

BRAINSTORM CELL THERAPEUTICS INC.  
Form DEF 14A  
July 17, 2015

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant:  x  
Filed by a Party other than the Registrant:  o  
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Section 240.14a-12

**BRAINSTORM CELL THERAPEUTICS INC.**

(Name of Registrant as Specified in Its Charter)

Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
  - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**BRAINSTORM CELL THERAPEUTICS INC.  
3 UNIVERSITY PLAZA DRIVE, SUITE 320  
HACKENSACK, NJ 07601  
(201) 488-0460**

July 17, 2015

Dear Stockholder:

Brainstorm Cell Therapeutics Inc. will hold its 2015 Annual Meeting of Stockholders on August 26, 2015 beginning at 9:00 a.m., Eastern time, at the offices of BRL Law Group LLC, 425 Boylston Street, 3<sup>rd</sup> Floor, Boston, MA 02116. We look forward to your attending either in person or by proxy. The enclosed notice of meeting, the proxy statement, and the proxy card from the Board of Directors describe the matters to be acted upon at the meeting.

Your vote is important. Whether or not you expect to attend the meeting, your shares should be represented. Therefore, we urge you to complete, sign, date and promptly return the enclosed proxy card.

On behalf of the Board of Directors, we would like to express our appreciation for your continued interest in our company.

Sincerely yours,

/s/ Anthony Fiorino

Anthony Fiorino  
Chief Executive Officer

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**BRAINSTORM CELL THERAPEUTICS INC.  
3 UNIVERSITY PLAZA DRIVE, SUITE 320  
HACKENSACK, NJ 07601  
(201) 488-0460**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD  
AUGUST 26, 2015**

To the Stockholders of Brainstorm Cell Therapeutics Inc.:

Notice is hereby given that the 2015 Annual Meeting of Stockholders (the Meeting ) of Brainstorm Cell Therapeutics Inc. (the Company ) will be held on August 26, 2015 at 9:00 a.m., Eastern time, at the offices of BRL Law Group LLC, 425 Boylston Street, 3<sup>rd</sup> Floor, Boston, MA 02116, for the following purposes:

1. To elect each of Dr. Irit Arbel, Mordechai Friedman, Alon Pinkas, Chen Schor, Dr. Robert Shorr, Malcolm Taub and Uri Yablonka as members of the board of directors of the Company to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified;
2. To approve an amendment to the Company s Certificate of Incorporation to reduce the number of authorized shares of our common stock from 800,000,000 to 100,000,000;
3. To approve, on an advisory basis, the compensation of our named executive officers;
4. To ratify the appointment of Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu, as the Company s independent registered public accounting firm for the current fiscal year; and
5. To transact such other business that may properly come before the Meeting and any adjournments or postponements of the Meeting.

The Board of Directors has fixed the close of business on June 29, 2015 as the record date for the Meeting. All stockholders of record on that date are entitled to notice of, and to vote at, the Meeting.

**YOUR VOTE IS IMPORTANT. PLEASE COMPLETE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON. IF YOU ATTEND THE MEETING, YOU MAY CONTINUE TO HAVE YOUR SHARES VOTED AS INSTRUCTED IN THE PROXY OR YOU MAY WITHDRAW YOUR PROXY AND VOTE YOUR SHARES IN PERSON.**

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Thomas B. Rosedale

Thomas B. Rosedale, Secretary  
Boston, Massachusetts  
July 17, 2015



# BRAINSTORM CELL THERAPEUTICS INC.

## PROXY STATEMENT

*Annual Meeting of Stockholders  
To Be Held on August 26, 2015*

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the *Board*) of Brainstorm Cell Therapeutics Inc. (the *Company*, *Brainstorm* or *we*) for use at the 2015 Annual Meeting of Stockholders (the *Meeting*) to be held on August 26, 2015, at the time and place set forth in the accompanying notice of the Meeting (the *Notice of Meeting*), and at any adjournments or postponements thereof. The approximate date on which the Notice of Meeting, this Proxy Statement, the accompanying proxy card and the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2014 (the *2014 Annual Report*) are first being sent to stockholders is on or about July 17, 2015.

The Company's principal executive offices are located at 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601, telephone number (201) 488-0460.

**Important Notice Regarding Availability of Proxy Materials for the Meeting to Be Held on August 26, 2015: Pursuant to rules promulgated by the Securities and Exchange Commission (SEC), we have elected to provide access to our proxy materials both by sending you this full set of proxy materials including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement, the Notice of Meeting and the 2014 Annual Report are available at <https://materials.proxyvote.com/10501E>.**

## Record Date, Outstanding Shares and Voting Rights

Only stockholders of record at the close of business on June 29, 2015 (the *Record Date*) are entitled to notice of and to vote at the Meeting. At the close of business on that date, there were 18,480,957 shares of the Company's common stock, \$0.00005 par value per share (the *Common Stock*), outstanding and entitled to vote. Each outstanding share of the Company's Common Stock entitles the record holder to cast one (1) vote for each matter to be voted upon.

The holders of a majority of all shares of the Common Stock issued, outstanding and entitled to vote are required to be present in person or to be represented by proxy at the Meeting in order to constitute a quorum for the transaction of business. Votes withheld, abstentions and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter (*broker non-votes*) shall be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Meeting.

The affirmative vote of the holders of a plurality of the votes cast at the Meeting is required for the election of directors (Proposal No. 1). The affirmative vote of the holders of a majority of the outstanding shares of the Company's Common Stock is required to amend the Company's Certificate of Incorporation, as amended (the *Certificate of Incorporation*), to reduce the number of authorized shares of our Common Stock from 800,000,000 to 100,000,000 (Proposal No. 2). The affirmative vote of the holders of a majority of the votes cast in person or by proxy of the shares entitled to vote is required to approve, on an advisory basis, the compensation of our named executive officers (Proposal No. 3) and to ratify the appointment of Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu (*Deloitte*), as the Company's independent registered public accounting firm for the current fiscal

year (Proposal No. 4).

Shares which abstain from voting on a particular matter and broker non-votes will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the voting for the election of directors, which requires the affirmative vote of a plurality of the votes cast or shares voting on the matter. Similarly, abstentions and broker non-votes will have no effect on the voting to approve, on an advisory basis, the compensation of our named executive officers or to ratify the appointment of Deloitte as the Company's independent registered public accounting firm for the current fiscal year, which each require the affirmative vote of a majority of the votes cast or shares voting on the matter. Abstentions and broker non-votes, however,

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will have the same effect as a vote against the reduction in authorized Common Stock proposal because approval of this proposal requires the affirmative vote of a majority of all outstanding shares of the Company's Common Stock.

## Voting Instructions

Included with this Proxy Statement is a proxy card from your bank, broker or other nominee for the Meeting, with instructions for voting.

Those stockholders who elect to vote by mail, should complete, sign and return the proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials, and the shares will be voted at the Meeting in the manner directed. If you complete, sign and return your proxy card, it will be voted as you direct. In the event no choice is specified on a signed proxy card, the persons named as proxies will vote:

**FOR the election of each of Dr. Irit Arbel, Mordechai Friedman, Alon Pinkas, Chen Schor, Dr. Robert Shorr, Malcolm Taub and Uri Yablonka as members of the board of directors;**

**FOR the amendment to the Company's Certificate of Incorporation to reduce the number of authorized shares of the Company's Common Stock from 800,000,000 to 100,000,000;**

**FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers, as such information is disclosed in the compensation tables and the accompanying narrative disclosure beginning on page 11 (commonly referred to as say-on-pay );**

**FOR the ratification of the appointment of Brightman Almagor Zohar & Co., a member of Deloitte, as the Company's independent registered public accounting firm for the current fiscal year; and**

**In their discretion, as to any other matter that may be properly brought before the Meeting or any adjournments or postponements thereof.**

If the shares you own are held in street name by a bank, broker or other nominee, that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares. Under applicable stock exchange rules, if you do not give instructions to your bank, broker or other nominee, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to certain non-discretionary items. In the case of non-discretionary items, the shares that do not receive voting instructions will be treated as broker non-votes, the effect of which is discussed in the section entitled Record Date, Outstanding Shares and Voting Rights above.

### Discretionary Items

Proposal No. 4 Ratification of Deloitte as the Company's independent registered public accounting firm

### Non-Discretionary Items

Proposal No. 1 Election of Directors

Proposal No. 2 Reduction in authorized Common Stock

Proposal No. 3 Say-on-Pay Advisory Vote

If you are a stockholder as of the Record Date and attend the Meeting, you may personally deliver your completed proxy card or vote in person at the Meeting.

## Revocability of Proxies

Any stockholder giving a proxy has the power to revoke it at any time before it is exercised. The proxy may be revoked by filing with the Secretary of the Company, at the offices of BRL Law Group LLC, 425 Boylston Street, 3<sup>rd</sup> Floor, Boston, MA 02116, an instrument of revocation or a duly executed proxy bearing a later date. The proxy may also be revoked by attending the Meeting and voting in person. If not revoked, the proxy will be voted at the Meeting



in accordance with the stockholder's instructions indicated on the proxy card.

## Expenses and Solicitation

The cost of this solicitation of proxies will be borne by the Company. In addition to soliciting stockholders by mail through its regular employees, the Company may request banks, brokers, and other custodians, nominees and fiduciaries to solicit their customers who have stock of the Company registered in the names of a nominee, and, if so, will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by officers, directors and employees of the Company may also be made of some stockholders in person or by mail, telephone or facsimile following the original solicitation. Such officers, directors and employees will receive no compensation in connection with any such solicitations, other than compensation paid pursuant to their duties described elsewhere in this Proxy Statement.

## Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may participate in the practice of householding proxy statements, annual reports and notices of meetings. This means that only one copy of our Proxy Statement, 2014 Annual Report or Notice of Meeting may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of any document to you if you write, email or call our Chief Executive Officer at 3 University Plaza Drive, Suite 320, Hackensack NJ 07601, email: info@brainstorm-cell.com, or telephone: (201) 488-0460. If you want to receive separate copies of the Proxy Statement, 2014 Annual Report or Notice of Meeting in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact the Company at the above address, email or telephone number.

## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of June 29, 2015 with respect to the beneficial ownership of our Common Stock by the following: (i) each of our current directors; (ii) the Named Executive Officers (as defined in Executive Compensation below); (iii) all of the current executive officers and directors as a group; and (iv) each person known by the Company to own beneficially more than five percent (5%) of the outstanding shares of our Common Stock.

For purposes of the following table, beneficial ownership is determined in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as otherwise noted in the footnotes to the table, we believe that each person or entity named in the table has sole voting and investment power with respect to all shares of our Common Stock shown as beneficially owned by that person or entity (or shares such power with his or her spouse). Under the SEC's rules, shares of our Common Stock issuable under options that are exercisable on or within 60 days after June 29, 2015 (Presently Exercisable Options) or under warrants that are exercisable on or within 60 days after June 29, 2015 (Presently Exercisable Warrants) are deemed outstanding and therefore included in the number of shares reported as beneficially owned by a person or entity named in the table and are used to compute the percentage of the Common Stock beneficially owned by that person or entity. These shares are not, however, deemed outstanding for computing the percentage of the Common Stock beneficially owned by any other person or entity. Unless otherwise indicated, the address of each person listed in the table is c/o Brainstorm Cell Therapeutics Inc., 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601.



The percentage of the Common Stock beneficially owned by each person or entity named in the following table is based on 18,480,957 shares of Common Stock outstanding as of June 29, 2015 plus any shares issuable upon exercise of Presently Exercisable Options and Presently Exercisable Warrants held by such person or entity.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percentage of Class
Directors and Named Executive Officers		
Anthony Fiorino	113,334 <sup>(1)</sup>	*
Chaim Lebovits	4,078,066 <sup>(2)</sup>	20.0 %
Liat Sossover	33,998 <sup>(3)</sup>	*
Uri Yablonka	46,666 <sup>(3)</sup>	*
Irit Arbel	268,551 <sup>(4)</sup>	1.5 %
Mordechai Friedman	47,777 <sup>(3)</sup>	*
Alon Pinkas	44,665 <sup>(3)</sup>	*
Chen Schor	121,558 <sup>(5)</sup>	*
Robert Shorr	41,333	*
Malcolm Taub	48,554 <sup>(6)</sup>	*
All current directors and officers as a group (10 persons)	4,819,281 <sup>(7)</sup>	23.1 %
5% Stockholders		
ACCBT Corp. Morgan & Morgan Building Pasea Estate, Road Town Tortola British Virgin Islands	4,078,066 <sup>(2)</sup>	19.9 %
Sabby Management, LLC 10 Mountainview Road, Suite 205 Upper Saddle River, New Jersey 07458	1,466,666 <sup>(8)</sup>	7.9 %

\*

Less than 1%.

- (1) Includes 110,834 shares of Common Stock issuable upon the exercise of Presently Exercisable Options. Consists of (i) 1,933,794 shares of Common Stock owned by ACCBT Corp., (ii) 2,016,666 shares of Common Stock issuable to ACCBT Corp. upon the exercise of Presently Exercisable Warrants and (iii) 127,606 shares of
- (2) Common Stock owned by ACC International Holdings Ltd. ACC International Holdings Ltd. and Chaim Lebovits, our President, may each be deemed the beneficial owners of these shares.
- (3) Consists of shares of Common Stock issuable upon the exercise of Presently Exercisable Options.
- (4) Includes 115,218 shares of Common Stock issuable upon the exercise of Presently Exercisable Options. Dr. Arbel's address is 6 Hadishon Street, Jerusalem, Israel.
- (5) Consists of shares of restricted Common Stock. 61,558 of such shares are fully vested. The remaining shares vest as follows: 20,000 on August 22, 2015, 20,000 on August 22, 2016 and 20,000 on August 22, 2017.
- (6) Includes 6,666 shares of Common Stock issuable upon the exercise of Presently Exercisable Options. Includes (i) 1,933,794 shares of Common Stock owned by ACCBT Corp. (Chaim Lebovits, our President, may be deemed to be the beneficial owner of these shares), (ii) 2,016,666 shares of Common Stock issuable to ACCBT
- (7) Corp. upon the exercise of Presently Exercisable Warrants, (iii) 127,606 shares of Common Stock owned by ACC International Holdings Ltd. (Chaim Lebovits, our President, may be deemed to be the beneficial owner of these shares) and (iv) 380,603 shares of Common Stock issuable upon the exercise of Presently Exercisable Options.



- Based solely on information provided in the Schedule 13G filed by Sabby Healthcare Master Fund, Ltd., Sabby Volatility Warrant Master Fund, Ltd., Sabby Management, LLC and Hal Mintz with the SEC on February 2, 2015. As calculated in accordance with Rule 13d-3 of the Exchange Act, (i) Sabby Healthcare Master Fund, Ltd. and Sabby Volatility Master Fund, Ltd. beneficially own 800,000 and 666,666 shares of Common Stock, respectively, representing approximately 4.3% and 3.6% of the Common Stock, respectively, and (ii) Sabby Management, LLC and Hal Mintz each beneficially own 1,466,666 shares of the Common Stock, representing approximately 7.9% of the Common Stock. Sabby Management, LLC and Hal Mintz do not directly own any shares of Common Stock, but each indirectly owns 1,466,666 shares of Common Stock. Sabby Management, LLC, a Delaware limited liability company, indirectly owns 1,466,666 shares of Common Stock because it serves as the investment manager of Sabby Healthcare Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd., Cayman Islands companies. Mr. Mintz indirectly owns 1,466,666 shares of Common Stock in his capacity as manager of Sabby Management, LLC. Each of Sabby Management, LLC and Hal Mintz disclaims beneficial ownership over these shares except to the extent of its or his pecuniary interest therein.

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## PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Board recommends that the seven nominees named below be elected to serve on the Board, each of whom is presently serving as a member of the Board. The affirmative vote of the holders of a plurality of the votes cast in person or by proxy at an annual meeting of stockholders by the shares entitled to vote is required for the election by stockholders of directors to the Board. Shares of Common Stock represented by all proxies received and not marked so as to withhold authority to vote for any individual nominee or for all nominees will be voted for the election of the seven nominees named below. Each nominee has consented to being named in this Proxy Statement and has indicated his or her willingness to serve if elected. If for any reason any nominee should become unable or unwilling to serve, the persons named as proxies may vote the proxy for the election of a substitute nominee selected by the Board. The Board has no reason to believe that any nominee will be unable to serve. Stockholders may vote for no more than seven nominees for director.

The Board currently has the following seven members: Dr. Irit Arbel, Mordechai Friedman, Alon Pinkas, Chen Schor, Dr. Robert Shorr, Malcolm Taub and Uri Yablonka.

Biographical and certain other information concerning the Company's directors and the nominees for election to the Board is set forth below.

### Nominees for Election to the Board of Directors

Name	Age	Position
Dr. Irit Arbel	55	Chairperson and Director
Mordechai Friedman	62	Director
Alon Pinkas	54	Director
Chen Schor	43	Director
Dr. Robert Shorr	61	Director
Malcolm Taub	69	Director
Uri Yablonka	38	Director

### Additional Information Regarding Nominees

**Dr. Irit Arbel**, one of Brainstorm's co-founders, joined the Company in May 2004 as a director and served as President of the Company for six months. Currently, Dr. Arbel is the Chair of the Governance, Nominating and Compensation Committee. Dr. Arbel serves as Executive Vice President, Research and Development at Savicell Diagnostic Ltd. since July 2012. Savicell Diagnostic Ltd. is a biotechnology company and is a wholly-owned subsidiary of Online Disruptive Technologies, Inc. From 2009 through 2011, Dr. Arbel served as Chairperson of Real Aesthetics Ltd., a company specializing in cellulite ultrasound treatment, and BRH Medical, developer of medical devices for wound healing. She was also Director of M&A at RFB Investment House, a private investment firm focusing on early stage technology related companies. Previously, Dr. Arbel was President and Chief Executive Officer of Pluristem Life Systems, a biotechnology company, and prior to that, Israeli Sales Manager of Merck, Sharp & Dohme, a pharmaceutical company. Dr. Arbel earned her Post Doctorate degree in 1997 in Neurobiology, after performing research in the area of Multiple Sclerosis. Dr. Arbel also holds a Chemical Engineering degree from the Technion, Israel's Institute of Technology. We believe that Dr. Arbel possesses specific attributes that qualify her to serve on our Board of Directors including Dr. Arbel's extensive experience in the biotechnology field and significant

leadership skills as a chief executive officer. Dr. Arbel previously served as our President, which service has given her a deep knowledge of the Company and its business and directly relevant management experience.

**Mordechai Friedman** joined the Company on April 4, 2011 as a director and as Chair of the Audit Committee of the Board. Mr. Friedman currently serves as Chairman of IPM Beer Tuvia Ltd. and Vice-Chairman of Triple-M Power Plants Ltd. From 2013 to 2014, Mr. Friedman served as Chief Executive Officer of Israel Financial Levers Ltd, an Israeli real estate company traded on the Tel-Aviv Stock Exchange. From 2007 through 2010, Mr. Friedman served as the Chairman of the Board of The Israel Electric Corp., an electric utility company. From 2005 to 2007, Mr. Friedman served as Deputy Chairman of Brightman Almagor Zohar CPAs, the Israel Member Firm of Deloitte Touché Tohmatsu. Mr. Friedman has been a partner and director in several business ventures and companies in Israel and abroad in the transportation, consumer



business, telecommunication and energy industries. Mr. Friedman currently serves as a director in the following public companies: (traded on the Tel-Aviv Stock Exchange): (i) Elco Holdings Ltd. (Chairman of the Board); and (ii) Carmel Olefins Ltd. Mr. Friedman holds a B.A. in Economics and Accounting from Tel Aviv University. We believe that Mr. Friedman possesses specific attributes that qualify him to serve on our Board of Directors including Mr.

Friedman's considerable experience in accounting and valuable leadership skills as a chief executive officer.

**Alon Pinkas** joined the Company on December 13, 2010 as a director. Mr. Pinkas served as the Israeli Consul General to New York from 2000 to 2004 and is an internationally respected foreign affairs analyst. Mr. Pinkas currently serves as an Adviser at Tigris Financial Group, a financial services company, and the Rhodium Group, an advisory firm, and as a director for Ormat Industries Limited, B.G.I. Investments (1961) Ltd. and Agri-Invest Ltd. Mr. Pinkas has a B.S. in Political Science from The Hebrew University of Jerusalem and a Masters Degree in Politics from Georgetown University. We believe that Mr. Pinkas possesses specific attributes that qualify him to serve on our Board of Directors including Mr. Pinkas's considerable experience in foreign affairs. Mr. Pinkas also has substantial leadership and government experience from his service as the Consul General of Israel to New York and as chief of staff to Ministers of Foreign Affairs of Israel.

**Chen Schor** joined the Company as a director on August 22, 2011. Mr. Schor is a global industry leader with vast experience in biotechnology, medical devices, business development and private equity. Mr. Schor led multiple licensing and M&A transactions valued at over \$8 billion with companies such as GlaxoSmithKline, Amgen, Pfizer, Bayer, Merck-Serono and OncoGeneX Pharmaceuticals, and raised significant funds from reputable investors. Mr. Schor has a broad range of experience in multiple therapeutic areas including Neurology, Respiratory, Oncology, Auto-Immune, Genetic Diseases, and Women's Health. In addition to leading the global business development at Teva Pharmaceuticals, Mr. Schor played a key role in building early stage companies to regulatory approvals, IPOs and M&As. Since December 2014, Mr. Schor has served as Executive Vice President and Chief Operating Officer of Synta Pharmaceuticals Corp., a NASDAQ listed biopharmaceutical company. From March 2009 until September 2011, Mr. Schor served as Vice President of Business Development, global branded products at Teva Pharmaceuticals. Prior to joining Teva, Mr. Schor was Chief Business Officer at Epix Pharmaceuticals, Inc. (formerly known as Predix Pharmaceuticals, Inc.) from December 2003 until March 2009, leading the formation of more than \$1.5 billion in collaborations with GlaxoSmithKline, Amgen and additional pharmaceutical companies. Prior to joining Epix, Mr. Schor was a Partner at Yozma Venture Capital from September 1998 until December 2003, managing the fund's investments in biotechnology and medical device companies. Mr. Schor previously held positions at Arthur Anderson and BDO Consulting, an advisory firm. Mr. Schor holds an M.B.A., a B.A. in Biology, a B.A. in Economics and is a Certified Public Accountant. We believe that Mr. Schor possesses specific attributes that qualify him to serve on our Board of Directors including Mr. Schor's extensive experience in biotechnology and significant leadership skills from his service as a partner of a venture capital firm.

**Dr. Robert Shorr** joined the Company in March 2005 as a director. Since 1999, Dr. Shorr has served as Chief Executive Officer and Chief Science Officer of Cornerstone Pharmaceuticals, a biotechnology company. He has also been a member of the Department of Biomedical Engineering at SUNY Stony Brook, where he also serves as Director of Business Development for the University's Center for Advanced Technology. He has served as trustee at the Tissue Engineering Charities, Imperial College, London. From 1999 until 2005, Dr. Shorr was Vice-President of Science and Technology (CSO) of United Therapeutics, a NASDAQ listed biotechnology company. Prior to 1998, he was Vice President, Research and Development at Enzon, Inc., a NASDAQ listed pharmaceuticals company, and AT Biochem, a pharmaceuticals company, of which he was also founder. Dr. Shorr also served on the Board of Directors of Biological Delivery Systems Inc., a NASDAQ listed company. Dr. Shorr holds both a Ph.D. and a D.I.C. from the University of London, Imperial College of Science and Technology as well as a B.Sc. from SUNY Buffalo. We believe that Dr. Shorr possesses specific attributes that qualify him to serve on our Board of Directors including Dr. Shorr's extensive experience in biotechnology and valuable leadership skills as a chief executive officer.



**Malcolm Taub** joined the Company in March 2009 as a director. Since October 2010, Mr. Taub has been a Partner at Davidoff Malito & Hutcher LLP, a full service law and government relations firm. From 2001 to September 30, 2010, Mr. Taub was the Managing Member of Malcolm S. Taub LLP, a law firm which practiced in the areas of commercial litigation, among other practice areas. Mr. Taub also works on art transactions, in the capacity as an attorney and a consultant. Mr. Taub has also served as a principal of a firm which provides consulting services to private companies going public in the United States. Mr. Taub has acted as a consultant to the New York Stock Exchange in its Market Surveillance Department. Mr. Taub acts as a Trustee of The Gateway Schools of New York and The Devereux Glenholme School in Washington, Connecticut. Mr. Taub has served as an adjunct professor at Long Island University, Manhattan Marymount College and New York University Real Estate Institute. Mr. Taub holds a B.A. from Brooklyn College and a J.D. from Brooklyn Law School. Mr. Taub formerly served on the Board of Directors of Safer Shot, Inc. (formerly known as Monumental Marketing Inc.). We believe that Mr. Taub possesses specific attributes that qualify him to serve on our Board of Directors including Mr. Taub's vast law experience and his demonstrated leadership skills as a managing member of a law firm.

**Uri Yablonka** joined the Company on June 6, 2014 as Chief Operating Officer and as a member of the Board of Directors. Prior to joining the Company, Mr. Yablonka served since December 2010 as owner and General Manager of Uri Yablonka Ltd., a business consulting firm. He also served since January 2011 as Vice President, Business Development at ACC International Holdings Ltd. (Holdings). Holdings is also an affiliate of ACCBT Corp. Prior to serving with Holdings, Mr. Yablonka served as Senior Partner of PM-PR Media Consulting Ltd. From 2008 to January 2011, Mr. Yablonka was Senior Partner at PM-PR Media Consulting Ltd., where he led public relations and strategy consulting for a wide range of governmental and private organizations. From 2002 to 2008, he served as a correspondent at the Maariv Daily News Paper, including extensive service as a Diplomatic Correspondent. We believe that Mr. Yablonka's skills and experience provide the variety and depth of knowledge, judgment and vision necessary for the effective oversight of the Company. His experience in business consulting and development and media experience are expected to be valuable to the Company in its current stage of growth and beyond, and his governmental experience can provide valuable insight into issues faced by companies in regulated industries such as ours. We believe that these skills and experiences qualify Mr. Yablonka to serve as a director of the Company.

## Qualifications of Directors

The Board believes that each director has valuable individual skills and experiences that, taken together, provide the variety and depth of knowledge, judgment and vision necessary for the effective oversight of the Company. As indicated in the foregoing biographies, the directors have extensive experience in a variety of fields, including biotechnology (Drs. Arbel and Shorr and Mr. Schor), accounting (Mr. Friedman), foreign affairs (Mr. Pinkas), business consulting and development (Mr. Yablonka), media (Mr. Yablonka) and law (Mr. Taub), each of which the Board believes provides valuable knowledge about important elements of our business. Most of our directors have leadership experience at major companies or firms with operations inside and outside the United States and/or experience on other companies' boards, which provides an understanding of ways other companies address various business matters, strategies and issues. As indicated in the foregoing biographies, the directors have each demonstrated significant leadership skills, including as a chief executive officer (Drs. Arbel and Shorr and Mr. Friedman), as the consul general of Israel to New York and as chief of staff to Ministers of Foreign Affairs of Israel (Mr. Pinkas), as a managing member of a law firm (Mr. Taub), as general manager of a business consulting firm (Mr. Yablonka) or as a partner of a venture capital firm (Mr. Schor). A number of the directors have extensive public policy, government or regulatory experience, including Consul General of Israel, New York (Mr. Pinkas), which can provide valuable insight into issues faced by companies in regulated industries such as the Company. One of the directors (Dr. Arbel) has served as the President of the Company and one is currently serving as Chief Operating Officer (Mr. Yablonka), which service has given each a deep knowledge of the Company and its business and directly relevant management experience. The Board believes that these skills and experiences qualify each individual to serve

as a director of the Company.

**The Board recommends a vote FOR the election of the nominees named above as directors of the Company.**

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## Certain Arrangements

On August 22, 2011, we entered into an agreement with Chen Schor, which was amended and restated on November 11, 2011 to clarify vesting terms (as amended and restated, the Executive Director Agreement ) pursuant to which we pay \$15,000 per quarter to Mr. Schor for his services as an Executive Board Member. In accordance with the terms of the Executive Director Agreement, the Company and Mr. Schor have also entered into an amended and restated Restricted Stock Agreement on November 11, 2011, pursuant to which Mr. Schor received 61,558 shares of our restricted Common Stock under our 2005 U.S. Stock Option and Incentive Plan. The shares vested over 3 years 20,519 shares on August 22, 2012, 20,519 shares on August 22, 2013 and 20,519 shares on August 22, 2014.

On May 3, 2015, we entered into a Restricted Stock Agreement with Mr. Schor, pursuant to which Mr. Schor received a grant of 60,000 shares of our restricted Common Stock under our 2014 Stock Incentive Plan in consideration for Mr. Schor's ongoing services as an Executive Director of the Company. The shares of restricted stock will vest as follows: 20,000 on August 22, 2015, 20,000 on August 22, 2016 and 20,000 on August 22, 2017, provided that Mr. Schor is a director on each such vesting date.

Mr. Schor is not entitled to any other compensation for his services as a director.

# **PROPOSAL NO. 2 APPROVAL OF THE ADOPTION OF AN AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION TO REDUCE THE AUTHORIZED COMMON STOCK FROM 800,000,000 SHARES TO 100,000,000 SHARES.**

Our Board has declared advisable, adopted and is submitting for stockholder approval an amendment to our Certificate of Incorporation to reduce the number of authorized shares of our Common Stock from 800,000,000 to 100,000,000.

On June 29, 2015, there were 18,480,957 shares of our Common Stock outstanding. In addition, an aggregate of 7,263,632 shares of Common Stock were reserved for issuance under our currently outstanding warrants to purchase Common Stock, outstanding options to purchase Common Stock and in connection with our various employee benefit and compensation plans. This leaves 774,255,411 shares of Common Stock available for future use if the authorized number of shares of Common Stock remains at 800,000,000 and 74,255,411 shares of Common Stock available for future use if the authorized number of shares of Common Stock is reduced to 100,000,000.

If our stockholders approve this proposal, our Board of Directors currently intends to file an amendment to our Certificate of Incorporation substantially in the form of Appendix A to this Proxy Statement with the Secretary of State of the State of Delaware to reduce the number of authorized shares of our Common Stock immediately following stockholder approval. If this proposal is not approved by our stockholders, our Certificate of Incorporation will continue as currently in effect.

## **Background and Purpose of the Amendment**

The Company effected a 1-for-15 reverse stock split of its issued and outstanding Common Stock on September 15, 2014 (the Reverse Stock Split) which reduced its issued and outstanding Common Stock from 228,222,834 shares to 15,214,831 shares. The Reverse Stock Split did not, however, have any effect on the total authorized Common Stock. As a result of the Reverse Stock Split, we now need fewer authorized shares of Common Stock to meet our projected capital stock needs for capital-raising transactions, issuance of equity-based compensation and, to the extent opportunities may arise in the future, strategic transactions that may involve our issuance of stock-based consideration. Accordingly, we are seeking to reduce our authorized Common Stock to 100,000,000 shares, which will bring our capital structure better in line with peer companies and will also lower our annual franchise tax in Delaware. In 2014, our total annual franchise tax in Delaware was \$146,300, which was calculated in part based on our authorized capital stock. If we had only 100,000,000 shares of Common Stock authorized for issuance in 2014, our annual franchise tax would have been approximately \$18,550 instead.

Our directors and executive officers do not have substantial interests, directly or indirectly, in the matters set forth in this proposal except to the extent of their ownership of shares of our Common Stock.

## Effect of the Proposed Amendment

The proposed amendment would decrease the total number of authorized shares of our Common Stock by 700,000,000 shares. The proposed amendment would not change any of the current rights and privileges of our Common Stock or its par value. In addition, the proposed amendment would not in any way limit our ability to use the remaining number of authorized shares for appropriate future corporate purposes (which would not require further stockholder action or approval), including raising capital through Common Stock offerings, funding future employee benefit plan obligations and issuing Common Stock in connection with acquisitions or other strategic transactions.

The proposed amendment would also not limit in any way our ability to use the remaining number of authorized shares of Common Stock to oppose hostile takeover attempts or to delay or prevent a change in control. We have no present intention to issue or use shares of our Common Stock for such purposes, and we are not currently aware of any takeover attempt or potential change of control.

Our Board of Directors believes that it is in the Company's best interests to decrease the authorized number of shares of our Common Stock in order to reduce our Delaware tax liability while at the same time maintaining an adequate reserve of shares for future issuances. If the amendment passes, based on our issued and outstanding shares as of June 29, 2015 we will still have 74,255,411 shares of Common Stock available

for issuance in the future and the Board believes that 100,000,000 shares is a sufficient amount of Common Stock authorized for the Company at this time. In the event we need to increase our authorized shares of Common Stock in the future, the Company's Certificate of Incorporation may be amended to increase the number of authorized shares of Common Stock.

## **Appraisal Rights**

No stockholder will be entitled to exercise appraisal rights or dissenter's rights in connection with this proposal.

## **Effectiveness of the Amendment and Vote Required**

If the proposed amendment is adopted, it will become effective upon the filing of a certificate of amendment to the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware. The adoption of this amendment requires the approval of a majority of the holders of the Company's outstanding shares of Common Stock entitled to vote. Abstentions and broker non-votes will have the same effect as votes against the proposal.

**The Board recommends a vote FOR the proposal to amend the Company's Certificate of Incorporation to reduce the number of authorized shares of Common Stock from 800,000,000 to 100,000,000.**



## **PROPOSAL NO. 3**

# **ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Our Board recognizes that it is appropriate to seek the views of stockholders on the design and effectiveness of the Company's executive compensation program. Per the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010 and Section 14A of the Exchange Act, we are required to provide our stockholders with the opportunity to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement. Consistent with the recommendation of the Board to stockholders that future stockholder votes on executive compensation occur every three years, and in light of the voting results on the say on frequency proposal at the 2012 annual meeting of stockholders, the Company has determined that it will hold an advisory vote on the compensation of named executive officers every three years until the next required vote on the frequency of stockholder votes on executive compensation takes place at the 2018 annual meeting of stockholders.

Accordingly, you may vote on the following resolution at the 2015 Annual Meeting:

RESOLVED, that the Company's stockholders approve, on a non-binding advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation tables and related narrative discussion.

As you consider this Proposal No. 3, we urge you to read the Executive Compensation section of this Proxy Statement for additional details on compensation of the Named Executive Officers.

This vote is not intended to address any specific item of compensation, but rather our overall compensation policies and procedures relating to the Named Executive Officers. Accordingly, your vote will not directly affect or otherwise limit any existing compensation or award arrangement of any of the Named Executive Officers. Because your vote is advisory, it will not be binding upon the Board of Directors. The Board of Directors and the Governance, Nominating and Compensation Committee (the GNC Committee) do, however, value the opinions of our stockholders, and will carefully consider the outcome of the vote when making future compensation decisions for executive officers. In particular, to the extent there is any significant vote against the compensation of our Named Executive Officers as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the GNC Committee will evaluate whether any actions are necessary to address those concerns.

Approval of this Proposal No. 3 requires the affirmative vote of a majority of the votes cast. Abstentions and any broker non-votes will not be included in the vote totals and, as such, will have no effect on the outcome of this proposal.

**The Board of Directors recommends a vote FOR the approval, on a non-binding advisory basis, of the compensation of the Named Executive Officers.**

## **PROPOSAL NO. 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board has appointed Deloitte as the Company's independent registered public accounting firm to audit the Company's financial statements for the current fiscal year. Deloitte has audited the financial statements of the Company since the fiscal year ended December 31, 2008. The Board is asking the Company's stockholders to ratify the appointment of Deloitte as the Company's independent registered public accounting firm. Although ratification is not required by the Company's Bylaws or otherwise, the Board is submitting the appointment of Deloitte to the stockholders for ratification as a matter of good corporate practice. If the stockholders do not ratify the selection of Deloitte as the Company's independent registered public accounting firm, the Board will reconsider its selection. Even if the appointment is ratified, the Board, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Board determines that such a change would be in the Company's and its stockholders' best interests. A representative of Deloitte is not expected to be present at the Meeting and will not have the opportunity to make a statement or be available to respond to appropriate questions from stockholders.

**The Board recommends a vote FOR ratification of the appointment of Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu, as the Company's independent registered public accounting firm for the current fiscal year.**

# CORPORATE GOVERNANCE AND BOARD MATTERS

## Independence of Members of Board

The Board of Directors has determined that each of Dr. Arbel, Mr. Friedman, Mr. Pinkas, Dr. Shorr and Mr. Taub satisfies the criteria for being an independent director under the standards of the Nasdaq Stock Market, Inc. ( Nasdaq ) and has no material relationship with the Company other than by virtue of service on the Board of Directors. Mr. Schor and Mr. Yablonka are not considered independent directors. The Board of Directors also determined that Dr. Israeli, a former director, satisfied the criteria for being an independent director under the Nasdaq standards and had no material relationship with the Company other than by virtue of his service on the Board of Directors. During the course of determining the independence of Dr. Israeli, the Board of Directors considered the Hadasi Agreement described in Certain Relationships and Related Transactions below. Dr. Israeli resigned from the Board as of April 25, 2014.

The Board of Directors is comprised of a majority of independent directors and the Audit and GNC Committees are comprised entirely of independent directors.

## Board Leadership Structure

On April 25, 2014, the Board elected Dr. Arbel to serve as Chair of the Board. Previously, Abraham Israeli served as Chairman of the Board. The Chair presides at all Board meetings. The Chair's role and responsibilities include maintaining an active relationship with the Chief Executive Officer, participating in preparation for Board meetings (suggesting agenda items as appropriate), serving as a supplemental channel for communications between Board members and the Chief Executive Officer and providing counsel to individual directors on the performance of their duties. The position of Chair and Chief Executive Officer are separate. Together, the Chair and Chief Executive Officer provide strategic guidance and oversight to the Company. The Board believes that Dr. Arbel serving as Chair is optimal because it will provide the Board with strong and consistent leadership, and the other members of the Board bring various perspectives and opinions. Taken together, the Board believes that this leadership structure provides an appropriate balance of experienced leadership, independent oversight and management input.

## Risk Management and Oversight Process

The Board takes an active role, as a whole and at the committee level, in overseeing management of our Company's risks. Generally, the entire Board, the Audit Committee and the GNC Committee are involved in overseeing risks associated with the Company and monitor and assess those risks in reviews with management and with the Company's outside advisors and independent registered public accounting firm. The Audit Committee reviews regulatory risk, operational risk and enterprise risk, particularly as they relate to financial reporting, on a regular basis with management, the Company's independent registered public accounting firm and the Company's outside consultants and advisors. In its regular meetings, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. The GNC Committee monitors the Company's governance and succession risk by review with management and outside advisors. The GNC Committee also monitors CEO succession and the Company's compensation policies and related risks by reviews with management.

## Diversity

Diversity has always been very important to us. Although we have no formal separate written policy, the Board annually reviews the appropriate skills and characteristics of the members of the Board and diversity is one of the factors used in this assessment.

## Board Meetings

The Board held nine (9) meetings during the fiscal year ended December 31, 2014. During the fiscal year ended December 31, 2014, each incumbent director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of the committees on which he or she served other than Mr. Pinkas, Dr.

Shorr and Mr. Schor. The Company's directors are encouraged to attend the Company's annual meeting of stockholders. None of the Company's directors attended the prior year's annual meeting.

## Committees of the Board

### Audit Committee

On February 7, 2008, the Board of Directors established a separately-designated standing Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, which assists the Board of Directors in fulfilling its responsibilities to stockholders concerning our financial reporting and internal controls, and facilitates open communication among the Audit Committee, Board of Directors, outside auditors and management. The Audit Committee discusses with management and our outside auditors the financial information developed by us, our systems of internal controls and our audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The independent auditors meet with the Audit Committee (both with and without the presence of management) to review and discuss various matters pertaining to the audit, including our financial statements, the report of the independent auditors on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by us. The Audit Committee preapproves all audit services to be provided to us, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to us by the independent auditor. The Audit Committee coordinates the Board of Directors' oversight of our internal control over financial reporting, disclosure controls and procedures and code of conduct. The Audit Committee is charged with establishing procedures for (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Audit Committee reviews all related party transactions on an ongoing basis, and all such transactions must be approved by the Audit Committee. The Audit Committee is authorized, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board of Directors has adopted a written charter for the Audit Committee, which is available in the corporate governance section of our website at [www.brainstorm-cell.com](http://www.brainstorm-cell.com). The Audit Committee currently consists of Mr. Friedman (Chair), Dr. Arbel and Mr. Pinkas each of whom is independent within the meaning of The NASDAQ Marketplace Rules and Rule 10A-3 under the Exchange Act. The Board of Directors has determined that Mr. Friedman is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K. The Audit Committee held five meetings during the fiscal year ended December 31, 2014.

### GNC Committee

On June 27, 2011, the Board of Directors established a standing Governance, Nominating and Compensation Committee (the GNC Committee), which assists the Board in fulfilling its responsibilities relating to (i) compensation of the Company's executive officers, (ii) the director nomination process and (iii) reviewing the Company's compliance with SEC corporate governance requirements. The Board has adopted a written charter for the GNC Committee, which is available in the corporate governance section of our website at [www.brainstorm-cell.com](http://www.brainstorm-cell.com). The GNC Committee currently consists of Dr. Arbel (Chair), Dr. Shorr and Mr. Taub, each of whom is independent as defined under applicable Nasdaq listing standards. The GNC Committee held two meetings during the fiscal year ended December 31, 2014.

The GNC Committee determines salaries, incentives and other forms of compensation for the Chief Executive Officer and the executive officers of the Company and reviews and makes recommendations to the Board with respect to director compensation. The GNC Committee meets without the presence of executive officers when approving or deliberating on executive officer compensation, but may invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation. In addition, the GNC Committee administers the Company's stock incentive compensation and equity-based plans. The GNC Committee did not engage

a consultant to determine or review executive officer or director compensation during the fiscal year ended December 31, 2014.

The GNC Committee makes recommendations to the Board concerning all facets of the director nominee selection process. Generally, the GNC Committee identifies candidates for director nominees in consultation with management and the independent members of the Board, through the use of search firms or other advisers, through the recommendations submitted by stockholders or through such other methods as the GNC Committee deems to be helpful to identify candidates. Once candidates have been identified, the

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GNC Committee confirms that the candidates meet the independence requirements and qualifications for director nominees established by the Board. The GNC Committee may gather information about the candidates through interviews, questionnaires, background checks, or any other means that the GNC Committee deems to be helpful in the evaluation process. The GNC Committee meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board. Upon selection of a qualified candidate, the GNC Committee would recommend the candidate for consideration by the full Board.

In considering whether to include any particular candidate in the Board's slate of recommended director nominees, the Board will consider the candidate's integrity, education, business acumen, knowledge of the Company's business and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Board believes that experience as a leader of a business or institution, sound judgment, effective interpersonal and communication skills, strong character and integrity, and expertise in areas relevant to our business are important attributes in maintaining the effectiveness of the Board. As a matter of practice, the Board considers the diversity of the backgrounds and experience of prospective directors as well as their personal characteristics (e.g., gender, ethnicity, age) in evaluating, and making decisions regarding, Board composition, in order to facilitate Board deliberations that reflect a broad range of perspectives. The Board does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The Company believes that the backgrounds and qualifications of its directors, considered as a group, should provide a significant breadth of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

## **Stockholder Nominations**

On June 27, 2011, the Board adopted the Brainstorm Cell Therapeutics Inc. Stockholder Nominations and Communications Policy (the "Policy"), pursuant to which procedures by which stockholders may recommend nominees to our Board were established. Previously, we had no formal policy by which a stockholder could recommend nominees to our Board.

Pursuant to the Policy, stockholders may recommend nominees for consideration by submitting the following information to our Secretary at our executive offices: (i) a current resume and curriculum vitae of the candidate; (ii) a statement describing the candidate's qualifications; and (iii) contact information for personal and professional references. In addition, submission must include the name and address of the stockholder making the nomination, the number of shares which are owned by such stockholder and a description of all arrangements or understandings between such stockholder and the candidate. Assuming that the required material has been provided on a timely basis, the GNC Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

## **Family Relationships**

There are no family relationships between the executive officers or directors of the Company.

## **Involvement in Certain Legal Proceedings**

None.

## **Stockholder Communication with the Board**

On June 27, 2011, the Board adopted the Policy, as defined above under Stockholder Nominations, pursuant to which procedures by which stockholders may communicate with our Board were established. Previously, we had no formal policy by which a stockholder could communicate with our Board.

Under the Policy, stockholders may send written communications to the Board or any individual members to the attention of the Company's Secretary at the Company's offices, 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601. All such communications will be relayed accordingly, except for mass mailings, job inquiries, surveys, business solicitations or advertisements, personal grievances, matters as to which the Company tends to receive repetitive or duplicate communications, or patently offensive or otherwise inappropriate material.



## ADDITIONAL INFORMATION

### Executive Officers

Set forth below is a summary description of the principal occupation and business experience of each of the Company's current executive officers.

Name	Age	Position
Anthony Fiorino	47	Chief Executive Officer
Chaim Lebovits	44	President
Alla Patlis	28	Interim Chief Financial Officer
Uri Yablonka	38	Chief Operating Officer

**Dr. Tony Fiorino** joined the Company on June 9, 2014 as Chief Executive Officer. Dr. Fiorino is an experienced biotechnology executive, entrepreneur and investor with expertise in clinical drug development, biotechnology finance and portfolio management. Dr. Fiorino joined Brainstorm from Greywall Asset Management, where he was a Managing Director and served as a biopharmaceuticals analyst from January 2013, when the fund launched, through May 2014. In March 2008, Dr. Fiorino founded a start-up biotechnology company, EnzymeRx, and served as President and Chief Executive Officer. At EnzymeRx, Dr. Fiorino successfully developed pegylated uricase through Phase 2 studies and led its sale to 3SBio. After closing this transaction in November 2010, Dr. Fiorino served as a consultant to several biotechnology and pharmaceutical companies until joining Greywall. Before founding EnzymeRx, Dr. Fiorino was a biotechnology analyst and portfolio manager for healthcare hedge funds at Pequot Capital and Sands Point Partners and at Citigroup Asset Management, and a sell-side pharmaceuticals equity research analyst at JP Morgan. Dr. Fiorino received his MD and PhD from the Albert Einstein College of Medicine and a BS in Biology from the Massachusetts Institute of Technology, and trained in medicine and dermatology at the Hospital of the University of Pennsylvania.

**Chaim Lebovits** joined the Company in July 2007 as President. On August 1, 2013, the Company appointed Mr. Lebovits as its Principal Executive Officer, and to assume the duties and responsibilities of the Chief Executive Officer on an interim basis until Tony Fiorino was appointed to be Chief Executive Officer in June 2014. Mr. Lebovits controls ACC Holdings International, and its subsidiaries ACC Resources, specializing in the mining, oil and energy industries, and ACC BioTech, which is focused on biotechnology. He has been at the forefront of mining and natural resource management in the African region for over a decade and has spent years leading the exploration and development of resources in West Africa and Israel and served as a member of the board of directors of several companies in the industry. Mr. Lebovits has also held senior positions for the worldwide Chabad Lubavitch organization, the largest Jewish organization in the world today.

**Alla Patlis** joined the Company on December 23, 2012 as Controller. On May 13, 2015, the Company appointed Ms. Patlis as its Interim Chief Financial Officer while it conducts a search for a new Chief Financial Officer. Prior to joining the Company, from 2010 to December 2012, Ms. Patlis was Audit Senior of technology, media and telecommunications industries at Brightman Almagor Zohar & Co. (Certified Public Accountants, A Member of Deloitte Touche Tohmatsu Limited). Ms. Patlis holds an MBA and a Bachelor's degree in Accounting & Economics from Tel Aviv University.

**Uri Yablonka** joined the Company on June 6, 2014 as Chief Operating Officer and as a member of the Board of Directors. Prior to joining the Company, Mr. Yablonka served since December 2010 as owner and General Manager of Uri Yablonka Ltd., a business consulting firm. He also served since January 2011 as Vice President, Business

Development at ACC International Holdings Ltd. (Holdings). Holdings is also an affiliate of ACCBT Corp. Prior to serving with Holdings, Mr. Yablonka served as Senior Partner of PM-PR Media Consulting Ltd. From 2008 to January 2011, Mr. Yablonka was Senior Partner at PM-PR Media Consulting Ltd., where he led public relations and strategy consulting for a wide range of governmental and private organizations. From 2002 to 2008, he served as a correspondent at the Maariv Daily News Paper, including extensive service as a Diplomatic Correspondent.

# EXECUTIVE COMPENSATION

## Summary Compensation

The following table sets forth certain summary information with respect to the compensation paid during the fiscal years ended December 31, 2014 and 2013 earned by our Chief Executive Officer, our President, our Chief Operating Officer and our former Chief Financial Officer (the Named Executive Officers). In the table below, columns required by the regulations of the SEC have been omitted where no information was required to be disclosed under those columns.

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$) <sup>(1)(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Tony Fiorino, CEO <sup>(4)</sup>	2014	154,000		1,494,000 <sup>(8)</sup>	35,000	1,683,000
Chaim Lebovits <sup>(5)</sup>	2014					
President	2013					
Uri Yablonka <sup>(*)</sup>	2014	60,000		97,411 <sup>(9)</sup>	27,000	184,411
Chief Operating Officer <sup>(6)</sup>						
Liat Sossover <sup>(*)(7)</sup>	2014	107,000			67,000	174,000
Chief Financial Officer	2013	106,000		16,000 <sup>(10)</sup>	65,000	187,000

The Named Executive Officers were paid in NIS; the amounts above are the U.S. dollar equivalent. The conversion rate used was the average of the end of month rates between the U.S. dollar and the NIS as published by the Bank of Israel, the central bank of Israel.

The amounts shown in the Option Awards column represent the aggregate grant date fair value of awards computed in accordance with ASC 718, not the actual amounts paid to or realized by the Named Executive Officer during fiscal 2014 and fiscal 2013. ASC 718 fair value amount as of the grant date for stock options generally is spread over the number of months of service required for the grant to vest.

The fair value of each stock option award is estimated as of the date of grant using the Black-Scholes valuation model. Additional information regarding the assumptions used to estimate the fair value of all stock option awards is included in Note (8)(B)(2)(a) to Consolidated Financial Statements.

Includes management insurance (which includes pension, disability insurance and severance pay), payments towards such employee's education fund, Israeli social security and amounts paid for use of a Company car and cellular phone. Each Named Executive Officer also receives gross-up payments for the taxes on these benefits.

(4) Dr. Fiorino was appointed the Company's CEO effective June 9, 2014.

(5) On August 1, 2013, the Company appointed Chaim Lebovits, the President of the Company, as its Principal Executive Officer, and to assume the duties and responsibilities of the Chief Executive Officer on an interim basis while the Company searched for a new Chief Executive Officer. Mr. Lebovits was not compensated for these services. Mr. Lebovits ceased serving as interim CEO upon the appointment of Dr. Fiorino on June 9, 2014.

(6) Mr. Yablonka joined the Company as its Chief Operating Officer and director on June 6, 2014.

(7) Ms. Sossover ceased serving as our Chief Financial Officer on May 13, 2015.

(8) On June 9, 2014, Dr. Fiorino was granted a stock option for purchase of 380,000 shares of the Company's Common Stock at an exercise price of \$4.50, which shall vest and become exercisable as to 25% of the shares on the first anniversary of the grant date and the remainder of the shares shall vest and become exercisable in equal monthly

installments on each of the 36 monthly anniversaries following the initial vesting date.

(9) On June 6, 2014, the GNC Committee approved a grant of 33,333 stock options to Mr. Yablonka at an exercise price of \$2.70 per share. Mr. Yablonka also received a grant of 13,333 stock options at an exercise price of \$0.75 per share on August 15, 2014 for his service as a director of the Company.

(10) On December 31, 2013, the GNC Committee approved a grant of 6,666 stock options to Ms. Sossover at an exercise price of \$2.70 per share.

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## **Executive Employment Agreements and Termination of Employment and Change-in-Control Arrangements**

### **Tony Fiorino, Chief Executive Officer**

On June 9, 2014, the Company appointed Tony Fiorino, M.D., Ph.D. as its Chief Executive Officer, effective June 9, 2014. On June 9, 2014, the Company and Dr. Fiorino entered into an employment agreement which sets forth the terms of Dr. Fiorino's employment. Pursuant to the agreement, Dr. Fiorino will be paid an annual salary of \$275,000, to be increased annually by no less than \$7,500 per year. Dr. Fiorino will also receive other benefits that are generally made available to the Company's employees. Dr. Fiorino also was granted a stock option on June 9, 2014 for the purchase of 380,000 shares of the Company's Common Stock, which shall vest and become exercisable as to 25% of the shares on the first anniversary of the grant date and the remainder of the shares shall vest and become exercisable in equal monthly installments on each of the 36 monthly anniversaries following the initial vesting date. The exercise price for the grant is \$4.50 per share.

The Agreement contains termination provisions, pursuant to which (A) if the Company terminates the Agreement or Dr. Fiorino's employment without Cause (as defined in the Agreement) or if Dr. Fiorino terminates the Agreement or his employment thereunder with Good Reason (as defined in the Agreement), the Company shall (i) continue to pay Dr. Fiorino, as severance pay, his base salary pursuant to the Company's regular payroll schedule for a period equal to four (4) months (which shall increase to six (6) months after the first anniversary of the date of the Agreement and nine (9) months after the second anniversary of the date of the Agreement) (assuming Dr. Fiorino is actively employed by the Company on such dates) from the date that Dr. Fiorino receives notice of termination of his employment with the Company (the Payment Period) or issue within 15 days of his termination a lump sum payment equivalent to such number of months of base salary; and (ii) pay Dr. Fiorino within 30 days of his termination of employment any bonus compensation that Dr. Fiorino would be entitled to receive during the Payment Period in the absence of his termination without Cause or for Good Reason; (iii) immediately vest such number of options that would have vested during the following 6 months following the date of notice of termination and (iv) shall continue to provide to Dr. Fiorino health insurance benefits during the Payment Period and; (B) if at any time within twelve (12) months after a Change of Control of the Company (as defined in the Agreement) has occurred, Dr. Fiorino's employment is terminated (x) by the Company or any successor company for any reason other than for Cause or Dr. Fiorino's disability or death (y) or by Dr. Fiorino due to a Change of Control termination, the Company shall pay or provide Dr. Fiorino the following within thirty (30) days of such termination of employment: (i) all base salary up through the date of such termination, (ii) Dr. Fiorino's target bonus compensation for the year in which the Change of Control, (iii) base salary for twelve (12) months following the date of such termination; and (iv) acceleration in full of the vesting and exercisability of all Company stock options granted to Dr. Fiorino. The foregoing severance payments are conditional upon Dr. Fiorino executing a full and general waiver and release in favor of the Company in a form reasonably acceptable to the Company.

### **Chaim Lebovits, President**

On August 1, 2013, the Company appointed Chaim Lebovits, the President of the Company, as its Principal Executive Officer, and to assume the duties and responsibilities of the Chief Executive Officer on an interim basis until Dr. Tony Fiorino was hired as Chief Executive Officer. Currently, we do not have an employment agreement with Mr. Lebovits and he is not entitled to receive any compensation from us at this time. Mr. Lebovits did not receive compensation for his service as interim CEO.

**Liat Sossover, Former Chief Financial Officer**

On May 13, 2015, the Company entered into a Separation Agreement (the "Separation Agreement") with Liat Sossover, the Company's Chief Financial Officer. The Separation Agreement provided that (i) Ms. Sossover's notice period under Israeli law began, (ii) Ms. Sossover's employment with the Company ended June 30, 2015, (iii) Ms. Sossover received her full salary until June 30, 2015, (iv) all Company stock options previously issued to Ms. Sossover and outstanding ceased to further vest after June 30, 2015 but such options, to the extent already vested on June 30, 2015, will continue to be outstanding and exercisable until December 31, 2015, and (v) Ms. Sossover released all claims she may have against the Company. Ms. Sossover's role as Chief Financial Officer and Treasurer and all other officer positions with the Company

and its affiliates was terminated effective upon execution of the Separation Agreement on May 13, 2015. Ms. Sossover's departure was not the result of any disagreement with the Company regarding its operations, policies, practices or related matters.

Pursuant to her employment agreement dated June 23, 2010, Ms. Sossover was entitled to a monthly salary of 31,900 NIS (approximately \$8,200) per month. Ms. Sossover was also entitled to contributions on her behalf by the Company into a manager's insurance fund, disability insurance and an education fund. Ms. Sossover was provided with a Company car and cellular phone, and a gross-up payment for any taxes relating thereto.

### **Uri Yablonka, Chief Operating Officer and Director**

On June 6, 2014, the Company appointed Uri Yablonka as its Chief Operating Officer and director, effective June 6, 2014. On June 6, 2014, the Israeli Subsidiary and Uri Yablonka entered into an employment agreement which sets forth the terms of Mr. Yablonka's employment. Pursuant to the agreement, Uri Yablonka will be paid a monthly salary of 31,900 NIS (approximately \$8,200). Mr. Yablonka will also receive other benefits that are generally made available to the Company's employees, including pension and education fund benefits. The Company will provide Mr. Yablonka with a Company car and cellular phone, and a gross-up payment for any taxes relating thereto. Mr. Yablonka also was granted a stock option on June 6, 2014 under the Company's Amended and Restated 2004 Global Share Option Plan (the "Global Plan") for the purchase of 33,333 shares of the Company's Common Stock, which was fully vested and exercisable upon grant. The exercise price for the grant is \$2.70 per share. In addition, the Company agreed to grant Mr. Yablonka a stock option under the Global Plan (or the applicable successor option plan) for the purchase of up to 13,333 shares of Common Stock (subject to appropriate adjustment in the case of stock splits, reverse stock splits and the like) of the Company on the first business day after each annual meeting of stockholders (or special meeting in lieu thereof) of the Company beginning with the 2014 annual meeting, and provided that Mr. Yablonka remains an employee of the Company on each such date. The exercise price per share of the Common Stock subject to each additional option shall be equal to \$0.75 (subject to appropriate adjustment in the case of stock splits, reverse stock splits and the like, or changes to the Israeli Annual Option Award under the Company's Director Compensation Plan as amended from time to time). Each additional option will vest and become exercisable on each monthly anniversary date as to 1/12th the number of shares subject to the option over a period of twelve months from the date of grant such that each additional option will be fully vested and exercisable on the first anniversary of the date of grant, provided that Mr. Yablonka remains an employee of the Company on each such vesting date.

### **Terms of Option Awards**

All options granted to the Named Executive Officers were granted pursuant to our Global Plan other than grants to Dr. Fiorino, which were made under the 2014 Stock Incentive Plan (the "US Plan"). Each such option expires on the tenth anniversary of the grant date.

On August 1, 2012, Ms. Sossover was granted an option to purchase 4,000 shares of our Common Stock at a price per share of \$3.90. Such option became fully vested and exercisable in 12 equal monthly installments.

On December 31, 2013, Ms. Sossover was granted an option to purchase 6,666 shares of our Common Stock at a price per share of \$2.70. Such option vested and became exercisable as to 1/3 of the shares subject to the option on December 31, 2014 and the remainder of the shares subject to the option were scheduled to vest and become exercisable over the following 24 months in equal installments. Pursuant to the Separation Agreement, such options ceased to further vest after June 30, 2015 but such options, to the extent already vested on June 30, 2015, will continue to be outstanding and exercisable until December 31, 2015.

Grants to Dr. Fiorino and Mr. Yablonka are described in the summaries of their executive employment agreements above and incorporated herein.

## **Outstanding Equity Awards**

The following table sets forth information regarding equity awards granted to the Named Executive Officers that are outstanding as of December 31, 2014. In the table below, columns required by the regulations of the SEC have been omitted where no information was required to be disclosed under those columns.

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## Outstanding Equity Awards at December 31, 2014

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Tony Fiorino		380,000	4.50	6/9/2024
Uri Yablonka	33,333		2.70	6/6/2024
	4,444	8,889	0.75	8/15/2024
Liat Sossover	26,666		0.18	6/23/2020
	4,000		0.26	8/1/2022
	2,222	4,444	2.70	12/31/2023

(1) Options for the purchase of 95,000 shall vest and become exercisable on June 9, 2015. Options for the purchase of 7,916 shares will vest and become exercisable monthly after the initial vesting date until the option is fully vested.

Options for the purchase of 4,444 shares were vested and exercisable as of December 31, 2014. Options for the (2) purchase of 1,111 shares will vest monthly until the option is fully vested and exercisable on the first anniversary of the date of grant.

Options for the purchase of 2,222 shares were vested and exercisable as of December 31, 2014. Options for the (3) purchase of 185 shares will vest and become exercisable on the last day of each month until the option is fully vested.

### Stock Incentive Plans

In November 2004 and February 2005, the Board of Directors adopted and ratified the 2004 Global Share Option Plan (as amended, the Prior Global Plan ) and the 2005 U.S. Stock Option and Incentive Plan (as amended, the Prior U.S. Plan ) and together with the Prior Global Plan, the Prior Plans ), respectively, and further approved the reservation of 609,564 shares of our Common Stock for issuance thereunder. Our stockholders approved the Prior Plans and the shares reserved for issuance thereunder at a special meeting of stockholders that was held on March 28, 2005.

On April 28, 2008, the Board approved the amendment and restatement of the Prior Plans to increase the number of shares available for issuance under the Prior Plans by an additional 333,333 shares. Our stockholders approved the amendment and restatement of the Prior Plans on June 5, 2008.

On April 21, 2011, the Board approved another amendment and restatement of the Prior Plans to increase the number of shares available for issuance under the Prior Plans by an additional 333,333 shares. Our stockholders approved the amendment and restatement of the Prior Plans on June 10, 2011.

On May 6, 2012, the Board approved another amendment and restatement of the Prior Plans to increase the number of shares available for issuance under the Prior Plans by an additional 600,000 shares. Our stockholders approved the amendment and restatement of the Prior Plans on June 12, 2012.

At the 2014 Annual Meeting of Stockholders of the Company on August 14, 2014, the Company's stockholders approved the Company's 2014 Stock Incentive Plan and the Company's 2014 Global Share Option Plan (together, the Plans). The Plans were approved by the Company's Board of Directors on July 9, 2014, subject to the approval of the Company's stockholders, and became effective upon the stockholders' approval on August 14, 2014. On October 30, 2014, the Governance, Nominating and Compensation Committee of the Board of Directors of the Company approved (i) forms of Incentive Stock Option Agreement, Nonstatutory Stock Option Agreement and Restricted Stock Agreement, each under the Company's 2014 Stock Incentive Plan, and (ii) a form of Option Agreement under the Company's 2014 Global Share Option Plan.

The Company may issue up to 600,000 shares (subject to adjustment for certain changes in the Company's capitalization) of Common Stock, which pool shall be shared between the Plans, and, accordingly, shares issued pursuant to awards issued under either Plan shall reduce the number of shares available for issuance under the other Plan.

Starting August 14, 2014, we no longer issue awards under each of the Prior Plans; however, grants that were made prior to August 14, 2014 under the Prior Plans will remain outstanding pursuant to their terms.

Under the 2014 Global Share Option Plan, we granted a total of 70,666 options with \$0.75 exercise prices to directors of the Company. Under the 2014 Stock Incentive Plan (the U.S. Plan), we issued an additional 50,666 shares of restricted stock and options to directors and Advisory Board members. As of December 31, 2014, there were 478,668 shares available for issuance under the Plans.

## Compensation of Directors

The following table sets forth certain summary information with respect to the compensation paid during the fiscal year ended December 31, 2014 earned by each of the directors of the Company. In the table below, columns required by the regulations of the SEC have been omitted where no information was required to be disclosed under those columns.

### Director Compensation Table for Fiscal 2014

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(1)(2)</sup>	Total (\$)
Dr. Irit Arbel			80,581 <sup>(3)</sup>	80,581
Mr. Mordechai Friedman			53,013 <sup>(4)</sup>	53,013
Mr. Alon Pinkas			48,772 <sup>(5)</sup>	48,772
Mr. Chen Schor	60,000 <sup>(6)</sup>			60,000
Dr. Robert Shorr		40,300 <sup>(7)</sup>		40,300
Mr. Malcolm Taub		40,300 <sup>(8)</sup>		40,300

The amounts shown in the Stock Awards and Option Awards columns represent the aggregate grant date fair value (1) of awards computed in accordance with ASC 718, not the actual amounts paid to or realized by the directors during fiscal 2014.

The fair value of each stock option award is estimated as of the date of grant using the Black-Scholes valuation (2) model. Additional information regarding the assumptions used to estimate the fair value of all stock option awards is included in Note (8)(B)(2)(a) to Consolidated Financial Statements.

(3) At December 31, 2014, Dr. Arbel had options (vested and unvested) to purchase 115,218 shares of Common Stock.

(4) At December 31, 2014, Mr. Friedman had options (vested and unvested) to purchase 47,777 shares of Common Stock.

(5) At December 31, 2014, Mr. Pinkas had options (vested and unvested) to purchase 44,665 shares of Common Stock.

(6) Represents the amount paid to Mr. Schor pursuant to the Executive Director Agreement for his services as a director and consultant.

(7) At December 31, 2014, Mr. Shorr had 5,778 shares of unvested restricted Common Stock.

(8) At December 31, 2014, Mr. Taub had 5,778 shares of unvested restricted Common Stock. On July 9, 2014, the Board voted to amend and restate the Company's non-employee director compensation plan (the Amended Director Compensation Plan) to increase the annual award to non-U.S. directors to a nonqualified stock option to purchase 13,333 shares of Common Stock with an exercise price of \$0.75 per share and to clarify the terms of committee member grants. Pursuant to the Amended Director Compensation Plan, every non-employee director of the Company, other than Chen Schor, is eligible to participate in the Amended Director Compensation Plan. Each eligible director is granted an annual award immediately following each annual meeting of stockholders beginning with the 2014 annual meeting. For

non-U.S. directors, this annual award consists of a nonqualified stock option to purchase 13,333 shares of Common Stock. For U.S. directors, at their option, this annual award is either (i) a nonqualified stock option to purchase 6,666 shares of Common Stock or (ii) 6,666 shares of restricted stock. Additionally, each member of the GNC Committee or Audit Committee of the Board receives (i) a nonqualified stock option to purchase 2,000 shares of Common Stock or (ii) in the case of U.S. directors and at their option, 2,000 shares of restricted stock. The chair of the GNC Committee or Audit Committee will instead of the above committee award receive (i) a nonqualified stock option to purchase 3,333 shares of Common Stock or (ii) in the case of U.S. directors and at their option, 3,333 shares of restricted stock. Any eligible participant who is serving as chairperson of the Board shall also receive (i) a nonqualified stock option to purchase 6,666 shares of Common Stock or (ii) in the case of U.S. directors and at their option, 6,666 shares of restricted stock. Awards are granted on a pro rata basis for directors serving less than a year at the time of grant. The exercise price for options for U.S. directors will be equal to the closing price per share of the Common Stock on the grant date as reported on the Over-the-Counter Bulletin Board or the national securities exchange on which the Common Stock is then traded. The exercise price for options for non-U.S. directors is \$0.75. Every option and restricted stock award will vest monthly as to 1/12 the number of shares subject to the award over a period of twelve months from the date of grant, provided that the recipient remains a member of the Board on each such vesting date, or, in the case of a committee award, remains a member of the committee on each such vesting date.

On August 15, 2014, the following grants were made under the Amended Director Compensation Plan to the eligible directors: Dr. Arbel received a stock option to purchase 25,333 shares of Common Stock for her service as a director, chairperson of the Board, chair of the GNC Committee and a member of the Audit Committee; Mr. Friedman received a stock option to purchase 16,666 shares of Common Stock for his service as a director and chair of the Audit Committee; Mr. Pinkas received a stock option to purchase 15,333 shares of Common Stock for his service as a director and a member of the Audit Committee; Mr. Shorr received 8,666 shares of restricted stock for his service as a director and a member of the GNC Committee; and Mr. Taub received 8,666 shares of restricted stock for his service as a director and a member of the GNC Committee. On August 15, 2014, the Company also granted to Mr. Yablonka a stock option to purchase 13,333 shares of Common Stock for his service as a director.

On April 29, 2015, the Board approved an amendment to the Amended Director Compensation Plan. The amendment provided for a one-time special award to the Chairperson of the Board serving on June 1, 2015 and is not a recurring grant. The special award consisted of a nonqualified stock option to purchase 6,667 shares of Common Stock at an exercise price of \$0.75 per share. The option was fully vested and exercisable on the date of grant. This special award was granted to Dr. Arbel on June 1, 2015.

On August 22, 2011, Mr. Schor received a grant of 61,558 shares of restricted stock and receives \$15,000 per quarter for his services as a director and advisor of the Company pursuant to the terms of the Executive Director Agreement, as described in detail in Certain Arrangements above. On May 3, 2015, Mr. Schor received a grant of 60,000 shares of restricted stock, also described in detail in Certain Arrangements above.

## **Certain Relationships and Related Transactions**

The Audit Committee of our Board reviews and approves all related-party transactions. A related-party transaction is a transaction that meets the minimum threshold for disclosure under the relevant SEC rules (transactions involving amounts exceeding the lesser of \$120,000 or one (1) percent of the average of the smaller reporting company's total assets at year end for the last two fiscal years in which a related person or entity has a direct or indirect material interest). Related persons include our executive officers, directors, 5% or more beneficial owners of our common stock, immediate family members of these persons and entities in which one of these persons has a direct or indirect material interest. When a potential related-party transaction is identified, management presents it to the Audit Committee to determine whether to approve or ratify it.

The Audit Committee reviews the material facts of any related-party transaction and either approves or disapproves of the entry into the transaction. If advance approval of a related-party transaction is not feasible,

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then the transaction will be considered and, if the Audit Committee determines it to be appropriate, ratified by the Audit Committee. No director may participate in the approval of a transaction for which he or she is a related party.

## Research and License Agreement with Ramot

On July 12, 2004, we entered into the Original License Agreement with Ramot, a former 5% stockholder of the Company, which agreement was amended on March 30, 2006 by the Amended Research and License Agreement (described below). Under the terms of the Original Ramot Agreement, Ramot granted to us an exclusive license to (i) the inventions, know-how and results made with respect to the stem cell technology developed by the team led by Prof. Melamed and Prof. Offen in the course of the performance of the research, and the patents and pending patent applications owned by Ramot, and (ii) the results of further research to be performed by the same team on the development of the stem cell technology. Simultaneously with the execution of the Original Ramot Agreement, we entered into individual consulting agreements with Prof. Melamed and Prof. Offen pursuant to which all intellectual property developed by Prof. Melamed or Prof. Offen in the performance of services thereunder will be owned by Ramot and licensed to us under the Original Ramot Agreement.

Under the Original Ramot Agreement, we agreed to fund further research relating to the licensed technology in an amount of \$570,000 per year for an initial period of two years, and for an additional two-year period if certain research milestones were met.

In consideration for the license, we originally agreed to pay Ramot:

- An up-front license fee payment of \$100,000;
- An amount equal to 5% of all net sales of products; and
- An amount equal to 30% of all sublicense receipts.

On March 30, 2006 and on May 23, 2006, we entered into an Amended Research and License Agreement and an Amendment Agreement to the Amended Research and License Agreement, respectively (collectively, the Amended Research and License Agreement ) with Ramot. Under the Amended Research and License Agreement, the funding of further research relating to the licensed technology in an amount of \$570,000 per year was reduced to \$380,000 per year. Moreover, under the Amended Research and License Agreement, the initial period of time that we agreed to fund the research was extended from an initial period of two (2) years to an initial period of three (3) years. The Amended Research and License Agreement also extended the additional two-year period in the Original Ramot Agreement to an additional three-year period, if certain research milestones were met.

We entered into a Second Amended and Restated Research and License Agreement with Ramot on July 26, 2007, effective July 12, 2004 (the Second Ramot Agreement ), which amended and replaced the Amended Research and License Agreement. The Second Ramot Agreement imposed on us development and commercialization obligations, milestone and other obligations. The license was granted in consideration for (i) royalty payments ranging from three percent (3%) to five percent (5%) of all net sales and (ii) potential payments concerning sublicenses ranging from twenty percent (20%) to twenty-five percent (25%) of sublicense receipts. In addition, in the event that the research period was extended for an additional three year period in accordance with the terms of the Second Ramot Agreement, then we had to make payments to Ramot for each year of the extended research period in the amount of \$380,000. As of June 30, 2007, we owed Ramot an aggregate amount of \$513,249 in overdue payments and patent fees under the Amended Research and License Agreement.

On August 1, 2007, we obtained a waiver and release from Ramot pursuant to which Ramot agreed to an amended payment schedule regarding our payment obligations under the Second Ramot Agreement and waived all claims against us resulting from our previous breaches, defaults and non-payment under the Amended Research and License

Agreement.

After our failure to meet the amended payment schedule and subsequent negotiations, on December 24, 2009, we entered into a Letter Agreement and an amended agreement to the Second Ramot Agreement (collectively, the Letter Agreement ) with Ramot, pursuant to which, among other things, Ramot agreed to:

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- (i) release us from our obligation to fund three years of additional research (which would have totaled \$1,140,000) and
- (ii) accept conversion of certain research payments due in the amount of \$272,000 into 74,666 shares of our Common Stock. Pursuant to the Letter Agreement, we agreed, among other things, to: (i) reimburse Ramot for outstanding patent-related expenses; and (ii) abandon our rights in certain joint patent rights and patents of Ramot in certain countries.

As of February 2011, Ramot had sold the 74,666 shares of Common Stock of the Company for \$235,000 and the Company paid the remaining approximately \$5,000 due to Ramot. There is no additional debt to Ramot.

On December 20, 2011, we entered into an Assignment Agreement with our Israeli Subsidiary (the Assignment Agreement ), with the consent of Ramot. Under the Assignment Agreement, we assigned and transferred all of our rights, interests, titles, liabilities and obligations (the Rights ) under the Second Ramot Agreement to our Israeli Subsidiary, effective as of January 1, 2007 and our Israeli Subsidiary agreed to assume all such Rights. We agreed to be a guarantor of all obligations of our Israeli Subsidiary under the Second Ramot Agreement and Ramot can look to us to demand compliance with the Second Ramot Agreement.

In May 2012, we, the Israeli Subsidiary and Prof. Offen entered into a Consulting Agreement, effective as of January 1, 2012, which replaced the previous consulting agreement, dated July 31, 2004, pursuant to which all work product resulting from the provision of services will vest solely with the Israeli Subsidiary and if any work product resulting from the provision of services results in the creation or development of intellectual property it will be deemed a joint invention, and will be jointly owned by Ramot and the Israeli Subsidiary.

## **Investment Agreement with ACCBT Corp.**

On July 2, 2007, we entered into a Subscription Agreement (the Subscription Agreement ) with ACCBT, a company under the control of Mr. Chaim Lebovits, our President, pursuant to which we agreed to sell (i) up to 1,833,333 shares of our Common Stock for an aggregate subscription price of up to \$5.0 million (the Subscription Shares ), and (ii) for no additional consideration, warrants to purchase up to 2,016,666 shares of our Common Stock (the ACCBT Warrants ). Subject to certain closing conditions, separate closings of the purchase and sale of the shares and the warrants were scheduled to take place from August 30, 2007 through November 15, 2008. The warrants originally had the following exercise prices: (i) warrants for the first 672,222 shares of our Common Stock had an exercise price of \$3.00; (ii) warrants for the next 672,222 shares of our Common Stock had an exercise price of \$4.35; and (iii) warrants for the final 672,223 shares of our Common Stock had an exercise price of \$5.40. Each warrant issued pursuant to the Subscription Agreement was to expire on November 5, 2011.

Pursuant to the terms of the Subscription Agreement, as amended, and a related registration rights agreement, ACCBT has the following rights for so long as ACCBT or its affiliates hold at least 5% of our issued and outstanding share capital:

**Board Appointment Right:** ACCBT has the right to appoint 50.1% (any fractions to be rounded up to the nearest whole number) of the members of our Board of Directors and any of our committees and the Board of Directors of our subsidiary.

**Preemptive Right:** ACCBT has the right to receive thirty days notice of, and to purchase a pro rata portion (or greater under certain circumstances where offered shares are not purchased by other subscribers) of, securities issued by us, including options and rights to purchase shares. This preemptive right does not include issuances under our equity incentive plans.

**Consent Right:** ACCBT's written consent is required for certain corporate actions, including issuance of shares (other than existing warrants and issuances under our incentive plans), amendment of our charter or bylaws,

repurchase of shares, declaration or payment of dividends or distributions, related party transactions, non-ordinary course transactions involving \$25,000 or more, liquidation or dissolution, the creation, acquisition or disposition of a subsidiary or entry into a joint venture or strategic alliance, a material change to our business, merger, change of control, sale of the Company, any acquisition, and any payment of cash compensation over \$60,000 per year.

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In addition, ACCBT is entitled to demand and piggyback registration rights, whereby ACCBT may request, upon 15 days written notice, that we file, or include within a registration statement to be filed, with the Securities and Exchange Commission for ACCBT's resale of the Subscription Shares, as adjusted, and the shares of our Common Stock issuable upon exercise of the ACCBT Warrants.

On August 18, 2009, we entered into an amendment to the Subscription Agreement (the Amendment), dated as of July 31, 2009, with ACCBT. Under the terms of the Subscription Agreement, ACCBT was no longer obligated to invest any further amounts in the Company. Pursuant to the Amendment, ACCBT agreed to invest the remaining amount outstanding under the Subscription Agreement up to \$5.0 million in the Company, and, in return, we agreed to amend the Subscription Agreement to, among other things: (i) decrease the purchase price per share of the Subscription Shares that ACCBT previously purchased or will purchase pursuant to the terms of the Subscription Agreement, as amended, from \$2.73 to \$1.80 (the Repricing); (ii) adjust the number of shares of Common Stock issuable under the Subscription Agreement in accordance with the Repricing; (iii) extend the expiration date of all warrants; (iv) amend the exercise price of certain of the warrants from \$5.40 to \$4.35; and (v) revise the investment schedule of the purchase and sale of the Subscription Shares. Pursuant to the Amendment, the Repricing retroactively applied to all Subscription Shares purchased by ACCBT prior to the Amendment.

As of the date of this Proxy Statement, ACCBT has purchased all of the Subscription Shares.

Warrants to purchase up to 2,016,666 shares of Common Stock were issued to ACCBT, all of which are presently outstanding. The outstanding ACCBT Warrants contain cashless exercise provisions, which permit the cashless exercise of up to 50% of the underlying shares of Common Stock, and 672,222 of such ACCBT Warrants have an exercise price of \$3.00 and the remainder have an exercise price of \$4.35.

On May 25, 2014, the Company entered into a Warrant Amendment Agreement with ACCBT, pursuant to which the expiration date of each ACCBT Warrant was extended until November 5, 2017, in consideration of ACCBT having provided a series of waivers of their rights, including anti-dilution rights. Pursuant to the amendment, the ACCBT documents were amended to reflect the extension of the warrants' expiration date.

We registered 1,920,461 shares of Common Stock and 2,016,666 shares of Common Stock underlying the ACCBT Warrants on registration statement No. 333-201705 dated January 26, 2015 pursuant to ACCBT's registration rights.

### **Agreement with Abraham Israeli**

On April 13, 2010, the Company, Dr. Israeli, then a member of the Board of Directors, and Hadasit entered into an Agreement, which was amended to clarify certain terms on December 31, 2011 (as amended, the Hadasit Agreement), pursuant to which Dr. Israeli agreed, during the term of the Hadasit Agreement, to serve as (i) our Clinical Trials Advisor and (ii) a member of our Board of Directors. Any party may terminate the Hadasit Agreement upon 30 days prior written notice to the other parties. In consideration of the services to be provided by Dr. Israeli to us under the Hadasit Agreement, we agreed to grant options and warrants annually during the term of the Hadasit Agreement for the purchase of our Common Stock, as follows:

an option for the purchase of 11,111 shares of Common Stock at an exercise price equal to \$0.00075 per share to Dr. Israeli; and  
warrants for the purchase of 2,222 shares of Common Stock at an exercise price equal to \$0.00075 per share to Hadasit.

Such options vested and became exercisable in twelve (12) consecutive equal monthly amounts.

In December 2013, the Board of Directors agreed to grant to Prof. Israeli additional options in connection with the yearly grant under the Hadasit Agreement.

The Hadasit Agreement was terminated effective April 25, 2014 when Dr. Israeli resigned from the Board of Directors. The Hadasit Agreement provided terms for Prof. Israeli's service as the Company's Clinical Trials Advisor and a member of the Company's Board of Directors, both of which ceased on April 25, 2014. As a result of the termination of the Hadasit Agreement, Prof. Israeli and Hadasit will no longer receive annual grants to purchase shares of Common Stock, and any outstanding and unvested grants made pursuant

to the Hadasit Agreement ceased to vest, and the grants were valid until and may be exercised only on or before October 25, 2014. All such grants were exercised.

## Independent Registered Public Accounting Firm

### Principal Accountant Fees and Services

The following table presents fees for professional audit services rendered by Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu ( Deloitte ) for the audit of our financial statements for the fiscal years ended December 31, 2014 and 2013 and fees billed for other services rendered by Deloitte during those periods.

	December 31, 2014	December 31, 2013
Audit Fees <sup>(1)</sup>	\$ 51,000	\$ 51,000
Audit-Related Fees (XBRL)	\$ 6,000	\$ 6,000
Tax Fees	\$ 4,000	\$ 4,000
Public Offering Fees	\$ 7,000	\$ 43,000
All Other Fees <sup>(2)</sup>	\$ 34,000	\$ 20,000
Total Fees	\$ 102,000	\$ 124,000

Audit fees are comprised of fees for professional services performed by Deloitte for the audit of our annual (1) financial statements and the review of our quarterly financial statements, as well as other services provided by Deloitte in connection with statutory and regulatory filings or engagements.

In the year ended December 31, 2013, the services performed by Deloitte were for the 2013 Public Offering, (2) Inter-Company agreement and Sarbanes-Oxley Act. The services performed in the year ended December 31, 2014 were with respect to the Inter-Company agreement and Sarbanes-Oxley Act.

We did not use Deloitte for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements and generates information that is significant to our financial statements, are provided internally or by other service providers. We did not engage Deloitte to provide compliance outsourcing services.

## Pre-approval Policies

Our Audit Committee is responsible for pre-approving all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the Audit Committee before the services were rendered.

The Board has considered the nature and amount of fees billed by Deloitte and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Deloitte's independence.

## Audit Committee Financial Expert

The Board has determined that Mordechai Friedman is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K. Mr. Friedman is independent as defined under applicable Nasdaq listing standards.

## **Audit Committee Report**

The Audit Committee of the Board has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2014 with the Company's management. The Audit Committee has discussed with Deloitte, the Company's independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended. The Audit Committee has discussed with Deloitte its independence and has received the written disclosures and the letter from Deloitte required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee has also considered whether Deloitte's provision of non-audit services to the Company

is compatible with maintaining Deloitte's independence. Based on such reviews and discussions, among other things, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

AUDIT COMMITTEE  
Mordechai Friedman (Chair)  
Dr. Irit Arbel  
Alon Pinkas

The information contained in the foregoing Audit Committee Report shall not be deemed to be soliciting material or filed or incorporated by reference into any of the Company's previous or future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent specifically incorporated by reference into a document filed under the Securities Act of 1933, as amended or the Exchange Act.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our executive officers and directors, and persons who own more than 10% of our Common Stock (collectively, the Reporting Persons), to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission and to provide us with copies of those filings. Based solely on our review of the copies of such forms received by us, or written representations from the Reporting Persons, we believe that during the fiscal year ended December 31, 2014; all Reporting Persons complied with the applicable requirements of Section 16(a) of the Exchange Act, except for the following: ACC International Holdings Ltd. filed three late Form 4s, reporting an aggregate of 14 transactions late. There are no known failures to file a required Form 3, Form 4 or Form 5.

## Annual Report on Form 10-K

Together with this Proxy Statement, the Company is sending a copy of its 2014 Annual Report on Form 10-K (without exhibits) to all of its stockholders of record as of June 29, 2015. The 2014 Annual Report contains the Company's audited consolidated financial statements for the fiscal years ended December 31, 2014 and 2013.

A copy of the Company's Annual Report on Form 10-K (with all exhibits) for the fiscal year ended December 31, 2014 filed with the SEC may be accessed from the SEC's website at [www.sec.gov](http://www.sec.gov) and from the Investors section of the Company's website at [www.brainstorm-cell.com](http://www.brainstorm-cell.com) and may be obtained without charge upon written request to Brainstorm Cell Therapeutics Inc., 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601, Attention: Chief Executive Officer.

## Other Matters

The Board does not know of any other matters which may come before the Meeting. However, if any other matters are properly presented at the Meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters. Discretionary authority for them to do so is contained in the enclosed proxy card.

An adjournment of the Meeting may be made from time to time by the chairman of the Meeting or by approval of the holders of shares representing a majority of the votes present in person or by proxy at the Meeting, whether or not a quorum exists. In their discretion, the proxies named in the proxy card are authorized to vote upon any adjournment of

the Meeting.

## **Stockholder Proposals**

Proposals of stockholders intended for inclusion in the Company's proxy statement for the annual meeting of stockholders to be held in 2016 or special meeting of stockholders held in lieu thereof in accordance with Rule 14a-8 promulgated under the Exchange Act, must be received by the Company at its principal executive offices at the following address: Brainstorm Cell Therapeutics Inc.; 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601 not later than March 19, 2016 in order to be included in the Company's proxy statement relating to the 2016 meeting of stockholders. Any such proposal must also comply with the requirements as to form and substance established by the SEC in order to be included in the proxy statement relating to the 2016 meeting of stockholders.

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Pursuant to Rule 14a-4 promulgated under the Exchange Act ( Rule 14a-4 ), stockholders who wish to make a proposal or nominate a director at the 2016 meeting of stockholders, other than a proposal intended for inclusion in the Company's proxy statement for the 2016 meeting of stockholders, must notify the Company not later than June 2, 2016. If a stockholder who wishes to present such a proposal fails to notify the Company by June 2, 2016, and such proposal is brought before the 2016 meeting of stockholders, then under the SEC's proxy rules, the proxies solicited by management with respect to such meeting will confer discretionary voting authority with respect to such stockholder proposal on those persons selected by management to vote the proxies. Even if a stockholder makes a timely notification, those persons selected by management to vote the proxies may still exercise discretionary voting authority under circumstances consistent with Rule 14a-4.

In order to curtail controversy as to the date on which a proposal was received by the Company, it is suggested that stockholders submit any proposals they might have by certified mail, return receipt requested to the Company.

## Incorporation by Reference

The SEC allows the Company to incorporate information by reference into this Proxy Statement, which means that we may disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference herein is deemed to be a part of this Proxy Statement and is being delivered to you with this Proxy Statement.

This Proxy Statement incorporates by reference our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, a copy of which (without exhibits) is being delivered to you with this Proxy Statement and which contains important information about the Company that is not set forth in this Proxy Statement. A copy of our Annual Report on Form 10-K (with exhibits) has also been filed with the SEC and may be accessed from the SEC's homepage at [www.sec.gov](http://www.sec.gov) and from the Investor Relations section of the Company's website at [www.brainstorm-cell.com](http://www.brainstorm-cell.com) and may be obtained without charge upon written request to Brainstorm Cell Therapeutics Inc., 3 University Plaza Drive, Suite 320, Hackensack, NJ 07601 Attention: Chief Executive Officer.

By Order of the Board of Directors

/s/ Thomas B. Rosedale

Thomas B. Rosedale, Secretary  
Boston, Massachusetts  
July 17, 2015

Appendix A

**FORM OF  
CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
BRAINSTORM CELL THERAPEUTICS INC.**

Brainstorm Cell Therapeutics Inc. (hereinafter called the Corporation ), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

The Board of Directors of the Corporation, by unanimous written consent, and the Stockholders of the Corporation, at a duly called and held meeting, duly approved and adopted a resolution, pursuant to Sections 141, 222 and 242 of the General Corporation Law of the State of Delaware, to amend the Certificate of Incorporation of the Corporation. The resolution setting forth the amendment is as follows:

**RESOLVED:** That the Certificate of Incorporation of the Corporation be amended by replacing the first sentence of Article FOURTH thereof with the following:

**FOURTH:** The Corporation shall have authority to issue One Hundred Million (100,000,000) shares of Common Stock, par value \$0.00005 per share (the Common Stock ).

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its this day of , 2015.

BRAINSTORM CELL THERAPEUTICS INC.

By:  
Name:  
Title:



