

BRAINSTORM CELL THERAPEUTICS, INC. (OTC BB: BCLI)

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Exchange: US - OTC Bulletin Board
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Recent Price: **\$0.3000**
Target Price: **\$1.2000**
(12 month)

SPECULATIVE POSITIVE RATING

Main Headquarters

Brainstorm Cell Therapeutics
Inc.
110 East 59 street
New York, NY 10022
United States
Tel: (212) 557 9000



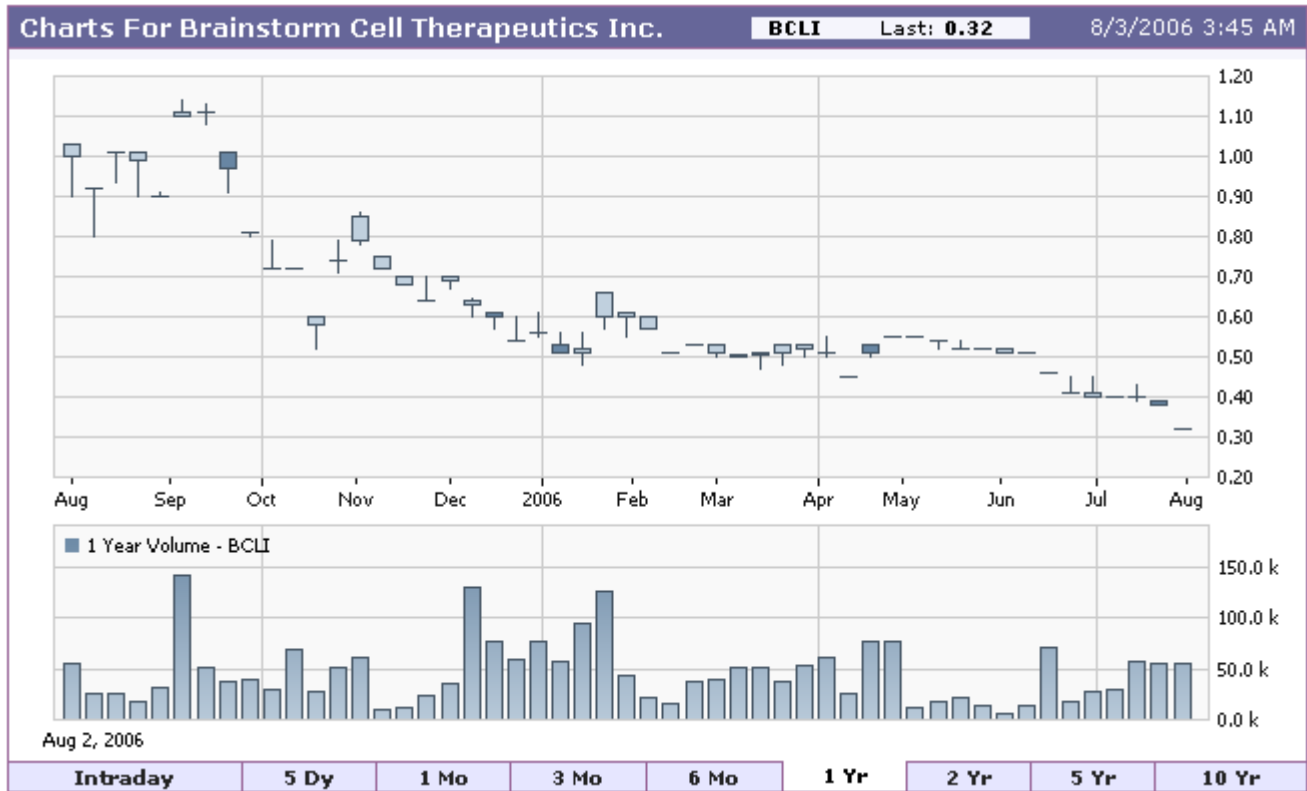
Adult Stem Cell Technology for Neuro-Degenerative Diseases

Company Overview

BrainStorm Cell Therapeutics (OTC BB: BCLI) is a company that is developing stem cell technologies to provide treatments for currently incurable neuro-degenerative diseases. The Company is focused on developing adult stem cells taken from the patient's own bone marrow to treat diseases such as Parkinson's Disease (PD), Amyotrophic Lateral Sclerosis (ALS or Lou Gehrig's disease) and Multiple Sclerosis (MS).

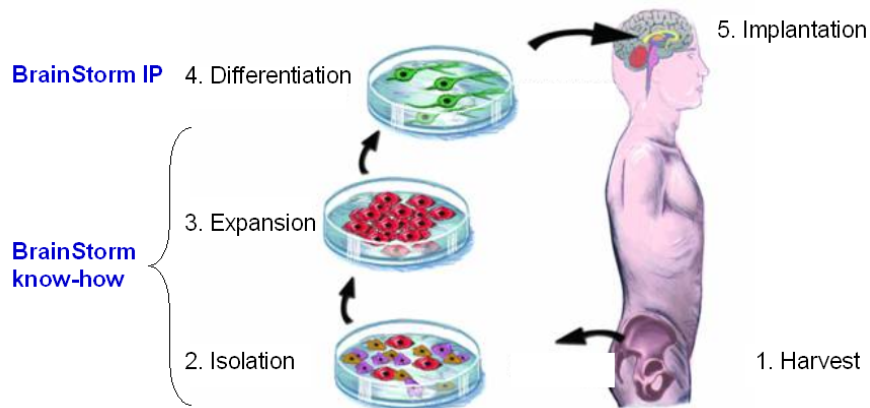
BRAINSTORM CELL THERAPEUTICS, INC. (all figures in Millions)		
52 Week Hi/Lo Range	1.14/0.30	
Fiscal Year End	31-Mar	
Shares Outstanding (3/31/2006)	23.3	
Float (approximately)	19.8	
Share price (08/01/2006)	0.300	
Market Capitalization	7.0	
Average Volume (3 months)	0.0121	
Insider Ownership	NA	
Institutional Ownership	NA	
Enterprise Value (EV)	14.38	
Long Term Debt (03-31-06)	7.670	
Total Cash (03-31-06)	0.290	
	3/31/2005	3/31/2006
	FY2005 A	FY2006 A
Earnings Per Share (EPS)	-1.01	-0.15
Book Value (\$/share)		-0.339
	FY2005 A	FY2006 A
Total Revenue	0.000	0.000
Cost of Sales	0.000	0.000
Gross Profit/Loss	0.000	0.000
Operating expenditures	18.827	3.301
Income/Loss from Operations	-18.827	-3.301
Financial Income/Expense	-0.006	0.015
Tax Items	0.000	0.000
Net Income	-18.833	-3.286
NA = Not applicable/Not Available. A = Actual Reported figures E = Estimates		
Balance Sheet & Financial Statement Extracts (3/31/2006)		
Current Assets	0.364	
Current Liabilities	1.066	
Total Assets	0.859	
Total Shareholders Equity	-7.900	
Capital Structure (as at 03-31-06)		
Authorized Common Stock	200 000 000	
Authorized Preferred Stock	40 000 000	
Issued Preferred Stock	none	

- The company holds exclusive worldwide rights to 3 patent pending technologies to commercialize and develop the NurOwn™, which enables the in-vitro differentiation of adult bone marrow derived stem cells into functional neurons and astrocytes. BrainStorm focuses on utilizing the patient's own bone marrow stem cells to generate neuron-like cells that would provide a treatment for Parkinson's disease, multiple sclerosis, and other neuro-degenerative disorders.
- The company has already achieved significant preclinical evidence of efficacy of its proprietary technology and has reduced clinical symptoms in rodents.
- BrainStorm's experienced management and scientific teams are passionately devoted to the Company's mission: **regenerating the mind in their lifetime.**
- The burden of these neuro-degenerative diseases on society and patients is enormous. According to the company the **total addressable market** for its treatment (s) is worth over **\$7.8 billion**, calculated as a function of the number of sufferers of each disease.
- The company has a **true value proposition. Its cell processing technology can lower the patient's costs for treating Parkinson's Disease significantly.** The present total lifespan cost for this disease runs close to \$270,000 or \$18,000 per year.
- The company has set the **following future milestones:** (1) For Parkinson's Disease completion of Phase I/II trails in 2007-2008 and Phase III 2008-2009 with potential FDA approval as early as 2010. (2) Amyotrophic Lateral Sclerosis (ALS) pre-clinical testing: 2006-2007 and (3) Multiple Sclerosis pre-clinical testing (MS) :2007-2008.
- Since **establishment** the company in **2004 it has raised \$3.1 million** in investments and loans of which \$0.45 million was completed two months ago. The company has since licensed the **NurOwn™** platform technology, established and funded a **R&D collaboration** with the scientific team at **Tel Aviv University** in Israel.
- The company employs 9 people, 5 of them are scientists. Dr. Avinoam Kaduri (CTO), Prof. Eldad Melamed (the Chief Clinical Advisor) and Chief Scientist, Dr. Danny Offen employed as consultants who are dedicated to the company mission. At Tel-Aviv University there are 12 additional scientists who are funded by BCLI. These scientists work, under Dr. Danny Ophein, the company's chief scientist, who controls and continues the research.
- BrainStorm's therapy has the potential to cure underlying pathology, rather than simply treat symptoms. The company is currently seeks to raise \$6 million to complete its development plans and drive R&D and other activities to reach clinical trails for its Stemcell IP. The company is now focused on commercializing the cell differentiation process and believes open clinical trails in humans are 12 to 18 months away. BCLI has budgeted \$4 million to reach clinical trails and the remaining \$2 million is to develop additional neuron-like cells, operate and finish Phase I/II studies. We view the company is still several years away from commercializing its novel stemcell treatment technology, but believe the intellectual property holds great promise and has future economic value and that recent slide in the price of BCLI is overdone given its 200 day moving average of 46c. Under the assumption that capital raising is successful and costs well managed we believe the stock can rise. Our target price is \$1.20c (SEE TABLE) after allowing for combined R&D expenses and cash burn of about \$2.5 million in next 12 months.**

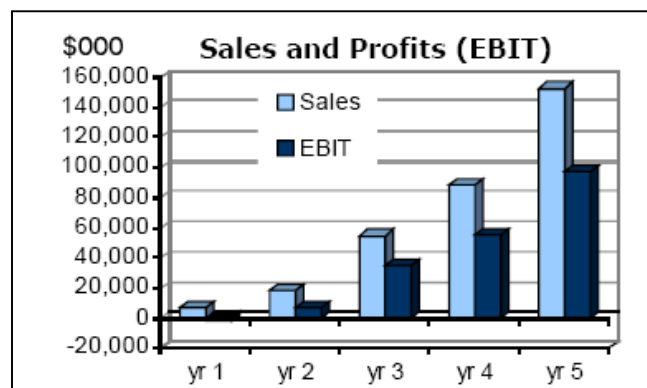


NurOwn™ Therapy

Autologous bone marrow-derived stem cell therapy



FORECASTS
(5 yrs after commercial launch of treatments)



The Market

Number of Sufferers	PD	ALS	MS	Total
Total	4,000,000	100,000	700,000	4,800,000
Addressable	400,000 (10%)	50,000 (50%)	70,000 (10%)	520,000
Total Market Value	\$200 billion	\$5 billion	\$35 billion	\$240 billion
Brain Storm Potential	\$6 billion	\$0.75 billion	\$1.05 billion	\$7.8 billion

Table - PEER GROUP COMPARATIVES - figures in millions

Company	Ticker	Price	Market Cap (\$m)	Revenue (ttm)	Cash (\$m)	Book Value per share	Capital Raised in last 12 months	Price Book P/Book	Price to Sales P/Sales	Net Profit Loss	% cash of profits	Cash % market cap
Geron Corp	GERN	5.60	388.90	6.68	183.60	2.85	94.50	1.96	58.22	-32.85	559%	47%
ViaCell Inc	VIAC	3.87	149.40	46.30	58.00	1.33	53.20	2.91	3.23	-16.03	362%	39%
Stemcells Inc.	STEM	2.13	165.57	0.21	30.88	0.43	35.80	4.98	780.99	-12.48	247%	19%
Aastrom BioScience	ASTM	1.21	144.40	0.63	22.30	0.22	11.30	5.60	228.84	-15.50	144%	15%
Cytori Therapeutics	CYTX	5.78	89.00	5.55	17.24	-0.80	4.70	-7.26	16.04	-29.47	59%	19%
Cryocell, Inc.	CCEL	2.55	29.64	15.78	7.82	-0.02	0.00	-106.25	1.88	-0.07	12031%	26%
Cord Blood America	CBAI	0.12	4.86	2.11	0.71	-0.11	4.30	-1.12	2.30	-6.81	10%	15%
CalbaTech, Inc.	CLBE	0.06	5.28	1.12	0.63	-0.04	1.70	-1.28	4.71	-3.75	17%	12%
Average												
Brainstorm	BCLI	0.30	7.47	0.0	0.29	-0.35		-0.87	NA	-3.32		3.9%
Average				9.80	40.15		25.69	-12.6	137.0	-14.6	16.8	24%

ANALYST CERTIFICATIONS

APPENDIX-A1

The research analyst, who upon request wrote this report, certifies that the views expressed in this research report, accurately reflects his personal view about the subject company. The analyst also certifies that he does not own or have any beneficial interest in shares of the covered company, also that no part of his compensation was, is or will be directly or indirectly related to the specific recommendation or view expressed in this report.

Based on the facts that were provided, the industry trends present and sources of information used to produce this report, it is my best opinion and reflection of what the company's rating and share appreciation potential could be once research coverage is widely adopted. Investors are urged to consider this report as only a single factor in making their investment decision. Information, opinions or recommendations contained in this report or research note are submitted solely for advisory and information purposes and we also do not accept any obligation to provide updates to this report in future.

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