Registration Statement***"), the Company desires to issue and sell to the Investor, and the Investor desires to purchase from the Company, common shares of the Company (the "***Securities***") as more fully described in this Subscription.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Subscription, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Investor hereby agree as follows:

1. Subscription.

(a) The Investor agrees to buy, and the Company agrees to sell and issue to the Investor, up to an aggregate of $1,000,000 of Securities, with the Investor purchasing the Securities in the amount equal to the Investor's subscription amount at the price per share as set forth on the signature page hereto executed by the Investor (the "***Subscription Amount***").

(b) The Securities have been registered on the Registration Statement. The Registration Statement has been declared effective by the Securities and Exchange Commission (the "***SEC***") and is effective on the date hereof. A final prospectus supplement is attached hereto as Exhibit A and will be delivered to the Investor as required by law.

(c) The completion of the purchase and sale of the Securities (the "***Closing***") shall take place at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., located at 666 Third Avenue, New York, New York 10017, or at such other location(s) or remotely by facsimile transmission or other electronic means as the parties may mutually agree, on April 8, 2019, or such other date as agreed between the Company and the Investor. At the Closing, (i) the Investor shall pay the Subscription Amount by wire transfer of immediately available funds to the Company to such bank account or accounts as shall be designated by the Company, (ii) the Company shall cause the Securities to be delivered to the Investor and shall provide the Investor with a certificate signed by a duly authorized officer confirming: (a) that the representations and warranties of the Company set forth in Section 2 are true and correct as of the Closing and (b) the absence of any material adverse change in the Company, its business, or prospects since the date of this Subscription and (iii) the Company shall deliver such certificates and opinions of counsel as are customary for registered direct transactions as may be reasonably requested by the Investor.

2. Representations and Warranties of the Company. The Company represents and warrants as of the date hereof to the Investor as follows:

(a) it has the full corporate power and authority to enter into this Subscription and to perform all of its obligations hereunder;

(b) this Subscription has been duly authorized and executed by, and when delivered in accordance with the terms hereof, will constitute a valid and binding agreement of, the Company enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally or subject to general principles of equity;

(c) the execution and delivery of this Subscription and the consummation of the transactions contemplated hereby do not conflict with or result in a breach of the Company's charter or by-laws, as amended or restated to date, or any other organizational documents;

(d) the Securities, when issued and paid for in accordance with the terms of this Subscription, will be duly authorized, validly issued, fully paid and non-assessable;

(e) the Registration Statement, at the time it became effective, did not, and as of the time hereof and as of the Closing, does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(f) this Subscription, the Registration statement, Securities, the offering, and any associated materials and statements materially comply with all applicable laws, rules, and regulations, including without limitation United States federal and state securities laws; and

(g) the Securities are being offered and sold pursuant to the Company's effective registration statement under the Securities Act of 1933, as amended (the "***Securities Act***"), on Form S-3 (File No. 333-218916), effective as of June 30, 2017.

3. Representations, Warranties and Acknowledgments of the Investor.

(a) The Investor hereby represents and warrants as of the date hereof to the Company as follows:

(i) it has the full right, power and authority to enter into this Subscription and to perform all of its obligations hereunder;

(ii) this Subscription has been duly authorized and executed by the Investor and, when delivered in accordance with the terms hereof, will constitute a valid and binding agreement of the Investor enforceable against the Investor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally or subject to general principles of equity;

(iii) the execution and delivery of this Subscription and the consummation of the transactions contemplated hereby do not conflict with or result in a breach of the Investor's governing or organizational documents;

(iv) the Investor has had full access to the prospectus included in the Registration Statement and the Company's periodic reports and other information incorporated by reference therein, and was able to read, review, download and print such materials, if desired;

(v) at the time the Investor was offered the Securities, it was, and at the date hereof it is, and on the date of the Closing it will be, an "accredited investor" as defined in Rule 501 (a) under the Securities Act of 1933, as amended;

(vi) the Investor is knowledgeable, sophisticated and experienced in making, and is qualified to make, decisions with respect to investments in securities representing an investment decision like that involved in the purchase of the Securities;

(vii) the Investor has taken no action which would give rise to any claim by any person for brokerage commissions, finders' fees or the like relating to this Subscription or the transactions contemplated hereby;

(viii) the Investor and its advisors, if any, have had a reasonable opportunity to ask questions of and receive answers from the Company's officers and any other persons authorized by the Company to answer such questions, concerning, among other related matters, the Securities, the transaction documents and the business, financial condition, results of operations and prospects of the Company and all such questions have been answered by the Company to the full satisfaction of the Investor and its advisors, if any;

(ix) the Investor is not relying on the Company or any of its respective employees or agents with respect to the legal, tax, economic and related considerations of an investment in the Securities, and the Investor has relied on the advice of, or has consulted with, only its own Advisors; and

(x) neither the Investor nor any group of investors (as identified in a public filing made with the SEC) of which the Investor is a part in connection with the offering of the Securities, acquired, or obtained the right to acquire, twenty percent (20%) or more of the Company's common shares (or securities convertible into or exercisable for common shares) or the voting power of the Company on a post-transaction basis.

(b) The Investor hereby also represents and warrants as of the date hereof to the Company that, other than the transactions contemplated hereunder, the Investor has not, directly or indirectly, nor has any person acting on behalf of or pursuant to any understanding with the Investor, executed any transactions in securities of the Company, including "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act ("***Short Sales***"), during the period commencing from the time that the Investor first became aware of the proposed transactions contemplated hereunder until the date hereof (the "***Discussion Time***"). The Investor has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction).

(c) The Investor acknowledges and agrees that the issuance by the Company of the Securities will be conditional upon receipt of all necessary regulatory approvals, including those of the Nasdaq Capital Market and the Tel Aviv Stock Exchange.

4. Covenant of the Investor Regarding Short Sales and Confidentiality. The Investor hereby covenants that neither it nor any affiliates acting on its behalf or pursuant to any understanding with it will execute any transactions in securities of the Company, including Short Sales, during the period after the Discussion Time and ending at the time that the transactions contemplated by this Subscription are first publicly announced by the Company through a press release and/or Current Report on Form 8-K. The Investor hereby covenants that until such time as the transactions contemplated by this Subscription are publicly disclosed by the Company through a press release and/or Current Report on Form 8-K, the Investor will maintain the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction.

5. Miscellaneous.

(a) Each party shall pay the fees and expenses of its Advisors, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Subscription. The Company shall pay all transfer agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Investor.

(b) This Subscription constitutes the entire understanding and agreement among the parties with respect to its subject matter, and there are no agreements or understandings with respect to the subject matter hereof which are not contained in this Subscription.

(c) This Subscription may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and shall become effective when counterparts have been signed by each party and delivered to the other party hereto, it being understood that the parties need not sign the same counterpart. Execution may be made by delivery by facsimile or by e-mail delivery of a ".pdf" format data file.

(d) The provisions of this Subscription are severable and, in the event that any court or officials of any regulatory agency of competent jurisdiction shall determine that any one or more of the provisions or part of the provisions contained in this Subscription shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Subscription and this Subscription shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of such provision, had never been contained herein, so that such provisions would be valid, legal and enforceable to the maximum extent possible, so long as such construction does not materially adversely affect the economic rights of either party hereto.

(e) All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing and shall be mailed, hand delivered, sent by a recognized overnight courier or sent via facsimile or by e-mail delivery and confirmed by letter, to the party to whom it is addressed at the following addresses or such other address as such party may advise the other in writing:

To the Company: as set forth on the signature page hereto.

To the Investor: as set forth on the Investor's signature page hereto.

All notices hereunder shall be effective upon receipt by the party to which it is addressed.

(f) No provision of this Subscription may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Investor, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Subscription shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

(g) This Subscription shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws.

6. Reliance by Placement Agent. In connection with the offering of the Securities, Ladenburg Thalmann & Co. Inc., the Company's placement agent for this Subscription (the "Placement Agent"), may rely on each representation and warranty of the Company made herein or pursuant to the terms hereof with the same force and effect as if such representation or warranty were made directly to the Placement Agent. The Placement Agent shall be a third party beneficiary to this Subscription to the extent provided in this Section 6.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

PLURISTEM THERAPEUTICS INC.

By:/s/ Yaky Yanay

Name: Yaky Yanay
Title: President and Co-CEO
Address: MATAM Advanced Technology Park, Building No. 5
Haifa, Israel 3508409

[Company Signature Page to Subscription Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Investor: _ARK Genomic Revolution ETF_____

Signature of Authorized Signatory of Investor: /s/ Kellen Carter_____

Name of Authorized Signatory: _Kellen Carter_____

Title of Authorized Signatory: _Corporate Counsel_____

Email Address of Authorized Signatory: _____

Facsimile Number of Authorized Signatory: _____

Address for Notice to Investor: 3 E. 28th Street, 7th Floor, NY, NY 10016

Address for Delivery of Securities to Investor (if not same as address for notice) / DWAC Account Number:

Subscription Amount: $1,000,000_____

Price per Common Share: $0.70_____

Common Shares: 1,428,571_____

EIN Number:

[Investor Signature Page to Subscription Agreement]

Exhibit A

Attached

Exhibit 10.3

Employment Agreement

Duly made and executed on the date set forth in **Appendix 1**

By and Between

Pluristem Ltd.
Company number 513371666
(hereinafter the "**Company**")

and

Chen Franco Yehuda I.D. 038749859
(hereinafter the **"Employee")**
(other details as set forth in **Appendix 1**)

WHEREAS, the Employee has been employed by the Company since May 1 2013 and the Employee and the Company seek to enter into this Employment Agreement (the "Agreement") to set forth the terms of the Employee's employment as the Company's Chief Financial Officer,; and

WHEREAS, the Employee represents that, she has the requisite skills and training to fulfill her obligations as set forth herein;

NOW, THEREFORE, in consideration of the undertakings of the parties, it is hereby agreed:

1. DUTIES AND RESPONSIBILITIES

1.1 **Position**. The Employee shall serve in the position of Chief Financial Officer, as set forth in Appendix 1 hereto, and shall report to her direct manager set forth in Appendix 1, or to any other person, as the Company, at its sole discretion, shall instruct the Employee from time to time. The Company shall be entitled to change the Employee's position, at the Company's sole discretion.

1.2 **Exclusivity**. Unless the Company agrees otherwise (in advance and in writing), the Employee (i) shall devote her full working time (as defined herein), attention, energies, skills, knowledge and experience to the faithful, responsible, competent, diligent, and conscientious performance of her duties and responsibilities hereunder and best efforts to the business and affairs of the company; (ii) shall not engage in or be associated with, directly or indirectly, any business which is competitive, directly or indirectly, with the business of the Company, as more fully described in **Appendix 2** attached hereto; and (iii) shall not undertake or accept any other paid or unpaid employment or occupation.

1.3 **Traveling**. The Employee's employment may require travel outside Israel and the Employee agrees to such travel as may be necessary in order to fulfill her duties hereunder. The Employee shall engage in such travel as may reasonably be required in connection with the performance of her duties. All reasonable travel and other expenses incurred by the employee (in accordance with the policies as established from time to time) in carrying out her duties hereunder will be reimbursed by the Company on presentation to it of expense accounts and appropriate documentation in accordance with the customary procedures of the Company for reimbursement of employee expenses.

1.4 **Compliance**. Without derogating from the above, the Employee shall act in accordance with the Company's policies, regulations and general instructions as shall be published and updated from time to time, including, but not limited to, the Company's Sexual Harassment Policies, the Company's Insider Trade Policy, the Company's whistle blowing policy, the Company's Ethic Code etc. Without derogating from the provisions of Section 2.4 below, in the event of a breach of this Section 1.4 or any of the policies mentioned herein, Company shall have the right to immediately terminate this Agreement without prior notice, based on the Company's sole discretion.

1.5 **Exclusivity of Agreement**. This Agreement is personal and special, and exclusively defines the entire relationship between the Company and the Employee and all compensation and/or benefits to which the Employee is entitled from the Company. This Agreement supersedes any prior agreements, understandings and arrangements, oral or written, applied, exchanged or signed between the parties hereto with respect to the subject matter hereof. The Employee shall not be entitled to, and shall not demand, any other compensation and/or benefit from the Company, unless explicitly provided for hereunder, and no practice and/or custom existing between the Company and other employees, if any, shall apply to the relationship between the Employee and the Company, unless explicitly incorporated into this Agreement, and then only to the extent so incorporated. This Agreement shall be considered as a notification of the terms of employment as required by law.

2. TERM AND TERMINATION

2.1 **Term of Engagement**. This Agreement shall become effective on the date set forth in Appendix 1 (the "**Commencement Date**"), and will remain in force until terminated by a party at any time by giving a prior written notice of termination or resignation (the "**Term**"), of a period as set forth in Appendix 1 (the "**Notice Period**").

2.2 **Notice Period**. During the Notice Period, the Employee shall continue to provide all services per this Agreement in full and in a proper manner and shall cooperate with the Company and use her best efforts to assist in the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities. Notwithstanding the above, the Company shall be entitled to waive the Employee's services with the Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such event, the Company shall pay the Employee the amount equal to the compensatory payment as required by the Prior Notice Law, and the Employee shall immediately return to the Company any and all equipment provided to her by the Company (including any car, computer, documents, data, etc.).

2.3 (blank)

2.4 **Termination for Justifiable Cause**. Notwithstanding the provisions of Sections 2.2 above, the Company shall have the right to terminate this Agreement and the employer-employee relationship hereunder at any time for a Justifiable Cause (as defined below), by giving the Employee a notice of termination for cause.

The term "**Justifiable Cause**" shall mean (a) indictment or conviction of the Employee for committing a crime; or (b) a serious breach of trust including but not limited to theft, fraud, disclosure to unauthorized persons or entities of confidential or proprietary information of the Company and/or the engaging by the Employee in any business competitive to the business of the Company; or (c) any breach of Sections 4 or 5 of this Agreement; or (d) any sexual harassment; or (e) violent behavior; or (f) consistent noncompliance with Company's policies, orders and regulations; or (g) performance, by the Employee, of any act that entitles the Company to dismiss him without paying him any or partial severance pay in connection with such dismissal under applicable law.

2.5 **Final Settling**. At the end of the employer-employee relationship, the Company and the Employee shall conduct a final settling of the Employee's accounts to be held according to the Company's records. Such settling of accounts shall be final and no party shall have any further claim or demand from the other party. It is agreed that, subject to the applicable laws, the Company shall be entitled to deduct any amount the Employee shall owe the Company at such time from the amounts she shall be entitled to.

2.6 **Release of funds**. It is hereby agreed between the parties that at the end of the employment relationship, other than upon termination in circumstances justifying dismissal without any or partial severance pay under applicable law, all sums accumulated in the Employee's pension insurance policies (after completion of payment of all premiums previously due with respect to such pension insurance policies), shall be released and transferred to the Employee. The Company and Employee agree and acknowledge that in the event the Company transfers ownership of Employee’s pension insurance policies to the Employee, the severance portion thereof shall constitute full and final payment towards any severance pay the Company may be required to pay to the Employee pursuant to the Severance Pay Law 5727-1963, and that this section is in accordance with the provisions of section 14 of the Severance Pay Law 5727-1963, and with the general approval of the labor minister, dated June 30, 1998 (issued in accordance with the said section 14).

2.7 **Return of Equipment**. At the end of the employer-employee relationship the Employee shall return to the Company any and all documents, professional literature, equipment and property belonging to the Company, which may be in Employee's possession at such time. Should the Employee refuse and/or fail to do so, the Company shall have the right, in addition to any other remedy available under any law, to offset the value of such property (as shall be determined solely by the Company) from the amounts (if any) that the Employee might be entitled to.

3. BASE SALARY AND BENEFITS

3.1 **Base Salary**

3.1.1 **GENERAL**. The Company shall pay the Employee a Base monthly salary in the amount set forth in Appendix 1 (the "**Base Salary**"). As detailed below, the Base Salary is inclusive of overtime payment (as such terms are defined below).

The Base Salary shall be comprehensive and all-inclusive and it shall be deemed to embody any and all compensation the Employee shall be entitled to in connection with her employment by the Company.

3.1.2 **Payment**. The Base Salary for each month shall be payable until the 9th calendar day of the following calendar month.

3.1.3 **Occasional Benefits**. Any benefit, of any kind, granted to the Employee by the Company and which is not specified in this Agreement (a "**Benefit**"), shall be deemed as a non-recurring event, and shall neither give rise to any new right of the Employee, nor constitute a practice and/or custom and/or precedent between the parties which shall obligate the Company on any additional and/or other occasions. It is hereby agreed, that any such Benefit shall be a supplement above and beyond the Employee's Base Salary, and shall not to be taken into account for the purpose of calculating the Employee's social entitlements or rights.

3.1.4 **Tax Deductions**. The Company shall legally deduct and withhold income tax payments and any other obligatory payments, such as social security and health insurance, from all the payments, which shall be paid to the Employee in accordance with this Agreement and as required by law at such time.

3.2 (blank)

3.3 **Recuperation Pay**. The Employee shall be entitled to Recuperation Pay ("*Dmey Havra'a*") in accordance with the applicable law.

3.4 **Vacation**. The Employee shall be entitled to the number of work days' vacation in each calendar year, as set forth in Appendix 1. The Employee is obligated to use at least seven (7) consecutive vacation days during each calendar year, commencing on the Commencement Date (as defined in Appendix 1) and during each calendar year thereafter. To the extent permitted by law, unused vacation days may be carried forward from one calendar year to the next. Any vacation days that are unused within two (2) years following the year in which they were accumulated, shall expire.

3.5 **Sick Leave**. The Employee shall be entitled to paid sick leave according to the law or in accordance with the Company's policies, as amended from time to time.

3.6 **Pension Insurance**.

The Company and the Employee will obtain and maintain Managers Insurance and/or a comprehensive Pension Fund according to the Employee's choice ("**Pension Insurance**"). The Employee is entitled to receive the Company's contribution for her Pension Insurance Policies (Pension Funds and/or Managers Insurance) from the date indicated in Appendix 1:

3.6.1 The Company shall affect a Pension Insurance Policy (the "**Policy**") for the Employee, and shall pay the percentages detailed in Appendix 1 towards such Policy, on account of severance pay and *Tagmulim.*

3.6.2 The Company shall make additional payments, as detailed in Appendix 1, on account of disability insurance, in accordance with Company's policies.

3.6.3 Unless otherwise is indicated in Appendix 1, the Company shall deduct the percentage set forth in Appendix 1 from the Base Salary for Pension Insurance to be paid on behalf of the Employee towards such Policy.

It is clarified that the Employee shall bear any and all taxes, which may apply with respect to any contribution, which exceeds the recognized tax ceilings with respect to the Pension Insurance.

3.7 **Education Fund**. The Employee is entitled to Education Fund payments from the date indicated in Appendix 1 (if at all) as follows:

3.7.1 The Company shall pay a sum equal to a percentage that is detailed in Appendix 1 of the Base Salary for Education Fund and (ii) shall deduct a percentage that is detailed in Appendix 1 from the Base Salary for Education Fund to be paid on behalf of the Employee toward a further education fund. Use of this fund shall be in accordance with the policies of the relevant fund.

3.7.2 With respect to Education Fund payment, the Employee may elect that the salary base of calculation shall be less than the Base Salary. In such event, the balance between the amounts that would have be allocated by the Company towards such Education Fund had the entire Base Salary would have been taken into account, and the amount actually allocated by the Company pursuant to the Employee's request shall be paid as an additional compensation (gross) together with the Base Salary and shall not be taken into account with respect to any social or fringe benefit such as pension, severance payments, education fund etc., and will not be considered as part of the Base Salary for all intents and purposes. In such case, the Employee will inform the Company of such request and will sign a written consent.

3.8 **Military Reserve Duty.** The Employee shall inform the Company of any military reserve duty the Employee has been ordered to perform, immediately after she has been notified of the same. The Employee undertakes to provide the Company with proper confirmation of active military reserve duty, so that the Company may collect from the national insurance institute all amounts to which the Employee or the Company is entitled in connection with such service.

3.9 **Cellular Phone**. The Company will provide the Employee with a personal cellular phone and shall bear expenses associated with the usage of the employee's personal cellular phone as indicated in Appendix 1. Any tax withholding arising out of this reimbursement shall be solely borne by the Employee.

3.10 **Vehicle**. In order to fulfill its duties, the Company will provide the Employee with a private car as indicated in Appendix 1 or a similar executive vehicle at the Company's sole discretion or reimburse the Employee's car expenses in a fix amount as indicated in Appendix 1 in case the Employee will decide to use her personal car. The Company will bear all the payments to the leasing company as well as all the current expenses involved in the maintenance of the vehicle, including fuel, parking, insurance, a subscription to travel on toll roads and the like. It is hereby clarified that the Employee shall be entitled to continue to hold and use the vehicle during the period of prior notice, whether in the event of dismissal or in the event of resignation, whether he worked during these periods or not.

3.11 **Stock based awards**.

During the term of this Agreement, the Employee shall be entitled to participate in any of Pluristem Therapeutics Inc.'s (the "**Parent Company**") equity compensation plans, whether currently in existence or as may be adopted in the future by the Parent Company's shareholders, from time to time (the "**Plan**"), and may be granted such awards, pursuant to any relevant grant instruments, that may be granted in accordance with the Plan (the "**Awards**") as shall be determined by the Board and/or the Parent Company's Compensation Committee. It is hereby clarified that the grant of the Awards is subject to (a) the approval of the Parent Company's Board of Directors and/or Compensation Committee and (b) execution of any documents required pursuant to applicable law and the terms of the Plan, including execution of a grant Award agreement, and an irrevocable proxy. The terms of the Award, including but not limited to, the number of Awards granted, the exercise price, vesting period, adjustments and exercise period shall be determined in accordance with the provisions of the Plan and the executed grant Award agreement.

Employee shall be entitled to immediate acceleration of 100% of any unvested Awards in the event of a Change of Control (as hereinafter defined) of the Parent Company (or the Company).

For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following: (i) any one person, or more than one person acting as a group, acquires ownership of stock of the Parent Company that, together with stock held by such person or group, constitutes more than thirty percent (30%) of the total voting power of the stock of the Parent Company; (ii) any consolidation or merger of the Parent Company into another corporation or entity where the stockholders of the Parent Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own, directly or indirectly, securities representing in the aggregate more than fifty percent (50%) of the combined voting power of all the outstanding securities of the surviving corporation (or of its ultimate parent corporation, if any); (iii) the sale, lease or other transfer of all or substantially all of the Parent Company's assets to an independent, unaffiliated third party in a single transaction or a series of related transactions; or (iv) the date that a majority of the members of the Parent Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Parent Company's Board of Directors prior to the date of the appointment or election.

Any tax imposed on Employee with respect to the grant and/or the exercise of the Award shall be borne by the Employee.

3.12 (blank)

3.13 (blank)

3.14. **D&O Insurance and Indemnification**. The Company agrees to continue and maintain a directors' and officers' liability insurance policy covering the Employee at a level, and on terms and conditions, no less favorable to her than the coverage the Company provides other similarly-situated executives or directors until such time as suits against the Employee are no longer permitted by law. Furthermore, the Company shall act to provide indemnification to the Employee in her capacity as an officer of the Company.

4. PROPRIETARY INFORMATION AND WORK PRODUCT; EQUIPMENT

4.1 **Non-Disclosure and Non-Competition Agreement**. Concurrently with the execution of this Agreement, the Employee is executing the Non-Disclosure and Non-Competition Agreement, which is attached hereto as **Appendix 2**, and which is an integral part hereof.

4.2 **Monitoring of Systems**. The Company's Systems (as defined below) or access which is provided to the Employee are and shall remain the sole property of the Company. The Employee shall use such Systems for business purposes only. To ensure the security of such Systems and to protect the Company's confidential and proprietary information, the Company reserves the right, and the Employee hereby agrees that the Company and anyone on its behalf may, at any time and for any purpose, monitor the Employee's use of the Systems and monitor, copy, transfer and disclose all electronic communications and content transmitted by or stored in such Systems, regardless of the location, time or purpose of such use (other than protected private use in accordance to law). For the purposes of this Section 4.2, "**Systems**" include any equipment and software of any kind, including Employee's computer, Company's mailbox, Company's and/or Employee's telephone, etc. Employee acknowledges and approves that the provisions of this Section 4.2 are reasonable in light of the Employee's position with the Company, in the course of which the Employee has and shall gain broad knowledge of the Company's proprietary information.

4.3 **Survival**. Sections 4 above will remain in full force and effect after termination of this Agreement.

5. WARRANTIES

5.1 The Employee has the knowledge, abilities and skills required to perform the duties of her position.

5.2 The Employee shall inform the Company, immediately upon becoming aware of any matter in which she or a member of her immediate family or affiliate has a personal interest or which might create a conflict of interests with her duties under this Agreement.

5.3 In carrying out her duties under this Agreement, the Employee shall not make any representations, or give any guaranties on behalf of the Company, except as authorized to do.

5.4 The Employee represents and warrants that on the effective date she will be free to provide services to the Company upon the terms contained in this Agreement and that there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of her duties hereunder.

5.5 The Employee represents and warrants that she will not use during the course of her employment with the Company any trade secrets or proprietary information that is the property of her previous employer(s) in such a manner that may breach any confidentiality or noncompetition agreement or other obligation the Employee may have with such former employer(s).

6. GENERAL PROVISIONS

6.1 In this Agreement words importing the masculine gender shall include the feminine gender.

6.2 This Agreement shall not be amended, modified or varied by any oral agreement or representation or otherwise than by written instrument executed by either parties or their duly authorized representatives.

6.3 This Agreement is personal to the Employee, and the Employee shall not assign or delegate her rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

6.4 This Agreement shall inure to the benefit of the Company's successors and assigns.

6.5 Each notice and/or demand given by one party pursuant to this Agreement shall be given in writing and shall be sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.6 It is hereby agreed between the parties that the laws of the State of Israel shall apply to this Agreement. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

6.7 No Waiver. No delay, failure, or forbearance to exercise any right, power, or remedy accruing to either party upon breach or default under this Agreement shall be deemed a waiver of any prior or subsequent breach or default of this Agreement, nor affect the validity of any provision of this Agreement.

6.8 Integration. This Agreement sets forth the entire agreement between the parties on the subject hereof and supersedes any previous oral or written agreements, understandings, memoranda, emails, letters or representations on the subject matter hereof.

6.9 Severance. If any one or more of the terms of this Agreement shall for any reason be held to be invalid or unenforceable, such term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law. Any determination of the invalidity or unenforceability of any provision of the Agreement shall not affect the remaining provisions hereof unless the business purpose of this Agreement is substantially frustrated thereby.

6.10. The Company is not a party to any Collective Agreement.

6.11. The above and the said in the appendixes shall be without prejudice to any right conferred to the Employee by any law, Extension Order or Collective Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written:

/s/ Yaky Yanay	/s/ Chen Franco-Yehuda
Pluristem Ltd.	**Chen Franco-Yehuda**
Date: May 6, 2019	Date: May 6, 2019

Appendix 1

1	**Employee Personal Details**	**Full Name: Chen Franco -Yehuda** I.D. Number: 038749859, Date of Birth: 13 August 1983,
2	Position in the Company Direct manager	CFO, Secretary and Treasurer Co-CEO
3	Commencement Date	28 March 2019
4	Period of prior notice (mutual)	60 days
5	Base Salary:	36,000 NIS
6	Yearly Vacation Days	23 Days
7	Pension Insurance	Entitled
	Ø For severance pay	8.33% of Base Salary
	Ø For *Tagmulim*	6.5% of Base Salary for Pension Fund No less than 6.5% and not more than 7.5% of Base Salary for Mangers Insurance
	Ø For disability pension	Not more than 2.5% of Base Salary but in accordance with the applicable plan that was selected by the Company.
	Ø Deduct from Employee (on account of Tagmulim)	6% of Base Salary for Manager's Insurance or Pension Fund
8	Education Fund	Entitled
	Ø Payment by Company	7.5 % of Base Salary for Education Fund, unless the Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
	Ø Deduct from Employee (on account of education fund)	2.5 % of Base Salary for Education Fund, unless the Employee decides that such percentage will be calculated on a lower amount of Base Salary as described at 3.7.2
9	Cellular Telephone	Entitled to Cellular phone or a fixed amount of NIS 200 and reimbursement of relevant expenses
10	Vehicle	Mazda CX-5 or a model equivalent, in accordance with company policy or a fixed amount of NIS 4,000

/s/ Yaky Yanay
Pluristem Ltd.

Date: May 6, 2019

/s/ Chen Franco-Yehuda
THE EMPLOYEE
Chen Franco-Yehuda

Date: May 6, 2019

Appendix 2

Non-Disclosure and Non-Competition Agreement

I acknowledge that as a result of my employment by **Pluristem Ltd.** (the "**Company**"), I may develop, receive, or otherwise have access to confidential or proprietary information that is of value to the Company. I therefore agree, as a condition of my employment, as follows:

1. NON - DISCLOSURE

1.1. Recognition of Company's Rights; Non - disclosure. At all times during my employment and thereafter, I will hold in strictest confidence and will not disclose, disseminate, use, copy, lecture upon or publish in any manner or fashion whatsoever, any of the Company's Proprietary Information (as such term is defined below), except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such in writing in advance. I will obtain the Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my work at the Company and/or incorporates any Proprietary Information. I hereby assign to the Company any rights I may have or acquire in such Proprietary Information and recognize that all Proprietary Information shall be the sole property of the Company and its assigns.

1.2. Proprietary Information. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, "**Proprietary Information**" includes (a) trade secrets, inventions, pending patents, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, inventions, discoveries, developments, designs and techniques (excluding inventions that are not assignable under Section 2.4, hereinafter collectively referred to as "**Inventions**"); and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and any unpublished financial statements and/or information, licenses, strategies, forecasts and projections, prices and costs, suppliers and customers; (c) information regarding the skills and compensation of other employees, management or other personnel of the Company; and (d) information that is disclosed in the furtherance of the business of the Company including, without limitation, the area of activity in which the Company is involved, the Company's technical, business and financial information, documentation, records, files, memoranda, reports, drawings, plans, price lists, customer lists, and the like. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which is generally known in the trade or industry, which is not gained as result of a breach of this Agreement, to whatever extent and in whichever way I wish.

1.3. Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information unless expressly authorized by an officer of the Company in writing.

1.4. No Improper Use of Information of Prior Employers and Others. During my employment with the Company, I will not improperly use or disclose any Proprietary Information and/or confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

2. ASSIGNMENT OF INVENTIONS

2.1. Proprietary Rights. The term "**Proprietary Rights**" shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

2.2. Prior Inventions. I hereby confirm that I have transferred and assigned in whole to the Company any and all of my rights, title and interest in any and all Inventions, which are currently being used or contemplated to be used by the Company on the date hereof. Notwithstanding the foregoing, other than inventions referred to in the immediately preceding sentence, inventions, if any, patented or unpatented, which I made prior to the commencement of my employment with the Company ("**Prior Inventions**") are excluded from the scope of this Agreement. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, unlimited worldwide license (with rights to sublicense through multiple tiers of sublicenses) to make, have made, modify, use and/or sell and/or otherwise use as the Company may wish, such Prior Invention. Without derogating from the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

Prior Inventions: _____ ***[Please List all Prior Inventions (if any)]***

2.3. Assignment of Inventions. I will promptly disclose to the Company, or any persons designated by it, all Inventions made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the employment term, as a result of tasks assigned by the Company or as a result of the use of premises and/or equipment owned, leased, or contracted for by the Company. Furthermore, subject to Section 2.4, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company and which are connected and/or related to the Company's business and which have been created or developed as part of my work for the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "**Company Inventions**".

2.4. Government or Third Party. I also agree to assign all my right, title and interest in and to any particular Company Invention to any third party, including without limitation government agency, as directed by the Company.

2.5. Works made for Hire. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during my employment with the Company are "works made for hire" as contemplated under Chapter H of the Patents Law of 1967 (the "**Patents Law**"), that all such "works made for hire" are owned by the Company, its successors, assigns or nominees, and that I shall not be entitled to any compensation, other than the Base Salary, for creation or assignment of the same to the Company, its successors, assigns or nominees; it being acknowledged and agreed that the Base Salary and all other employment terms under the Employment Agreement shall constitute the sole consideration and remuneration for any Inventions, including, without limitation, "works made for hire", regardless of the current or future value of the Invention. I understand and agree that the decision whether or not to commercialize or market any invention developed by me (including the Inventions), solely or jointly with others, is within the Company's sole and unfettered discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention (including the Inventions). This Section 2.5 shall be deemed as an "agreement" for purposes of Section 134 of the Patents Law.

2.6. I acknowledge and agree that in event that, notwithstanding the agreement stipulated herein, it will be decided by a competent authority, court or any other competent tribunal, either due to my application or any other source, that I may deserve additional compensation for Company Inventions, in addition to any amounts paid to me by the Company under and according to my employment agreement (a "**Claim**"), my Base Salary (as defined in the Agreement) shall be reduced, retroactively effective as of the date of the beginning of my employment by the Company to an amount equal to 80% (eighty percent) of the Base Salary actually paid to me by the Company (the "**Agreed Alternative Payment**") and I shall be obligated to return to the Company, on the day the Claim was made and/or the demand which contradicts this Agreement was made, all additional amounts that I received from the Company beyond the Agreed Alternative Payment, retroactively from my employment Start Date onward (the "**Excess Amount**"), plus interest as of the original date of payment thereof. I acknowledge that the Company shall be entitled to set off such Excess Amounts against all amounts that I shall be entitled to under the Agreement, or under the decision of the Court or of any other competent tribunal or authority. Such set-off shall not derogate from the Company's right to collect any additional amounts from me.

In addition, I undertake, by signing this Agreement that I will not, directly or indirectly, make a claim and /or sue and/or demand, from the Company and/or any of its officers, employees and shareholders any additional compensation for creation or assignment of Inventions beyond the amounts paid to me by the Company according to my Employment Agreement.

2.7. Copyright Works. Without derogating from the forgoing, I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are the property of the Company pursuant to applicable copyright law.

2.8. Enforcement of Proprietary Rights. I will assist the Company in every proper way to obtain, and from time to time enforce, any Proprietary Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate, to be discussed with the Company, after my termination for the time actually spent by me at the Company's request on such assistance, subject to my consent, which will not be withheld for unreasonable reasons.

2.9. Power of Attorney. In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in Section 2.8 hereof, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. RECORDS

I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

4. COMPETITIVE ACTIVITIES

I acknowledge that I have carefully reviewed the provisions of this Agreement, the Employment Agreement and the appendices thereof, fully understand the consequences thereof, and have assessed the respective advantages and disadvantages to me in entering into this Agreement. In light of the aforesaid, I agree that, during the period of my employment by the Company and for a period of one (1) year thereafter, I will not, directly or indirectly, carry on or engage in any employment or business activity, or hold an interest in any business, either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, which is competitive with the business of the Company ("**Competitive Activity**"). I agree further that for the period of my employment by the Company and for a period of one (1) year thereafter, I will not induce, solicit, employ or entice away or endeavor to solicit, employ or entice away any employee of the Company to leave the employ of the Company or to perform any Competitive Activity. In addition, I agree not to solicit, canvass or approach or endeavor to solicit, canvass or approach any person who was provided with services by the Company or its subsidiaries, or has provided services to the Company or its subsidiaries, at any time during the twelve (12) months immediately prior to the termination date of this Agreement, for the purpose of offering services which are competitive with those provided by the Company. I acknowledge that due to my position, the Proprietary Information I am and shall be exposed to and the nature of the business of the Company - any Competitive Activity performed by me will severely harm the legitimate rights and interests of the Company, including but not limited to its Proprietary Rights. In light of all the foregoing I acknowledge that this non-competition undertaking is reasonable, proportional and does not exceed the minimum required to protect the Company's legitimate rights and interests. I warrant and represent that the Special Non-Compensation Monthly Compensation (as such term is defined in the Employment Agreement) constitutes a real, appropriate and full consideration to any prejudice I may suffer due to my undertaking not to engage with any Competitive Activity, including but not limited to any restriction to my freedom of employment.

5. NO CONFLICTING OBLIGATION

I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree not to enter into, any agreement, written or oral in conflict herewith.

6. RETURN OF COMPANY DOCUMENTS

When I leave the employ of the Company, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company.

7. NOTIFICATION OF NEW EMPLOYER

In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

8. GENERAL PROVISIONS

8.1. Severability. I acknowledge that the provisions of this Agreement serve as an integral part of the terms of my employment and reflect the reasonable requirements of the Company in order to protect its legitimate interests with respect to the subject matter hereof. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

8.2. Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

8.3. Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

8.4. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

8.5. Entire Agreement. The obligations pursuant to Sections 1 and 2 of this Agreement shall apply to any time during which I was previously employed (if at all), am or will be in the future employed, by the Company, including as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions or agreements between us with respect to the subject matter hereof. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

8.6. Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the State of Israel, without giving effect to the rules respecting conflict-of-law.

8.7. Jurisdiction. The legally authorized courts in the district of Tel Aviv, Israel, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

This Agreement shall be effective as of the date the Employment Agreement of the Employee was made effective.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS.
ACCEPTED AND AGREED TO:

/s/ Yaky Yanay	/s/ Chen Franco-Yehuda
Pluristem Ltd.	**THE EMPLOYEE**
	Chen Franco-Yehuda
Date: May 6, 2019	Date: May 6, 2019

Exhibit 31.1

CERTIFICATION

I, Zami Aberman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pluristem Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) of the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2019

/s/ Zami Aberman

Zami Aberman
Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Yaky Yanay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pluristem Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) of the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2019

/s/ Yaky Yanay

Yaky Yanay
Co-Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.3

CERTIFICATION

I, Chen Franco-Yehuda, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pluristem Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) of the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2019

/s/ Chen Franco-Yehuda

Chen Franco-Yehuda
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report (the "Report") of Pluristem Therapeutics Inc. (the "Company") on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Zami Aberman, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2019

By: /s/ Zami Aberman

Zami Aberman
Co-Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report (the "Report") of Pluristem Therapeutics Inc. (the "Company") on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Yaky Yanay, Co-Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2019

By: /s/ Yaky Yanay

Yaky Yanay
Co-Chief Executive Officer and President

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report (the "Report") of Pluristem Therapeutics Inc. (the "Company") on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Chen Franco-Yehuda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2019

By: /s/ Chen Franco-Yehuda

Chen Franco-Yehuda
Chief Financial Officer