

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

Amendment No. 2
to
Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Sol-Gel Technologies Ltd.

(Exact Name of Registrant as Specified in its Charter)

State of Israel
(State or Other Jurisdiction of
Incorporation or Organization)

2834
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer Identification No.)

Sol-Gel Technologies Ltd.
7 Golda Meir St., Weizmann Science Park
Ness Ziona, 7403650, Israel
Tel: +972-8-931-3433

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Cogency Global Inc.
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New York, NY 10016
Telephone No.: +1 800 221-0102

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after effectiveness of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933. Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

Explanatory Note

The sole purpose of this Amendment No. 2 to the Registration Statement on Form F-1 is to amend Part II and the exhibit index of the Registration Statement and to submit Exhibits 3.3, 4.1, 10.1, 10.3 and 10.5. Accordingly, this Amendment No. 2 consists only of the facing page, this explanatory note, Part II of the Registration Statement, the signature pages to the Registration Statement, the exhibit index and the filed exhibits. No changes are being made to the prospectus and, therefore, the prospectus has been omitted from this filing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Office Holders (including Directors).

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of a fiduciary duty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. The company may not exculpate in advance a director from liability arising due to the breach of his or her duty or care in the event of a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Israeli Securities Law, 5728-1968, or the Securities Law, a company may indemnify an office holder in respect of the following liabilities, payments and expenses incurred for acts performed by him as an office holder, either in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- a monetary liability incurred by or imposed on the office holder in favor of another person pursuant to a court judgment, including pursuant to a settlement confirmed as judgment or arbitrator's decision approved by a competent court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including reasonable attorneys' fees, which were incurred by the office holder as a result of an investigation or proceeding filed against the office holder by an authority authorized to conduct such investigation or proceeding, provided that such investigation or proceeding was either (i) concluded without the filing of an indictment against such office holder and without the imposition on him of any monetary obligation in lieu of a criminal proceeding; (ii) concluded without the filing of an indictment against the office holder but with the imposition of a monetary obligation on the office holder in lieu of criminal proceedings for an offense that does not require proof of criminal intent; or (iii) in connection with a monetary sanction;
- a monetary liability imposed on the office holder in favor of all the injured parties by the breach in an Administrative Procedure (as defined below) as set forth in Section 52(54)(a)(1)(a) to the Securities Law;
- expenses expended by the office holder with respect to an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or which were imposed on the office holder by a court (i) in a proceeding instituted against him or her by the company, on its behalf, or by a third party, (ii) in connection with criminal indictment of which the office holder was acquitted, or (iii) in a criminal indictment which the office holder was convicted of an offense that does not require proof of criminal intent.
- Any other obligation or expense in respect of which it is permitted or will be permitted under applicable law to indemnify an office holder, including, without limitation, matters referenced in Section 56H(b)(1) of the Securities Law.

An “Administrative Procedure” is defined as a procedure pursuant to chapters H3 (Monetary Sanction by the Israeli Securities Authority), H4 (Administrative Enforcement Procedures of the Administrative Enforcement Committee) or I1 (Arrangement to prevent Procedures or Interruption of procedures subject to conditions) to the Securities Law.

Under the Companies Law and the Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company’s articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder;
- a monetary liability imposed on the office holder in favor of a third party;
- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure pursuant to Section 52(54)(a)(1)(a) of the Securities Law; and
- expenses incurred by an office holder in connection with an Administrative Procedure, including reasonable litigation expenses and reasonable attorneys’ fees.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to directors or controlling shareholders, their relatives and third parties in which controlling shareholders have a personal interest, also by the shareholders.

Our amended and restated articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by law. Our office holders are currently covered by a directors’ and officers’ liability insurance policy. As of the date of this registration statement, no claims for directors’ and officers’ liability insurance have been filed under this policy and we are not aware of any pending or threatened litigation or proceeding involving any of our office holders, including our directors, in which indemnification is sought.

We have entered into agreements with each of our current office holders exculpating them from a breach of their duty of care to us to the fullest extent permitted by law, subject to limited exceptions, and undertaking to indemnify them to the fullest extent permitted by law, subject to limited exceptions, including, with respect to liabilities resulting from this offering, to the extent that these liabilities are not covered by insurance. This indemnification is limited, with respect to any monetary liability imposed in favor of a third party, to events determined as foreseeable by the board of directors based on our activities. The maximum aggregate amount of indemnification that we may pay to our office holders based on such indemnification agreement is the greater of (1) 25% of our shareholders’ equity pursuant to our audited consolidated financial statements for the year preceding the year in which the event in connection of which indemnification is sought occurred, and (2) \$40 million (as may be increased from time to time by shareholders’ approval).

Such indemnification amounts are in addition to any insurance amounts. Each office holder who agrees to receive this letter of indemnification also gives his approval to the termination of all previous letters of indemnification that we have provided to him or her in the past, if any. However, in the opinion of the SEC, indemnification of office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

In August 2014, we issued a total of 3,388,359 ordinary shares to Arkin Dermatology in connection with the conversion of outstanding preferred shares into ordinary shares following the execution of the Purchase Agreement. In connection with the foregoing conversion, the par value of the ordinary shares (in the amount of approximately \$80) was paid.

In August 2017, we issued one ordinary share to Arkin Dermatology in connection with the transfer of an in-process research and development generic product candidate.

All of the foregoing issuances were made outside of the United States pursuant to Regulation S or to U.S. entities pursuant to Section 4(a)(2) of the Securities Act.

Item 8. Exhibits and Financial Statement Schedules.

- (a) **Exhibits.** See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.
- (b) **Financial Statement Schedules.** Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 9. Undertakings.

- a. The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
- b. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.
- c. The undersigned registrant hereby undertakes that:
 - 1. For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ness Ziona, State of Israel on September 20, 2017.

Sol-Gel Technologies Ltd.

By: /s/ Alon Seri-Levy
Name: Alon Seri-Levy
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Alon Seri-Levy</u> Alon Seri-Levy	Chief Executive Officer	September 20, 2017
<u>*</u> Gilad Mamlok	Chief Financial Officer	September 20, 2017
<u>*</u> Moshe Arkin	Director	September 20, 2017

*By /s/ Alon Seri-Levy
Alon Seri-Levy
Attorney-in-fact

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant's duly authorized representative has signed this registration statement on Form F-1 on this 20th day of September, 2017.

By: /s/ Colleen A. DeVries

Name: Colleen A. DeVries

Title: Senior Vice-President on behalf
of Cogency Global Inc.

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EXHIBIT INDEX

Exhibit No.	Description
1.1*	Form of Underwriting Agreement.
3.1*	Amended and Restated Memorandum of Association of the Registrant.
3.2**	Articles of Association of the Registrant (currently in effect).
3.3	Form of Amended and Restated Articles of Association of the Registrant to become effective in connection with this offering.
4.1	Form of Specimen Share Certificate.
5.1*	Opinion of Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co., Israeli counsel to the Registrant, as to the validity of the ordinary shares.
10.1#	Form of Amended and Restated 2014 Share Incentive Plan.
10.2*	Form of Registration Rights Agreement.
10.3+	Development, Manufacturing and Commercialization Agreement between Perrigo UK Finco Limited Partnership and Sol-Gel Technologies Ltd., dated as of April 27, 2015.
10.4+**	Amendment to the Development, Manufacturing and Commercialization Agreement between the Registrant and Perrigo UK Finco Limited Partnership, dated as of October 26, 2015.
10.5	Form of Indemnification Agreement.
10.6#*	Compensation Policy.
10.7∞**	Lease Agreement by and between the Registrant and Rachel Zacks, dated as of October 10, 2007.
10.8∞**	Lease Agreement by and between the Registrant and Rachel Zacks, dated as of September 29, 2014.
10.9∞**	Lease Agreement by and between the Registrant and Rachel Zacks, dated as of March 30, 2016.
10.10∞**	Lease Agreement by and between the Registrant and Rachel Zacks, dated as of September 20, 2016.
10.11∞**	Lease Agreement by and between the Registrant and Rachel Zacks, dated as of January 30, 2017.
10.12**	Promissory Note by and between the Registrant and Moshe Arkin, dated as of August 2, 2016.
10.13**	Schedule A, as amended, of Promissory Note by and between the Registrant and Moshe Arkin, dated as of June 28, 2017.
10.14**	Instrument of Conversion of Promissory Note by and between the Registrant and Moshe Arkin, dated as of August 22, 2017.
10.15**	Assignment Agreement between the Registrant and Medicis Pharmaceutical Corporation, dated August 16, 2013.
23.1	Consent of Kesselman and Kesselman, Member Firm of PricewaterhouseCoopers International Limited.
23.2*	Consent of Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co., Israeli counsel to the Registrant (included in Exhibit 5.1).
24.1**	Power of Attorney (included in the signature page of the Registration Statement).

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1**</u>	<u>Consent of director nominee.</u>
<u>99.2**</u>	<u>Consent of director nominee.</u>
<u>99.3**</u>	<u>Consent of director nominee.</u>
<u>99.4**</u>	<u>Consent of director nominee.</u>
<u>99.5**</u>	<u>Consent of director nominee.</u>
<u>99.6**</u>	<u>Consent of director nominee.</u>

* To be filed by amendment

** Previously filed

∞ Informal English translation of the original Hebrew document

+ Confidential treatment to be requested

Indicates management contract or compensatory plan

SOL-GEL TECHNOLOGIES LTD.

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

Effective as of: _____, 2017

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AMENDED AND RESTATED ARTICLES OF ASSOCIATION

of

SOL-GEL TECHNOLOGIES LTD.

INTERPRETATION

1. In these Articles the following terms shall bear the meanings set opposite to them, unless the context otherwise requires:

<u>TERMS</u>	<u>MEANINGS</u>
Articles	These Amended and Restated Articles of Association as may be amended from time to time.
Auditor (<i>Roeh Cheshbon Mevaker</i>)	As defined under the Law.
Board	The Board of Directors of the Company.
CEO	Chief Executive Officer, also referred to under the Law as the general manager.
Class Meeting	A meeting of the holders of a class of shares.
Chairman	Chairman of the Board.
Company	Sol-Gel Technologies Ltd.
Companies Regulations	All regulations promulgated from time to time under the Companies Law.
Distribution	As defined under the Law.
External Director	As defined under the Law.
Internal Auditor	An internal auditor appointed to the Company in accordance with Section 146(a) of the Companies Law.
The Law or the Companies Law	The Israeli Companies Law, 5759 – 1999 and the Companies Regulations, or any other law and regulations which may come in their stead, in each case, as amended from time to time.
NIS	New Israeli Shekel, the lawfully denominated currency of the State of Israel.
The Office	The registered office of the Company from time to time.

Office Holder	As defined under the Law.
Ordinary Share(s)	The Company's Ordinary Shares, NIS 0.1 par value each.
Register	The Company's shareholders register, maintained in accordance with the Companies Law.
Simple Majority	A majority of more than fifty percent (50%) of the votes cast by those shareholders voting in person or by proxy (including by voting deed), not taking into consideration abstaining votes.
Special Majority	A majority of sixty six and two thirds percent (66-2/3%) or more of the votes cast by those shareholders voting in person or by proxy (including by voting deed), not taking into consideration abstaining votes.
The Statutes	The Law and to the extent applicable to the Company, the Israeli Companies Ordinance (New Version) 1983, the Securities Law, 5728 – 1968 (the "Securities Law") and all applicable laws and regulations applicable in any relevant jurisdiction (including without limitation U.S. federal laws and regulations), and rules of any stock market in which the Company's shares are registered for trading as shall be in force from time to time.

Subject to the provisions of this Article 1 and unless the context necessitates another meaning, terms and expressions in these Articles which have been defined in the Companies Law shall have the meanings ascribed to them therein.

- Words importing the singular shall include the plural, and *vice versa*. Any pronoun shall include the corresponding masculine, feminine and neuter forms; and words importing persons shall include corporate bodies.

Any provision or part thereof of these Articles, prohibited by applicable law, shall be ineffective, without invalidating any other part of these Articles.

NAME OF THE COMPANY

- The name of the Company is Sol-Gel Technologies Ltd. (and in Hebrew: סול-ג'ל טכנולוגיות בע"מ).

OBJECTIVES

- The objectives of the Company shall be to engage in any lawful activity.

PUBLIC COMPANY

- The Company is a public company as such term is defined under the Companies Law.

LIMITED LIABILITY

6. The liability of each shareholder for the Company's obligations is limited to the unpaid sum, if any, owing to the Company in consideration for the issuance of the shares by the Company to such shareholder, subject to the provisions of the Companies Law.

CAPITAL, SHARES AND RIGHTS

7. The registered share capital of the Company consists of 50,000,000 Ordinary Shares, par value NIS 0.10 per share.
8. All issued and outstanding shares of the Company of the same class are of equal rights between them for all intents and purposes concerning the rights set forth below.
9. Each issued Ordinary Share entitles its holder to the rights as described below:
 - 9.1. The equal right to participate in and vote at the Company's general meetings, whether ordinary meetings or special meetings, and each of the shares in the Company shall entitle the holder thereof, who is present at the meeting and participating in the vote, whether in person, or by proxy, to one vote.
 - 9.2. The equal right to participate in any Distribution or distribution of bonus shares.
 - 9.3. The equal right to participate in the distribution of assets available for distribution in the event of liquidation of the Company.
10.
 - 10.1. If two or more persons are registered as joint holders of any shares, any one of such persons may give effectual receipts for any dividend or other monies in respect of such share and his or her confirmation will bind all holders of such share.
 - 10.2. Any payment for a share shall be initially credited against the par value of said share and any excess amount shall be credited as a premium for said share, unless determined otherwise in the conditions of the allocation.

SHARE CERTIFICATES

11. A shareholder who is registered in the Register is entitled to receive from the Company, without payment and at such shareholder's request, within a period of three months after the allocation or registration of the transfer, one share certificate with respect to all the shares registered in his name, which shall specify the aggregate number of the shares held by such shareholder. In the event of a jointly held share, the Company shall issue one share certificate for all the joint holders of the share, and the delivery of such certificate to one of the joint holders shall be deemed to be delivery to all of them. Every certificate shall bear the Company's stamp or seal or a facsimile copy thereof and be signed by an Office Holder of the Company, a director of the Company, the Company's secretary or by any other person appointed by the Board for such purpose.

12. The Company may issue a new certificate *in lieu of* a certificate that was issued and was lost, defaced, or destroyed, on the basis of such proof and guarantees as the Company may require, and after payment of an amount that shall be prescribed by the Company, and the Company may also replace existing certificates with new certificates, free of charge, subject to such conditions as the Company shall stipulate.

REGISTERED HOLDER

13. Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and, accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by statute, be bound to recognize any equitable or other claim to, or interest in such share on the part of any other person.
14. To the extent required by the Law a trustee must inform the Company of the fact that such trustee is holding shares of the Company in trust for another person at such time as may be required by the Law. The Company shall register that fact in the Register in respect of such shares. The trustee shall be deemed to be the sole holder of said shares.

TRANSFER OF SHARES

15. Subject to the Statutes, and subject to any applicable agreements or undertakings of any specific shareholder, the shares shall be freely transferable.
16. A transfer of registered shares shall be made in writing or any other manner, in a form specified by the Board or the transfer agent appointed by the Company, and such transfer form should be signed by both the transferee and the transferor and delivered to the Office or to such transfer agent, together with the certificates of the shares due to be transferred, if such certificates have been issued. The Board may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on the Nasdaq Global Market or on any other stock exchange. The transferee shall be deemed to be the shareholder with respect to the transferred shares only from the date of registration of his name in the Register.
17. Notwithstanding anything to the contrary herein, shares registered in the name of The Depository Trust Company or its nominee shall be transferrable in accordance with the policies and procedures of The Depository Trust Company.
18. The Board may close the Register and suspend the registration of transfers for such period of time as the Board shall deem fit, provided that the period of closure of any such book shall not exceed 30 days each year. The Company shall notify the shareholders of such decision.

TRANSMISSION OF SHARES

19. In the case of the death, liquidation, bankruptcy, dissolution, winding-up or a similar occurrence of a shareholder, the legal successors, receivers or liquidators (as the case may be) of such shareholder shall be the only persons recognized by the Company as having any title to such shares, but nothing herein contained shall release the estate of the predecessor from any liability in respect of such shares.
20. The legal successors may, upon producing such evidence of title as the Board shall require, be registered themselves as holders of the shares, or subject to the provisions as to transfers herein contained, transfer the same to some other person.

CALLS ON SHARES

21. The Board may, from time to time, make such calls as it may deem appropriate upon shareholders with respect to any sum unpaid in respect of shares held by such shareholders which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each shareholder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated by the Board (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.
22. Notice of any call shall be given in writing to the applicable shareholder(s) not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom and the place where such payment shall be made; provided, however, that before the time for any such payment, the Board may, by notice in writing to such shareholder(s), revoke such call in whole or in part, extend such time, or alter such designated person and/or place. In the event of a call payable in installments, only one notice thereof need be given.
23. If, by the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained with respect to calls shall apply to each such amount.
24. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.
25. Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debtor rate charged by leading commercial banks in Israel), and at such time(s) as the Board may prescribe.

26. A shareholder shall not be entitled to his rights as shareholder, including the right to dividends, unless such shareholder has fully paid all the notices of call delivered to him, or which according to these Articles are deemed to have been delivered to him, together with interest, linkage and expenses, if any, unless otherwise determined by the Board. Upon the allotment of shares, the Board may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

ALTERATIONS OF THE REGISTERED SHARE CAPITAL

27. (a) Subject to the Statutes, a general meeting of shareholders may from time to time resolve to:
- (1) alter or add classes of shares that shall constitute the Company's registered capital, including shares with preference rights, deferred rights, conversion rights or any other special rights or limitations;
 - (2) increase the Company's registered share capital by creating new shares either of an existing class or of a new class;
 - (3) consolidate and/or split all or any of its share capital into shares of larger or smaller par value than the existing shares;
 - (4) cancel any registered shares not yet allocated, provided that the Company has made no commitment to allocate such shares; and
 - (5) reduce the Company's share capital and any reserved fund for redemption of capital.
- (b) In executing any resolution adopted according to Article 27(a) above, the Board may, at its discretion, resolve any related issues.
- (c) If as a result of a consolidation or split of shares authorized under these Articles, fractions of a share will stand to the credit of any shareholder, the Board is authorized at its discretion, to act as follows:
- (1) Determine that fractions of shares that do not entitle their owners to a whole share, will be sold by the Company and that the consideration for the sale be paid to the beneficiaries, on terms the Board may determine;
 - (2) Allot to every shareholder, who holds a fraction of a share resulting from a consolidation and/or split, shares of the class that existed prior to the consolidation and/or split, in a quantity that, when consolidated with the fraction, will constitute a whole share, and such allotment will be considered valid immediately prior to the consolidation or split;
 - (3) Determine the manner for paying the amounts to be paid for shares allotted in accordance with Article 27(c)(2) above, including on account of bonus shares; and/or
 - (4) Determine that the owners of fractions of shares will not be entitled to receive a whole Share in respect of a share fraction or that they may receive a whole share with a different par value than that of the fraction of a share.

28. Except as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share capital shall be considered as part of the original share capital, and shall be subject to the same provisions of these Articles with reference to payment of calls, lien, transfer, transmission, forfeiture and otherwise, which applies to the original share capital.

MODIFICATION OF CLASS RIGHTS

29. If at any time the share capital is divided into different classes of shares, any change to the rights and privileges of the holders of any such class of shares shall require the approval of a Class Meeting of such class of shares by a Simple Majority (unless otherwise provided by the Statutes or by the terms of issue of the shares of that class), in addition to the Simple Majority of all classes of shares voting together as a single class at a shareholder meeting.
30. The rights and privileges of the holders of any class of shares shall not be deemed to have been altered by creating or issuing shares of any class, including a new class (unless otherwise provided by the terms of issue of the shares of that class).

BORROWING POWERS

31. The Company may, by resolution of the Board, from time to time, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The Company, by resolution of the Board, may also raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it deems fit, and in particular by the issue of debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its unissued and/or its uncalled capital for the time being. Issuance of any series of debentures shall require Board approval.

GENERAL MEETINGS

32. Annual general meetings shall be held at least once a calendar year, at such place and time as determined by the Board, but not later than fifteen (15) months after the last annual general meeting. Such general meetings shall be called "Annual Meetings" and all other general meetings of the Company shall be called "Special Meetings". The Annual Meeting shall review the Company's financial statements and shall transact any other business required pursuant to these Articles or the Law, and any other matter as shall be determined by the Board.
33. The Board may convene a Special Meeting by its resolution, and is required to convene a Special Meeting should it receive a request, in writing, from a person or persons entitled, under the Companies Law, to request such meeting.

Any request for convening a meeting must specify the purposes for which the meeting is to be called, shall be signed by the persons requesting the meeting, and shall be delivered to the Company's registered offices.

34. In addition, subject to the Law, the Board may accept a request of a shareholder holding not less than 1% of the voting rights at the general meeting to include a subject in the agenda of a general meeting, provided that such subject is a proper subject for action by shareholders under the Law and these Articles and only if the request also sets forth: (a) the name and address of the shareholder making the request; (b) a representation that the shareholder is a holder of record of shares of the Company, holding not less than 1% of the voting rights at the general meeting and intends to appear in person or by proxy at the meeting; (c) a description of all arrangements or understandings between the shareholder and any other person or persons (naming such person or persons) in connection with the subject which is requested to be included in the agenda; and (d) a declaration that all the information that is required under the Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided. In addition, if such subject includes a nomination to the Board in accordance with the Articles, the request shall also set forth the consent of each nominee to serve as a director of the Company if so elected and a declaration signed by each nominee declaring that there is no limitation under the Law for the appointment of such nominee. Furthermore, the Board, may, in its discretion to the extent it deems necessary, request that the shareholders making the request provide additional information necessary so as to include a subject in the agenda of a general meeting, as the Board may reasonably require.
35. Subject to applicable law, the Board shall determine the agenda of any general meeting.

Notice of General Meetings

36. Unless otherwise required by the Law and these Articles, the Company is not required to give notice under Section 69 of the Companies Law. A notice of general meeting shall be published by the Company on the website of (i) the United States Securities and Exchange Commission, and (ii) the Company, as a Current Report on Form 6-K (or such other form prescribed by the Statutes), at least 21 days prior to the general meeting (or earlier if so required under the Statutes).

PROCEEDINGS AT GENERAL MEETINGS

Quorum

37. No business shall be transacted at any general meeting of the Company unless a quorum of shareholders is present at the opening of the general meeting.

Except as provided in the following Article with regard to an adjourned general meeting, the quorum for any general meeting shall be the presence of at least two shareholders in person or by proxy (including by voting deed) holding 33 1/3% or more of the voting rights in the Company. For this purpose, abstaining shareholders shall be deemed present at the general meeting.

38. If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the general meeting shall stand adjourned to the same day in the following week at the same time and place or to such other day, time and place as the Board may indicate in a notice to the shareholders. At such adjourned general meeting any number of shareholders shall constitute a quorum for the business for which the original general meeting was called.

Chairman of the General Meeting

39. The Chairman shall preside as the chairman at every general meeting, but if there shall be no such Chairman or if at any meeting the Chairman shall not be present within fifteen (15) minutes after the time appointed for holding the same, or shall be unwilling to act as chairman, then the Board members present at the meeting shall choose one of the Board members as chairman of the meeting and if they shall not do so then the shareholders present shall choose a Board member, or if no Board member be present or if all the Board members present decline to take the chair, they shall choose any other person present to be chairman of the meeting.
40. The chairman of the general meeting may, with the consent of a general meeting at which a quorum is present, and shall if so directed by the general meeting, adjourn any meeting, discussion or the resolution with respect to a matter that is on the agenda, from time to time and from place to place as the meeting shall determine. Except as may be required by the Law, no shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
41. A vote in respect of the election of the chairman of the meeting or regarding a resolution to adjourn the meeting shall be carried out immediately. All other matters shall be voted upon during the meeting at such time and order as decided by the chairman of the general meeting.

VOTE OF SHAREHOLDERS

42. All resolutions proposed at any general meeting will require a Simple Majority, unless otherwise required by the Statutes or these Articles. Except as otherwise required by the Statutes or these Articles, alteration or amendment of these Articles shall require a Simple Majority.
43. A declaration by the chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or rejected, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence thereof.
44. The chairman of the meeting will not have a second and/or a casting vote. If the vote is tied with regard to a certain proposed resolution such proposal shall be deemed rejected.

45. If two or more persons are jointly entitled to a share, the vote of the senior one who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the Register.
46. A proxyholder need not be a shareholder of the Company.
47. The instrument appointing a proxy shall be in writing signed by the appointer or of his attorney-in-fact duly authorized in writing. A corporate entity shall vote by a representative duly appointed in writing by such entity. Any instrument appointing a proxy or a representative of a corporate entity (whether for a specified meeting or otherwise) shall be in a form satisfactory to the Company.
- Such instrument shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate body, under its common seal, stamp or printed name or the hand of its duly authorized agent(s) or attorney(s).
48. Unless otherwise determined by the Board, the instrument of appointment must be submitted to the Office no later than 48 hours prior to the general meeting to be attended by such proxy or representative. Notwithstanding the above, the chairman of the meeting shall have the right to waive the time requirement provided above with respect to all instruments of appointment and to accept any and all instruments of appointment until the beginning of a general meeting.
49. A proxy may be appointed in respect of only some of the shares held by a shareholder, and a shareholder may appoint more than one proxy, each empowered to vote by virtue of a portion of the shares.
50. A shareholder being of unsound mind or pronounced to be unfit to vote by a competent court of law may vote through a legally appointed guardian or any other representative appointed by a court of law to vote on behalf of such shareholder.
51. A shareholder entitled to vote may signify in writing his approval of, or dissent from, or may abstain from any resolution included in a proxy instrument furnished by the Company. A proxy instrument may include resolutions pertaining to such issues which are permitted to be included in a proxy instrument according to the Statutes, and such other issues which the Board may decide, in a certain instance or in general, to allow voting through a proxy. A shareholder voting or abstaining through a proxy instrument shall be taken into account in determining the presence of a quorum as if such shareholder is present at the meeting.
52. The chairman of the general meeting shall be responsible for recording the minutes of the general meeting and any resolution adopted.
53. The provisions of these Articles relating to general meetings shall, mutatis mutandis, apply to Class Meetings.

DIRECTORS

Powers, Number of Directors, Composition & Election

54. The Board shall have and execute all powers and/or responsibilities allocated to the Board by the Statutes and these Articles, including setting the Company's policies and supervision over the execution of the powers and responsibilities of the CEO. The Board may execute any power of the Company that is not specifically allocated by the Statutes or by these Articles to another organ of the Company.
55. The number of directors on the Board shall be no less than five (5) but no more than nine (9), including any External Directors required to be appointed by the Companies Law (if required). A reduction of the maximum number of directors on the Board under this [Article 55](#), shall not affect the term in office of serving directors determined prior to such reduction.
56. The directors, excluding the External Directors, shall be classified, with respect to the term for which they each severally hold office, into three classes, as nearly equal in number as practicable, hereby designated as Class I, Class II and Class III. The Board may assign members of the Board already in office to such classes at the time such classification becomes effective.
 - 56.1. The term of office of the initial Class I directors shall expire at the first Annual Meeting to be held in 2018 and when their successors are elected and qualified,
 - 56.2. The term of office of the initial Class II directors shall expire at the first Annual Meeting following the Annual Meeting referred to in Article 56.1 above and when their successors are elected and qualified, and
 - 56.3. The term of office of the initial Class III directors shall expire at the first Annual Meeting following the Annual Meeting referred to in Article 56.2 above and when their successors are elected and qualified.
57. At each Annual Meeting, commencing with the Annual Meeting to be held in 2018, each of the successors elected to replace the directors of a Class whose term shall have expired at such Annual Meeting shall be elected to hold office until the third Annual Meeting next succeeding his or her election and until his or her respective successor shall have been elected and qualified. Notwithstanding anything to the contrary, each director shall serve until his or her successor is elected and qualified or until such earlier time as such director's office is vacated.

58. The Board may at any time and from time to time appoint any person as a director to fill a vacancy (whether such vacancy is due to a director no longer serving or due to the number of directors serving being less than the maximum number stated in Article 55 above). In the event of one or more such vacancies in the Board, the continuing directors may continue to act in every matter; provided, however, that if their number is less than the minimum number provided for pursuant to Article 55 above, they may only act in an emergency or to fill the office of a director which has become vacant up to a number equal to the minimum number provided for pursuant to Article 55 above. The office of a director that was appointed by the Board to fill any vacancy shall only be for the remaining period of time during which the director whose service has ended was filled would have held office, or in case of a vacancy due to the number of directors serving being less than the maximum number stated in Article 55 above, the Board shall determine at the time of appointment the class pursuant to Article 56 above, to which the additional director shall be assigned. Other than as provided in this Article 58, directors may be elected only at Annual Meetings.
59. The term of office of a director shall commence on the date of such director's election by the Annual Meeting or by the Board or on a later date, should such date be determined in the resolution of appointment of the Annual Meeting or of the Board. An Annual Meeting may dismiss a director during the term only by a Special Majority vote (except for External Directors, who may be dismissed only as set forth under the Law).
60. An amendment to Articles 54-60 shall require a Special Majority.

Remuneration

61. The Company shall determine the remuneration of the directors, if any, in accordance with the Law.

Chairman of the Board

62. The Board shall appoint one of its members to serve as the Chairman and may replace the Chairman from time to time. The Chairman shall preside at meetings of the Board, but if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the present directors shall choose a present director to be chairman of such meeting.

PROCEEDINGS OF THE DIRECTORS

63. The directors shall meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they deem fit, subject to these Articles.

Unless otherwise determined by the Board, written notice of any meeting of the Board and the agenda setting out the matters to be discussed at such meeting, shall be given to all directors at least seventy two (72) hours (or such shorter notice as all the directors may agree) before the meeting. In urgent cases, a majority of the members of the Board may decide to hold a meeting without such notice.

Quorum

64. No business shall be transacted at any meeting of the Board unless a quorum of directors is present when a meeting is called to order. A quorum shall be deemed to exist when there are present personally or represented by an alternate director at least half of the directors then in office.

If a quorum is not present at the meeting of the Board within half an hour after the time scheduled for the meeting, the meeting may be adjourned to another time as shall be decided by the Chairman, or in his absence, the directors present at the meeting, provided that notice of no less than twenty four (24) hours in advance shall be given to all the directors of the time of the adjourned meeting. The directors may waive the necessity of such notice either beforehand or retrospectively. The quorum for the commencement of the adjourned meeting shall be at least one member of the Board.

Methods of Attending Meetings

65. Some or all of the directors may attend meetings of the Board through computer network, telephone or any other media of communication, enabling the directors to communicate with each other, in the deemed presence of all of them, provided that due prior notice detailing the time and manner of holding a given meeting is served upon all the directors. The directors may waive the necessity of such notice either beforehand or retrospectively.

Any resolution adopted by the Board in such a meeting, pursuant to the provisions of these Articles, will be recorded in writing and signed by the Chairman (or in his absence by the chairman of the meeting), and shall be valid as if adopted at a meeting of the Board duly convened and held.

66. A resolution in writing signed by all of the directors eligible to participate in the discussion and vote on such resolution, or in respect of which all such directors have agreed (in writing by mail, fax or electronic mail) not to convene, shall be as valid and effective for all purposes as if passed at a meeting of the Board duly convened and held.

Any such resolution may consist of several counterparts, each signed by one or more directors. Such resolution in writing shall be effective as of the last date appearing on the resolution, or if the resolution is signed in two or more counterparts, as of the last date appearing on the counterparts.

67. While exercising his/her voting right, each director shall have one vote. Resolutions of the Board will be decided by a simple majority of the directors present and voting, not taking into consideration abstaining votes, except as otherwise provided in these Articles or by the Statutes. In the event the vote is tied, the Chairman of the Board shall not have a casting vote, and such resolution shall be deemed rejected.

Alternate Director

68. Subject to the Law, a director shall be entitled at any time and from time to time to appoint in writing any person who is qualified to serve as a director, to act as his/her alternate and to terminate the appointment of such person. The appointment of an alternate director does not negate the responsibility of the appointing director and such responsibility shall continue to apply to such appointing director - taking into account the circumstances of the appointment.

Alternate directors shall be entitled, while holding office, to receive notices of meetings of the Board and to attend and vote as a director at any meetings at which the appointing director is not present and generally to exercise all the powers, rights, duties and authorities and to perform all functions of the appointing director.

The document appointing an alternate director must be submitted to the Chairman of the Board at least 48 hours before the opening of the first Board meeting to be attended by such alternate director.

Committees

69. The Board may set up committees and appoint members to these committees subject to the Statutes. A resolution passed or an act done by such a committee pursuant to an authority granted to such committee by the Board shall be treated as a resolution passed or act done by the Board, unless expressly otherwise prescribed by the Board or the Statutes for a particular matter or in respect of a particular committee.
70. Meetings of committees and proceedings thereat (including the convening of the meetings, the election of the chairman and the votes) shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and unless otherwise determined by the Board, including by an adoption of a charter governing the committee proceedings.

Approval of Certain Transactions with Related Parties

71. Subject to the Law and pursuant to Section 271 of the Law, a transaction between the Company and an Office Holder (other than with respect to the compensation terms of such Office Holder), and a transaction between the Company and another entity in which an Office Holder of the Company has a personal interest, which is not an Extraordinary Transaction (as defined by Law), shall be approved by the Board or a committee of the Board or any other body or person (who has no personal interest in the transaction) authorized by the Board. Such authorization, as well as the actual approval by the authorized body or person, may be for a particular transaction or more generally for specific type of transactions.

Records and Validity of Acts

72. The resolutions of the Board shall be recorded in the Company's Minutes Book, as required under the Statutes, signed by the Chairman or the chairman of a certain meeting. Such signed minutes shall be deemed *prima facie* evidence of the meeting and the resolutions resolved therein.
73. All acts done bona fide by any meeting of the Board or of a committee of the Board or by any person acting as a director, shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

Chief Executive Officer

74. The Board shall appoint at least one CEO, for such period and upon such terms as the Board deems fit.
75. The CEO shall have all managing and execution powers within the policies and guidelines set forth by the Board, and shall be under the supervision of the Board. The CEO may delegate any of his powers to his subordinates, subject to the approval of the Board.

INSURANCE, EXCULPATION, AND INDEMNITY

Insurance of Office Holders

76. The Company may insure the liability of an Office Holder, to the fullest extent permitted under the Statutes.
77. Without derogating from the aforesaid, the Company may enter into a contract to insure the liability of an officer therein for an obligation imposed on him in consequence of an act done in his capacity as an Office Holder, in any of the following cases:
 - 77.1. A breach of the duty of care vis-a-vis the Company or vis-a-vis another person;
 - 77.2. A breach of the fiduciary duty vis-a-vis the Company, provided that the Office Holder acted in good faith and had a reasonable basis to believe that the act would not harm the Company;
 - 77.3. A monetary obligation imposed on him in favor of another person;
 - 77.4. A monetary liability imposed on such Office Holder in favor of a payment to a breach offended at an Administrative Procedure as set forth in Section 52(54)(a)(1)(a) to the Securities Law and expenses regarding Administrative Procedures conducted in connection with such Office Holder and/or in connection with a monetary sanction, including reasonable litigation expenses and reasonable attorney's fees;

- 77.5. Any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an Office Holder in the Company.

Indemnity of Office Holders

78. The Company may indemnify an Office Holder, to the fullest extent permitted under the Statutes. Without derogating from the aforesaid, the Company may indemnify an Office Holder for a liability or expense imposed on him in consequence of an act done in his capacity as an Office Holder in the Company, as follows:
- 78.1. a monetary liability incurred by or imposed on the Office Holder in favor of another person pursuant to a court judgment, including pursuant to a settlement confirmed as judgment or arbitrator's decision approved by a competent court;
- 78.2. reasonable litigation expenses, including reasonable attorneys' fees, which were incurred by the Office Holder as a result of an investigation or proceeding filed against the Office Holder by an authority authorized to conduct such investigation or proceeding, provided that such investigation or proceeding was either (i) concluded without the filing of an indictment against such Office Holder and without the imposition on him of any monetary obligation in lieu of a criminal proceeding; (ii) concluded without the filing of an indictment against the Office Holder but with the imposition of a monetary obligation on the Office Holder in lieu of criminal proceedings for an offense that does not require proof of criminal intent; or (iii) in connection with a monetary sanction;
- 78.3. reasonable litigation expenses, including attorneys' fees, incurred by the Office Holder or which were imposed on the Office Holder by a court (i) in a proceeding instituted against the Office Holder by the Company, on its behalf, or by a third party, or (ii) in connection with criminal indictment of which the Office Holder was acquitted, or (iii) in a criminal indictment which the Office Holder was convicted of an offense that does not require proof of criminal intent;
- 78.4. a monetary liability imposed on the Office Holder in favor of all the injured parties by the breach in an Administrative Procedure as set forth in Section 52(54)(a)(1)(a) to the Securities Law;
- 78.5. expenses expended by the Office Holder with respect to an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees; and
- 78.6. any other obligation or expense in respect of which it is permitted or will be permitted under applicable law to indemnify an Office Holder.

Advance Indemnity

79. The Company may give an advance undertaking to indemnify an Office Holder therein in respect of the following matters:

79.1. matters as detailed in Article 78.1, provided however, that the undertaking is restricted to events, which in the opinion of the Board, are anticipated in light of the Company's activities at the time of granting the obligation to indemnify and is limited to a sum or measurement determined by the Board as reasonable under the circumstances. The indemnification undertaking shall specify such events and sum or measurement; and

79.2. matters as detailed in Articles 78.2 through 78.6.

Retroactive Indemnity

80. The Company may indemnify an Office Holder retroactively with respect of the matters as detailed in Article 78, subject to any applicable law.

Exculpation

81. The Company may exempt an Office Holder in advance for all or any of his liability for damage in consequence of a breach of the duty of care vis-à-vis the Company, to the fullest extent permitted under the Statutes. However, the Company may not exempt a director in advance from his liability toward the Company due to the breach of his/her duty of care in a Distribution.

Insurance, Exculpation and Indemnity – General

82. The above provisions with regard to insurance, exemption and indemnity are not and shall not limit the Company in any way with regard to its entering into an insurance contract and/or with regard to the grant of indemnity and/or exemption in connection with a person who is not an Office Holder of the Company, including employees, contractors or consultants of the Company, all subject to any applicable law.

83. The Company may enter into a contract in relation to exemption, indemnification and insurance of Office Holders in companies under its control, related companies and other companies in which it has any interest, to the maximum extent permitted under the Statutes, and in this context the foregoing provisions in relation to exemption, indemnification and insurance of Office Holders in the Company shall apply, *mutatis mutandis*.

84. An undertaking in relation to exemption, indemnification and insurance of an Office Holder as aforesaid may also be valid after the office of such Office Holder in the Company has terminated.

APPOINTMENT OF AN AUDITOR

85. Subject to the Statutes, the Annual Meeting shall appoint an Auditor for a period ending at the next Annual Meeting, or for a longer period, but no longer than until the third Annual Meeting after the meeting at which the Auditor has been appointed. The same Auditor may be re-appointed.

Subject to the Statutes, the terms of service of the Auditor for the audit services shall be determined by the Board, at its discretion, or a committee of the Board if such determination was delegated to a committee, including undertakings or payments to the Auditor. The Board shall report the fees of the Auditor to the Annual Meeting.

INTERNAL AUDITOR

86. So long as the Company is a Public Company, the Board shall appoint an Internal Auditor pursuant to the recommendation of the Audit Committee.
87. The organizational superior of the Internal Auditor shall be the Chairman. The Internal Auditor shall submit a proposed annual or periodic work plan to the Audit Committee or the Board of Directors, which will approve such plan with changes as it deems fit, at its discretion.

MERGER AND REORGANIZATION

88. Notwithstanding the provisions of Section 327(a) of the Companies Law, the majority required for the approval of a merger by the general meeting or by a class meeting shall be a Simple Majority.

SIGNATORIES

89. Signatory rights on behalf of the Company shall be determined from time to time by the Board.

DISTRIBUTIONS

90. The Board may decide on a Distribution, subject to the provisions set forth under the Law and these Articles.
91. The Board will determine the method of payment of any Distribution. The receipt of the person whose name appears on the record date on the Register as the owner of any share, or in the case of joint holders, of any one of such joint holders, shall serve as confirmation with respect to all the payments made in connection with that share and in respect of which the receipt was received. All dividends unclaimed after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until claimed, provided however that the Company shall not be required to accept any claim made following the 7th anniversary of the declaration date, or an earlier date as may be determined by the Board. No unpaid dividend shall bear interest or accrue linkage differentials.

92. For the purpose of implementing any resolution concerning any Distribution, the Board may settle, as it deems fit, any difficulty that may arise with respect to the Distribution, including determining the value for the purpose of the said Distribution of certain assets, and deciding that payments in cash shall be made to the shareholders based on the value so determined, and determining provisions with respect to fractions of shares or with respect to the non-payment of small sums.

REDEEMABLE SECURITIES

93. The Company shall be entitled to issue redeemable securities which are, or at the option of the Company may be, redeemed on such terms and in such manner as shall be determined by the Board. Redeemable securities shall not constitute part of the Company's capital, except as provided in the Law.

DONATIONS

94. The Company may make donations of reasonable amounts of money for purposes which the Board deems to be worthy causes, even if the donations are not made in relation to business considerations for increasing the Company's profits.

NOTICES

95. Subject to the Statutes, notice or any other document which the Company shall deliver and which it is entitled or required to give pursuant to the provisions of these Articles and/or the Statutes shall be delivered by the Company to any person, in any one of the following manners as the Company may choose: in person, by mail, transmission by fax or by electronic form.

Any notice or other document which shall be sent shall be deemed to have reached its destination on the third day after the day of mailing if sent by registered mail or regular mail, or on the first day after transmission if delivered in person, transmitted by fax or electronic form.

Should it be required to prove delivery, it shall be sufficient to prove that the notice or document sent contains the correct mailing, e-mail, or fax details as registered in the Register or any other address which the shareholder submitted in writing to the Company as the address and fax or e-mail details for the submission of notices or other documents.

Subject to the provisions of the Statutes, a notice to a shareholder may be served, as a general notice to all shareholders, published by the Company on the website of (i) the United States Securities and Exchange Commission, and (ii) the Company, in accordance with applicable rules and regulations of any stock market upon which the Company's shares are listed.

In cases where it is necessary to give advance notice of a particular number of days or notice which shall remain in effect for a particular period, the day the notice was sent shall be excluded and the scheduled day of the meeting or the last date of the period shall be included in the count.

The Company shall not be required to give notice to its registered shareholders pursuant to the Companies Law, unless otherwise required by Statutes. Subject to the Statutes, the Company shall not be required to send notices to any shareholder who is not registered in the Register or has not provided the Company with accurate and sufficient mailing details.

96. Any notice to be given to the shareholders shall be given, with respect to joint shareholders, to the person whose name appears first in the Register as the holder of the said share, and any notice so given shall be sufficient notice for all holders of the said share.
97. Any notice or other document served upon or sent to any shareholder in accordance with these Articles shall, notwithstanding that he be then deceased or bankrupt, and whether the Company received notice of his death or bankruptcy or not, be deemed to be duly served or sent in respect of any shares held by him (either alone or jointly with others) until some other person is registered in his stead as the holder or joint holder of such shares, and such service or sending shall be a sufficient service or sending on or to his heirs, executors, administrators or assigns and all other persons (if any) interested in such share.
98. The accidental omission to give notice to any shareholder or the non-receipt of any such notice shall not cancel or annul any action made in reliance on the notice.

SPECIMEN SHARE CERTIFICATE



SOL-GEL TECHNOLOGIES LTD.

Number Shares

CUSIP: M8694L 103

**See Reverse for
Certain
Definitions**

**SOL-GEL TECHNOLOGIES LTD.
INCORPORATED UNDER THE LAWS OF THE STATE OF ISRAEL**

THIS CERTIFIES that

is the Registered Holder of

**FULLY PAID AND NON-ASSESSABLE ORDINARY
SHARES OF NIS 0.1 PAR VALUE EACH**

of Sol-Gel Technologies Ltd. transferable on the books of the Company by the holder hereof in person or by duly authorized attorney only upon surrender of this Certificate properly endorsed or with an appropriate instrument of transfer. This Certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Amended and Restated Articles of Association of the Company and amendments thereto, to all of which the holder by the acceptance hereof assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Company has caused this Certificate to be issued under the facsimile seal of the Company.

Dated: _____

Sol-Gel Technologies Ltd.
Corporate Seal

ISRAEL

/s/ Alon Seri-Levy

Chief Executive Officer

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT

Custodian

(Cust)

(Minor)

TEN ENT – as tenants by the entireties

JT TEN – as joint tenants with right of survivorship and not as tenants in common

Under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ HEREBY SELLS, ASSIGNS AND TRANSFERS UNTO PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ SHARES REPRESENTED BY THE WITHIN CERTIFICATE, AND SO HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS

ATTORNEY TO TRANSFER THE SAID SHARES ON THE BOOKS OF THE WITHIN-NAMED CORPORATION AND FULL POWER OF SUBSTITUTION IN THE PREMISES.

DATED: _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE, WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17 Ad-15.

SOL-GEL TECHNOLOGIES LTD.
2014 SHARE INCENTIVE PLAN

Unless otherwise defined, terms used herein shall have the meaning ascribed to them in Section 2 hereof.

I. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.

A. Purpose. The purpose of this 2014 Share Incentive Plan (as amended, this “**Plan**”) is to afford an incentive to Service Providers of Sol-Gel Technologies Ltd., an Israeli company (together with any successor corporation thereto, the “**Company**”), or any Affiliate of the Company, which now exists or hereafter is organized or acquired by the Company or its Affiliates, to continue as Service Providers, to increase their efforts on behalf of the Company or its Affiliates and to promote the success of the Company’s business, by providing such Service Providers with opportunities to acquire a proprietary interest in the Company by the issuance of Shares or restricted Shares (“**Restricted Shares**”) of the Company, and by the grant of options to purchase Shares (“**Options**”), Restricted Share Units (“**RSUs**”) and other Share-based Awards pursuant to Sections 11 through 13 of this Plan.

B. Types of Awards. This Plan is intended to enable the Company to issue Awards under various tax regimes, including:

(i) pursuant and subject to the provisions of Section 102 of the Ordinance (or the corresponding provision of any subsequently enacted statute, as amended from time to time), and all regulations and interpretations adopted by any competent authority, including the Israeli Income Tax Authority (the “**ITA**”), including the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003 or such other rules so adopted from time to time (the “**Rules**”) (such Awards that are intended to be (as set forth in the Award Agreement) and which qualify as such under Section 102 of the Ordinance and the Rules, “**102 Awards**”);

(ii) pursuant to Section 3(9) of the Ordinance or the corresponding provision of any subsequently enacted statute, as amended from time to time (such Awards, “**3(9) Awards**”);

(iii) Incentive Stock Options within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted United States federal tax statute, as amended from time to time, to be granted to Employees who are deemed to be residents of the United States, for purposes of taxation, or are otherwise subject to U.S. Federal income tax (such Awards that are intended to be (as set forth in the Award Agreement) and which qualify as an incentive stock option within the meaning of Section 422(b) of the Code, “**Incentive Stock Options**”); and

(iv) Awards not intended to be (as set forth in the Award Agreement) or which do not qualify as an Incentive Stock Option to be granted to Service Providers who are deemed to be residents of the United States for purposes of taxation, or are otherwise subject to U.S. Federal income tax (“**Nonqualified Stock Options**”).

In addition to the issuance of Awards under the relevant tax regimes in the United States of America and the State of Israel, and without derogating from the generality of Section 25, this Plan contemplates issuances to Grantees in other jurisdictions or under other tax regimes with respect to which the Committee is empowered, but is not required, to make the requisite adjustments in this Plan and set forth the relevant conditions in an appendix to this Plan or in the Company’s agreement with the Grantee in order to comply with the requirements of such other tax regimes.

C. Company Status. This Plan contemplates the issuance of Awards by the Company, both as a private and public company.

D. Construction. To the extent any provision herein conflicts with the conditions of any relevant tax law, rule or regulation which are relied upon for tax relief in respect of a particular Award to a Grantee, the Committee is empowered, but is not required, hereunder to determine that the provisions of such law, rule or regulation shall prevail over those of this Plan and to interpret and enforce such prevailing provisions.

II. DEFINITIONS.

A. Terms Generally. Except when otherwise indicated by the context, (i) the singular shall include the plural and the plural shall include the singular; (ii) any pronoun shall include the corresponding masculine, feminine and neuter forms; (iii) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth therein or herein); (iv) references to any law, constitution, statute, treaty, regulation, rule or ordinance, including any section or other part thereof shall refer to it as amended from time to time and shall include any successor thereof, (v) reference to a “company” or “entity” shall include a, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof, and reference to a “person” shall mean any of the foregoing or an individual, (vi) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Plan in its entirety, and not to any particular provision hereof, (vii) all references herein to Sections shall be construed to refer to Sections to this Plan; (viii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; and (ix) use of the term “or” is not intended to be exclusive.

B. Defined Terms. The following terms shall have the meanings ascribed to them in this Section 2:

C. “Affiliate” shall mean, (i) with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person (with the term “control” or “controlled by” within the meaning of Rule 405 of Regulation C under the Securities Act), including, without limitation, any Parent or Subsidiary, or (ii) for the purpose of 102 Awards, “Affiliate” shall only mean an “employing company” within the meaning and subject to the conditions of Section 102(a) of the Ordinance.

D. “Applicable Law” shall mean any applicable law, rule, regulation, statute, pronouncement, policy, interpretation, judgment, order or decree of any federal, provincial, state or local governmental, regulatory or adjudicative authority or agency, of any jurisdiction, and the rules and regulations of any stock exchange, over-the-counter market or trading system on which the Company’s shares are then traded or listed.

E. “Award” shall mean any Option, Restricted Share, RSUs or any other Share-based award granted under this Plan.

F. “Board” shall mean the Board of Directors of the Company.

G. “Change of Control” shall mean for purposes of this Plan, an event described in paragraphs (i), (ii), (iii) or (iv) below:

(i) A transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) resulting in the acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of the total combined voting power of the then outstanding Shares; provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control:

- (1) Any acquisition directly from the Company;

- (2) Any acquisition by the Company or by any affiliate (as defined in Rule 405 under the Securities Act) of the Company;
 - (3) Any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or
 - (4) Any acquisition by any corporation pursuant to a transaction which complies with clauses (1) and (2) of subsection (ii) below.
- (ii) The consummation of a reorganization, merger or consolidation involving the Company or its Subsidiaries, or a sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis (a “**Business Combination**”), in each case, unless, following such Business Combination:
- (1) All or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding voting securities entitled to vote generally in the election of directors of the Company or its successor (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the assets of the Company either directly or through one or more Subsidiaries); and
 - (2) No Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or its successor resulting from such Business Combination) beneficially owns, directly or indirectly, more than 30% of the then outstanding voting securities of the Company or its successor (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the assets of the Company either directly or through one or more Subsidiaries) except to the extent that such ownership existed prior to the Business Combination.
- (iii) The Incumbent Directors cease for any reason to constitute a majority of the Board.
- (iv) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.
- (v) For purposes of this definition of Change in Control only:
- (1) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
 - (2) “**Incumbent Directors**” means, for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a Person who shall have entered into an agreement with the Company to effect a transaction described in paragraphs (i) or (ii) above) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such Person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any Person other than the Board shall be an Incumbent Director.
 - (3) “**Person**” means an individual, entity or group (within the meaning of Section I3(d)(3) or 14(d)(2) of the Exchange Act).

(4) **“Shares”** means the Company's Ordinary Shares, or any shares substituted for such Ordinary Shares, which the Company is currently authorized to issue or may in the future be authorized to issue.

(5) **“Subsidiary”** means (i) any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing a majority of the total combined voting power of all classes of stock in one of the other corporations in the chain, (ii) any limited partnership, if the Company or any corporation described in item (i)(4) above owns a majority of the general partnership interest and a majority of the limited partnership interests entitled to vote on the removal and replacement of the general partner, and (iii) any partnership or limited liability company, if the partners or members thereof are composed only of the Company, any corporation listed in item (i) above or any limited partnership listed in item (ii) above. **“Subsidiaries”** means more than one of any such corporations, limited partnerships, partnerships or limited liability companies.

H. “Code” shall mean the United States Internal Revenue Code of 1986, and any applicable regulations promulgated thereunder, all as amended.

I. “Committee” shall mean a committee established or appointed by the Board to administer this Plan, subject to Section 3.1.

J. “Companies Law” shall mean the Israel Companies Law, 5759-1999, and the regulations promulgated thereunder, all as amended from time to time.

K. “Controlling Shareholder” shall have the meaning set forth in Section 32(9) of the Ordinance.

L. “Disability” shall mean (i) the inability of a Grantee to engage in any substantial gainful activity or to perform the major duties of the Grantee's position with the Company or its Affiliates by reason of any medically determinable physical or mental impairment which has lasted or can be expected to last for a continuous period of not less than 12 months (or such other period as determined by the Committee), as determined by a qualified doctor acceptable to the Company, (ii) if applicable, a “permanent and total disability” as defined in Section 22(e)(3) of the Code or Section 409A(a)(2)(c)(i) of the Code, as amended from time to time, or (iii) as defined in a policy of the Company that the Committee deems applicable to this Plan, or that makes reference to this Plan, for purposes of this definition.

M. “Employee” shall mean any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of the Company or any of its Affiliates (and in the case of 102 Awards, subject to Section 9.3 or in the case of Incentive Stock Options, who is an employee for purposes of Section 422 of the Code); provided, however, that neither service as a director nor payment of a director's fee shall be sufficient to constitute employment for purposes of this Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of a person's rights, if any, under this Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

N. “employment”, “employed” and words of similar import shall be deemed to refer to the employment of Employees or to the services of any other Service Provider, as the case may be.

- O.** “**exercise**” “**exercised**” and words of similar import, when referring to an Award that does not require exercise or that is settled upon vesting (such as may be the case with RSUs or Restricted Shares, if so determined in their terms), shall be deemed to refer to the vesting of such an Award (regardless of whether or not the wording included reference to vesting of such an Awards explicitly).
- P.** “**Exercise Period**” shall mean the period, commencing on the date of grant of an Award, during which an Award shall be exercisable, subject to any vesting provisions thereof (including any acceleration thereof, if any) and subject to the termination provisions hereof.
- Q.** “**Exercise Price**” shall mean the exercise price for each Share covered by an Option or the purchase price for each Share covered by any other Award.
- R.** “**Fair Market Value**” shall mean, as of any date, the value of a Share or other property as determined by the Board, in its discretion, subject to the following: (i) if, on such date, the Shares are listed on any securities exchange, the average closing sales price per Share on which the Shares are principally traded over the thirty (30) day calendar period preceding the subject date (utilizing all trading days during such 30 calendar day period), as reported in The Wall Street Journal or such other source as the Company deems reliable; (ii) if, on such date, the Shares are then quoted in an over-the-counter market, the average of the closing bid and asked prices for the Shares in that market during the thirty (30) day calendar period preceding the subject date (utilizing all trading days during such 30 calendar day period), as reported in The Wall Street Journal or such other source as the Company deems reliable; (iii) if, on such date, the Shares are not then listed on a securities exchange or quoted in an over-the-counter market, or in case of any other property, such value as the Committee, in its sole discretion, shall determine, with full authority to determine the method for making such determination and which determination shall be conclusive and binding on all parties, and shall be made after such consultations with outside legal, accounting and other experts as the Committee may deem advisable; provided, however, that, if applicable, the Fair Market Value of the Shares shall be determined in a manner that satisfies the applicable requirements of and subject to Section 409A of the Code, and with respect to Incentive Stock Options, in a manner that satisfies the applicable requirements of and subject to Section 422 of the Code, subject to Section 422(c)(7) of the Code. The Committee shall maintain a written record of its method of determining such value. If the Shares are listed or quoted on more than one established stock exchange or over-the-counter market, the Committee shall determine the principal such exchange or market and utilize the price of the Shares on that exchange or market (determined as per the method described in clauses (i) or (ii) above, as applicable) for the purpose of determining Fair Market Value.
- S.** “**Grantee**” shall mean a person who has been granted an Award(s) under this Plan.
- T.** “**Ordinance**” shall mean the Israeli Income Tax Ordinance (New Version) 1961, and the regulations and rules (including the Rules) promulgated thereunder, all as amended from time to time.
- U.** “**Parent**” shall mean any company (other than the Company), which now exists or is hereafter organized, (i) in an unbroken chain of companies ending with the Company if, at the time of granting an Award, each of the companies (other than the Company) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain, or (ii) if applicable and for purposes of Incentive Stock Options, that is a “parent corporation” of the Company, as defined in Section 424(e) of the Code.
- V.** “**Retirement**” shall mean a Grantee's retirement pursuant to Applicable Law or in accordance with the terms of any tax-qualified retirement plan maintained by the Company or any of its Affiliates in which the Grantee participates or is subject to.

W. “**Securities Act**” shall mean the U.S. Securities Act of 1933, and the rules and regulations promulgated thereunder, all as amended from time to time.

X. “**Service Provider**” shall mean an Employee, director, officer, consultant, advisor and any other person or entity who provides services to the Company or any Parent, Subsidiary or Affiliate thereof. Service Providers shall include prospective Service Providers to whom Awards are granted in connection with written offers of an employment or other service relationship with the Company or any Parent, Subsidiary or any Affiliates thereof, provided however that such employment or service shall have actually commenced.

Y. “**Shares**” shall mean Ordinary Shares, par value NIS 0.10 of the Company (as adjusted for stock split, reverse stock split, bonus shares, combination or other recapitalization events), or shares of such other class of shares of the Company as shall be designated by the Board in respect of the relevant Award(s). “Shares” include any securities or property issued or distributed with respect thereto.

Z. “**Subsidiary**” shall mean any corporation (other than the Company), which now exists or is hereafter organized or acquired by the Company, (i) in an unbroken chain of corporations beginning with the Company if, at the time of granting an Award, each of the corporations other than the last corporations in the unbroken chain owns stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock in one of the other companies in such chain, or (ii) if applicable and for purposes of Incentive Stock Options, that is a “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

AA. “**Ten Percent Shareholder**” shall mean a Grantee who, at the time an Award is granted to the Grantee, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any Parent or Subsidiary, within the meaning of Section 422(b)(6) of the Code.

BB. “**Trustee**” shall mean the trustee appointed by the Committee to hold the Awards (and, in relation with 102 Awards, approved by the ITA), if so appointed.

CC. Other Defined Terms. The following terms shall have the meanings ascribed to them in the Sections set forth below:

Term	Section
102 Awards	1.2(i)
102 Capital Gains Track Awards	9.1
102 Non-Trustee Awards	9.2
102 Ordinary Income Track Awards	9.1
102 Trustee Awards	9.1
3(9) Awards	1.2(ii)
Award Agreement	6
Cause	6.6.4.4
Company	1.1
Effective Date	24.1
Election	9.2
Eligible 102 Grantees	9.3.1
Incentive Stock Options	1.2(iii)

ITA	1.1(i)
Market Stand-Off	17.1
Market Stand-Off Period	17.1
Nonqualified Stock Options Plan	1.2(iv) 1.1
Recapitalization	14.1
Required Holding Period	9.5
Restricted Period	11.2
Restricted Share Agreement	11
Restricted Share Unit Agreement	12
Restricted Shares	1.1
RSUs	1.1
Rules	1.1(i)
Securities	17.1
Successor Corporation	14.2.1
Withholding Obligations	18.5

III. ADMINISTRATION.

A. To the extent permitted under Applicable Law, the Articles of Association and any other governing document of the Company, this Plan shall be administered by the Committee. In the event that the Board does not appoint or establish a committee to administer this Plan, this Plan shall be administered by the Board. In the event that an action necessary for the administration of this Plan is required under Applicable Law to be taken by the Board without the right of delegation, or if such action or power was explicitly reserved by the Board in appointing, establishing and empowering the Committee, then such action shall be so taken by the Board. In any such event, all references herein to the Committee shall be construed as references to the Board. Even if such a Committee was appointed or established, the Board may take any actions that are stated to be vested in the Committee, and shall not be restricted or limited from exercising all rights, powers and authorities under this Plan or Applicable Law.

B. The Board shall appoint the members of the Committee, may from time to time remove members from, or add members to, the Committee, and shall fill vacancies in the Committee, however caused, provided that the composition of the Committee shall at all times be in compliance with any mandatory requirements of Applicable Law, the Articles of Association and any other governing document of the Company. The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places as it shall determine. The Committee may appoint a Secretary, who shall keep records of its meetings, and shall make such rules and regulations for the conduct of its business as it shall deem advisable and subject to mandatory requirements of Applicable Law.

C. Subject to the terms and conditions of this Plan, any mandatory provisions of Applicable Law and any provisions of any Company policy required under mandatory provisions of Applicable Law, and in addition to the Committee's powers contained elsewhere in this Plan, the Committee shall have full authority, in its discretion, from time to time and at any time, to determine any of the following, or to recommend to the Board any of the following if it is not authorized to take such action according to Applicable Law:

- (i) eligible Grantees,
- (ii) grants of Awards and setting the terms and provisions of Award Agreements (which need not be identical) and any other agreements or instruments under which Awards are made, including, but not limited to, the number of Shares underlying each Award and the class of Shares underlying each Award (if more than one class was designated by the Board),
- (iii) the time or times at which Awards shall be granted,
- (iv) the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired upon the exercise or (if applicable) vesting thereof, including, without limitation, (1) designating Awards under Section 1.2; (2) the vesting schedule, the acceleration thereof and terms and conditions upon which Awards may be exercised or become vested, (3) the Exercise Price, (4) the method of payment for Shares purchased upon the exercise or (if applicable) vesting of the Awards, (5) the method for satisfaction of any tax withholding obligation arising in connection with the Awards or such Shares, including by the withholding or delivery of Shares, (6) the time of the expiration of the Awards, (7) the effect of the Grantee's termination of employment with the Company or any of its Affiliates, and (8) all other terms, conditions and restrictions applicable to the Award or the Shares not inconsistent with the terms of this Plan,
- (v) to accelerate, continue, extend or defer the exercisability of any Award or the vesting thereof, including with respect to the period following a Grantee's termination of employment or other service,
- (vi) the interpretation of this Plan and any Award Agreement and the meaning, interpretation and applicability of terms referred to in Applicable Laws,
- (vii) policies, guidelines, rules and regulations relating to and for carrying out this Plan, and any amendment, supplement or rescission thereof, as it may deem appropriate,
- (viii) to adopt supplements to, or alternative versions of, this Plan, including, without limitation, as it deems necessary or desirable to comply with the laws of, or to accommodate the tax regime or custom of, foreign jurisdictions whose citizens or residents may be granted Awards,
- (ix) the Fair Market Value of the Shares or other property,
- (x) the tax track (capital gains, ordinary income track or any other track available under the Section 102 of the Ordinance) for the purpose of 102 Awards,
- (xi) the authorization and approval of conversion, substitution, cancellation or suspension under and in accordance with this Plan of any or all Awards or Shares,
- (xii) the amendment, modification, waiver or supplement of the terms of each outstanding Award (with the consent of the applicable Grantee, if such amendments refers to the increase of the Exercise Price of Awards or reduction of the number of Shares underlying an Award (but, in each case, other than as a result of an adjustment or exercise of rights in accordance with Section 14)) unless otherwise provided under the terms of this Plan,
- (xiii) without limiting the generality of the foregoing, and subject to the provisions of Applicable Law, to grant to a Grantee, who is the holder of an outstanding Award, in exchange for the cancellation of such Award, a new Award having an Exercise Price lower than that provided in the Award so canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of this Plan or to set a new Exercise Price for the same Award lower than that previously provided in the Award,
- (xiv) to correct any defect, supply any omission or reconcile any inconsistency in this Plan or any Award Agreement and all other determinations and take such other actions with respect to this Plan or any Award as it may deem advisable to the extent not inconsistent with the provisions of this Plan or Applicable Law, and

(xv) any other matter which is necessary or desirable for, or incidental to, the administration of this Plan and any Award thereunder.

D. The authority granted hereunder includes the authority to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside Israel to recognize differences in local law, tax policy or custom, in order to effectuate the purposes of this Plan but without amending this Plan.

E. The Board and the Committee shall be free at all times to make such determinations and take such actions as they deem fit. The Board and the Committee need not take the same action or determination with respect to all Awards, with respect to certain types of Awards, with respect to all Service Providers or any certain type of Service Providers and actions and determinations may differ as among the Grantees, and as between the Grantees and any other holders of securities of the Company.

F. All decisions, determinations, and interpretations of the Committee, the Board and the Company under this Plan shall be final and binding on all Grantees (whether before or after the issuance of Shares pursuant to Awards), unless otherwise determined by the Committee, the Board or the Company, respectively. The Committee shall have the authority (but not the obligation) to determine the interpretation and applicability of Applicable Laws to any Grantee or any Awards. No member of the Committee or the Board shall be liable to any Grantee for any action taken or determination made in good faith with respect to this Plan or any Award granted hereunder.

G. Any officer or authorized signatory of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided such person has apparent authority with respect to such matter, right, obligation, determination or election. Such person or authorized signatory shall not be liable to any Grantee for any action taken or determination made in good faith with respect to this Plan or any Award granted hereunder.

IV. ELIGIBILITY.

A. Awards may be granted to Service Providers of the Company or any Affiliate thereof, taking into account, at the Committee's discretion and without an obligation to do so, the qualification under each tax regime pursuant to which such Awards are granted, subject to the limitation on the granting of Incentive Stock Options set forth in Section 8.1. A person who has been granted an Award hereunder may be granted additional Awards, if the Committee shall so determine, subject to the limitations herein. However, eligibility in accordance with this Section 4 shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

B. Awards may differ in number of Shares covered thereby, the terms and conditions applying to them or on the Grantees or in any other respect (including, that there should not be any expectation (and it is hereby disclaimed) that a certain treatment, interpretation or position granted to one shall be applied to the other, regardless of whether or not the facts or circumstances are the same or similar).

V. SHARES.

A. The maximum aggregate number of Shares that may be issued pursuant to Awards under this Plan (the "Pool") shall initially be _____ authorized but unissued Shares (except and as adjusted pursuant to Section 14.1 of this Plan), or such other number as the Board may determine from time to time (without the need to amend the Plan in case of such determination). However, except as adjusted pursuant to Section 14.1, in no event shall more than such number of Shares included in the Pool, as adjusted in accordance with Section 5.2, be available for issuance pursuant to the exercise of Incentive Stock Options.

B. Any Shares (a) underlying an Award granted hereunder that has expired, or was cancelled, terminated, forfeited or, repurchased or settled in cash in lieu of issuance of Shares, for any reason, without having been exercised; (b) if permitted by the Company, tendered to pay the Exercise Price of an Award, or withholding tax obligations with respect to an Award; or (c) if permitted by the Company, subject to an Award that are not delivered to a Grantee because such Shares are withheld to pay the Exercise Price of such Award, or withholding tax obligations with respect to such Award; shall automatically, and without any further action on the part of the Company or any Grantee, again be available for grant of Awards and Shares issued upon exercise of (if applicable) vesting thereof for the purposes of this Plan (unless this Plan shall have been terminated) or unless the Board determines otherwise. Such Shares may, in whole or in part, be authorized but unissued Shares, treasury shares (dormant shares) or Shares otherwise that shall have been or may be repurchased by the Company (to the extent permitted pursuant to the Companies Law).

C. Any Shares under the Pool that are not subject to outstanding or exercised Awards at the termination of this Plan shall cease to be reserved for the purpose of this Plan.

VI. TERMS AND CONDITIONS OF AWARDS.

Each Award granted pursuant to this Plan shall be evidenced by a written or electronic agreement between the Company and the Grantee or a written or electronic notice delivered by the Company (the "**Award Agreement**"), in substantially such form or forms and containing such terms and conditions, as the Committee shall from time to time approve. The Award Agreement shall comply with and be subject to the following general terms and conditions and the provisions of this Plan (except for any provisions applying to Awards under different tax regimes), unless otherwise specifically provided in such Award Agreement, or the terms referred to in other Sections of this Plan applying to Awards under such applicable tax regimes, or terms prescribed by Applicable Law. Award Agreements need not be in the same form and may differ in the terms and conditions included therein.

A. Number of Shares. Each Award Agreement shall state the number of Shares covered by the Award.

B. Type of Award. Each Award Agreement may state the type of Award granted thereunder, provided that the tax treatment of any Award, whether or not stated in the Award Agreement, shall be as determined in accordance with Applicable Laws.

C. Exercise Price. Each Award Agreement shall state the Exercise Price, if applicable. Unless otherwise set forth in this Plan, an Exercise Price of an Award of less than the par value of the Shares shall comply with Section 304 of the Companies Law, 1999, as amended. Subject to Sections 3 7.2 and 8.2 and to the foregoing, the Committee may reduce the Exercise Price of any outstanding Award, on terms and subject to such conditions as it deems advisable. The Exercise Price shall also be subject to adjustment as provided in Section 14 hereof.

D. Manner of Exercise. An Award may be exercised, as to any or all Shares as to which the Award has become exercisable, by written notice delivered in person or by mail (or such other methods of delivery prescribed by the Company) to the Chief Financial Officer of the Company or to such other person as determined by the Committee, or in any other manner as the Committee shall prescribe from time to time, specifying the number of Shares with respect to which the Award is being exercised (which may be equal to or lower than the aggregate number of Shares that have become exercisable at such time, subject to the last sentence of this Section), accompanied by payment of the aggregate Exercise Price for such Shares in the manner specified in the following sentence. The Exercise Price shall be paid in full with respect to each Share, at the time of exercise, either in (i) cash, (ii) if the Company's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company or the Trustee, (iii) if the Company's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company or the Trustee, or (iv) in such other manner as the Committee shall determine, which may include procedures for cashless exercise. For as long as the Company's shares are not listed for trading on any securities exchange or over-the-counter market and unless the Committee determines otherwise, a Grantee may not exercise Awards unless the aggregate Exercise Price thereof is equal to or in excess of the lower of: (a) the aggregate Exercise Price for all Shares as to which the Award has become exercisable at such time; or (b) US\$2,000.

E. Term and Vesting of Awards.

1. Each Award Agreement shall provide the vesting schedule for the Award as determined by the Committee. The Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding Award at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Award Agreement, and subject to Sections 6.6 and 6.7 hereof, Awards shall vest and become exercisable under the following schedule: twenty-five percent (25%) of the Shares covered by the Award, on the first anniversary of the vesting commencement date determine by the Committee (and in the absence of such determination, of date on which such Award was granted), and six and one-quarter percent (6.25%) of the Shares covered by the Award at the end of each subsequent three-month period thereafter over the course of the following three (3) years; provided that the Grantee remains continuously as a Service Provider of the Company or its Affiliates throughout such vesting dates.

2. The Award Agreement may contain performance goals and measurements (which, in case of 102 Awards, shall, if then required, be subject to obtaining a specific tax ruling or determination from the ITA), and the provisions with respect to any Award need not be the same as the provisions with respect to any other Award. Such performance goals may include, but are not limited to, sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee. The Committee may adjust performance goals pursuant to Awards previously granted to take into account changes in law and accounting and tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the inclusion or the exclusion of the impact of extraordinary or unusual items, events or circumstances.

3. The Exercise Period of an Award will be ten (10) years from the date of grant of the Award, unless otherwise determined by the Committee and stated in the Award Agreement, but subject to the vesting provisions described above and the early termination provisions set forth in Sections 6.6 and 6.7 hereof. At the expiration of the Exercise Period, any Award, or any part thereof, that has not been exercised within the term of the Award and the Shares covered thereby not paid for in accordance with this Plan and the Award Agreement shall terminate and become null and void, and all interests and rights of the Grantee in and to the same shall expire.

F. Termination.

1. Unless otherwise determined by the Committee, and subject to Section 6.7 hereof, an Award may not be exercised unless the Grantee is then a Service Provider of the Company or an Affiliate thereof or, in the case of an Incentive Stock Option, a company or a parent or subsidiary company of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies, and unless the Grantee has remained continuously so employed since the date of grant of the Award and throughout the vesting dates.

2. In the event that the employment or service of a Grantee shall terminate (other than by reason of death, Disability or Retirement), all Awards of such Grantee that are unvested at the time of such termination shall terminate on the date of such termination, and all Awards of such Grantee that are vested and exercisable at the time of such termination may be exercised within up to three (3) months after the date of such termination (or such different period as the Committee shall prescribe), but in any event no later than the date of expiration of the Award's term as set forth in the Award Agreement or pursuant to this Plan; provided, however, that if the Company (or the Subsidiary or Affiliate, when applicable) shall terminate the Grantee's employment or service for Cause (as defined below) or if at any time during the Exercise Period (whether prior to and after termination of employment or service, and whether or not the Grantee's employment or service is terminated by either party as a result thereof), facts or circumstances arise or are discovered with respect to the Grantee that would have constituted Cause, all Awards theretofore granted to such Grantee (whether vested or not) shall, to the extent not theretofore exercised, terminate on the date of such termination (or on such subsequent date on which such facts or circumstances arise or are discovered, as the case may be) unless otherwise determined by the Committee; and any Shares issued upon exercise or (if applicable) vesting of Awards (including other Shares or securities issued or distributed with respect thereto), whether held by the Grantee or by the Trustee for the Grantee's benefit, shall be deemed to be irrevocably offered for sale to the Company, any of its Affiliates or any person designated by the Company to purchase, at the Company's election and subject to Applicable Law, either for no consideration, for the par value of such Shares or against payment of the Exercise Price previously received by the Company for such Shares upon their issuance, as the Committee deems fit, upon written notice to the Grantee at any time after the Grantee's termination of employment or service. Such Shares or other securities shall be sold and transferred within 30 days from the date of the Company's notice of its election to exercise its right. If the Grantee fails to transfer such Shares or other securities to the Company, the Company, at the decision of the Committee, shall be entitled to forfeit or repurchase such Shares and to authorize any person to execute on behalf of the Grantee any document necessary to effect such transfer, whether or not the share certificates are surrendered. The Company shall have the right and authority to affect the above either by: (i) repurchasing all of such Shares or other securities held by the Grantee or by the Trustee for the benefit of the Grantee, or designate any other person who shall have the right and authority to purchase all of Such Shares or other securities, for the Exercise Price paid for such Shares, the par value of such Shares or for no payment or consideration whatsoever, as the Committee deems fit; (ii) forfeiting all such Shares or other securities; (iii) redeeming all such Shares or other securities, for the Exercise Price paid for such Shares, the par value of such Shares or for no payment or consideration whatsoever, as the Committee deems fit; (iv) taking action in order to have such Shares or other securities converted into deferred shares entitling their holder only to their par value upon liquidation of the Company; or (v) taking any other action which may be required in order to achieve similar results; all as shall be determined by the Committee, at its sole and absolute discretion, and the Grantee is deemed to irrevocably empower the Company or any person which may be designated by it to take any action by, in the name of or on behalf of the Grantee to comply with and give effect to such actions (including, voting such shares, filling in, signing and delivering share transfer deeds, etc.).

3. Without derogating from the above, the Committee may determine, in its discretion, that any Grantee whose employment with or service to the Company or an Affiliate thereof (or, in the case of an Incentive Stock Option, a company or a parent or subsidiary company of such company issuing or assuming the Awards in a transaction to which Section 424(a) of the Code), has or shall terminate for any reason, shall be deemed to have irrevocably offered to the Company and any of its Affiliates (or any other person designated by the Company) to purchase all or part of the Shares issued pursuant to the exercise or (if applicable) the vesting of an Award (including other Shares or securities issued or distributed with respect thereto), whether held by the Grantee or by the Trustee for the Grantee's benefit, in consideration for the Fair Market Value of such Shares or other consideration as shall be determined by the Committee, and subject to Applicable Law. In the event that such Shares are not purchased as set forth above, any subsequent sale or disposition thereof shall be subject to provisions of this Plan and the Company's Article of Association.

4. Notwithstanding anything to the contrary, the Committee, in its absolute discretion, may, on such terms and conditions as it may determine appropriate, extend the periods for which Awards held by any Grantee may continue to vest and be exercisable; it being clarified that such Awards may lose their entitlement to certain tax benefits under Applicable Law as a result of the modification of such Awards and/or in the event that the Award is exercised beyond the later of: (i) three (3) months after the date of termination of the employment or service relationship; or (ii) the applicable period under Section 6.7 below with respect to a termination of the employment or service relationship because of the death, Disability or Retirement of Grantee.

5. For purposes of this Plan:

a. a termination of employment or service of a Grantee shall not be deemed to occur (except to the extent required by the Code with respect to the Incentive Stock Option status of an Option) in case of (i) a transition or transfer of a Grantee among the Company and its Affiliates, (ii) a change in the capacity in which the Grantee is employed or renders service to the Company or any of its Affiliates or a change in the identity of the employing or engagement entity among the Company and its Affiliates, provided, in case of (i) and (ii) above, that the Grantee has remained continuously employed by and/or in the service of the Company and its Affiliates since the date of grant of the Award and throughout the vesting period; or (iii) if the Grantee takes any unpaid leave as set forth in Section 6.8(i) below.

b. An entity or an Affiliate thereof assuming an Award or issuing in substitution thereof in a transaction to which Section 424(a) of the Code applies or in the event of a Change of Control in accordance with Section 14 shall be deemed as an Affiliate of the Company for purposes of this Section 6.6, unless the Committee determines otherwise.

c. In the case of a Grantee whose principal employer or service recipient is a Subsidiary or Affiliate, the Grantee's employment shall also be deemed terminated for purposes of this Section 6.6 as of the date on which such principal employer or service recipient ceases to be a Subsidiary or Affiliate.

d. The term “Cause” shall mean (irrespective of, and in addition to, any definition included in any other agreement or instrument applicable to the Grantee, and unless otherwise determined by the Committee) any of the following: (i) any theft, fraud, embezzlement, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, falsification of any documents or records of the Company or any of its Affiliates, felony or similar act by the Grantee (whether or not related to the Grantee’s relationship with the Company); (ii) an act of moral turpitude by the Grantee, or any act that causes significant injury to, or is otherwise adversely affecting, the reputation, business, assets, operations or business relationship of the Company (or a Subsidiary or Affiliate, when applicable); (iii) any breach by the Grantee of any material agreement with or of any material duty of the Grantee to the Company or any Subsidiary or Affiliate thereof (including breach of confidentiality, non-disclosure, non-use non-competition or non-solicitation covenants towards the Company or any of its Affiliates) or failure to abide by code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); or (iv) any act which constitutes a breach of a Grantee’s fiduciary duty towards the Company or an Affiliate or Subsidiary, including disclosure of confidential or proprietary information thereof or acceptance or solicitation to receive unauthorized or undisclosed benefits, irrespective of their nature, or funds, or promises to receive either, from individuals, consultants or corporate entities that the Company or a Subsidiary does business with; (v) the Grantee’s unauthorized use, misappropriation, destruction, or diversion of any tangible or intangible asset or corporate opportunity of the Company or any of its Affiliates (including, without limitation, the improper use or disclosure of confidential or proprietary information); or (vi) any circumstances that constitute grounds for termination for cause under the Grantee’s employment or service agreement with the Company or Affiliate, to the extent applicable. For the avoidance of doubt, the determination as to whether a termination is for Cause for purposes of this Plan, shall be made in good faith by the Committee and shall be final and binding on the Grantee.

G. Death, Disability or Retirement of Grantee.

1. If a Grantee shall die while employed by, or performing service for, the Company or its Affiliates, or within the three (3) month period (or such longer period of time as determined by the Board, in its discretion) after the date of termination of such Grantee’s employment or service (or within such different period as the Committee may have provided pursuant to Section 6.6 hereof), or if the Grantee’s employment or service shall terminate by reason of Disability, all Awards theretofore granted to such Grantee may (to the extent otherwise vested and exercisable and unless earlier terminated in accordance with their terms) be exercised by the Grantee or by the Grantee’s estate or by a person who acquired the legal right to exercise such Awards by bequest or inheritance, or by a person who acquired the legal right to exercise such Awards in accordance with applicable law in the case of Disability of the Grantee, as the case may be, at any time within one (1) year (or such longer period of time as determined by the Committee, in its discretion) after the death or Disability of the Grantee (or such different period as the Committee shall prescribe), but in any event no later than the date of expiration of the Award’s term as set forth in the Award Agreement or pursuant to this Plan. In the event that an Award granted hereunder shall be exercised as set forth above by any person other than the Grantee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or proof satisfactory to the Committee of the right of such person to exercise such Award.

2. In the event that the employment or service of a Grantee shall terminate on account of such Grantee’s Retirement, all Awards of such Grantee that are exercisable at the time of such Retirement may, unless earlier terminated in accordance with their terms, be exercised at any time within the three (3) month period after the date of such Retirement (or such different period as the Committee shall prescribe).

H. Suspension of Vesting. Unless the Committee provides otherwise, vesting of Awards granted hereunder shall be suspended during any unpaid leave of absence, other than in the case of any (i) leave of absence which was pre-approved by the Company explicitly for purposes of continuing the vesting of Awards, or (ii) transfers between locations of the Company or any of its Affiliates, or between the Company and any of its Affiliates, or any respective successor thereof. For clarity, for purposes of this Plan, military leave, statutory maternity or paternity leave or sick leave are not deemed unpaid leave of absence.

I. Securities Law Restrictions. Except as otherwise provided in the applicable Award Agreement or other agreement between the Service Provider and the Company, if the exercise of an Award following the termination of the Service Provider's employment or service (other than for Cause) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act or equivalent requirements under equivalent laws of other applicable jurisdictions, then the Award shall remain exercisable and terminate on the earlier of (i) the expiration of a period of three (3) months (or such longer period of time as determined by the Board, in its discretion) after the termination of the Service Provider's employment or service during which the exercise of the Award would not be in such violation, or (ii) the expiration of the term of the Award as set forth in the Award Agreement or pursuant to this Plan. In addition, unless otherwise provided in a Grantee's Award Agreement, if the sale of any Shares received upon exercise or (if applicable) vesting of an Award following the termination of the Grantee's employment or service (other than for Cause) would violate the Company's insider trading policy, then the Award shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Grantee's employment or service during which the exercise of the Award would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Award as set forth in the applicable Award Agreement or pursuant to this Plan.

J. Voting Proxy. Until immediately after the listing for trading on a stock exchange or market or trading system of the Company's (or the Successor Corporation's) shares, the Shares subject to an Award or to be issued pursuant to an Award or any other Securities, shall, unless otherwise determined by the Committee, be subject to an irrevocable proxy and power of attorney by the Grantee or the Trustee (if so requested from the Trustee), as the case may be, to the Company, which shall designate such person or persons (with a right of substitution) from time to time as determined by the Committee (and in the absence of such determination, the CEO or Chairman of the Board, ex officio). The Trustee is deemed to be instructed by the Grantee to sign such proxy, as requested by the Company. The proxy shall entitle the holder thereof to receive notices, vote and take such other actions in respect of the Shares or other Securities. Any person holding or exercising such voting proxies shall do so solely in his capacity as the proxy holder and not individually. All Awards granted hereunder shall be conditioned upon the execution of such irrevocable proxy in substantially the form prescribed by the Committee from time to time. So long as any such Shares are subject to such irrevocable proxy and power of attorney or held by a Trustee (and unless a proxy was given by the Trustee as aforesaid), (i) in any shareholders meeting or written consent in lieu thereof, such Shares shall be voted by the proxy holder (or the Trustee, as applicable), unless directed otherwise by the Board, in the same proportion as the result of the vote at the shareholders' meeting (or written consent in lieu thereof) in respect of which the Shares are being voted (whether an extraordinary or annual meeting, and whether of the share capital as one class or of any class thereof), and (ii) or in any act or consent of shareholders under the Company's Articles of Association or otherwise, such Shares shall be cast by the proxy holder (or the Trustee, as applicable), unless directed otherwise by the Board, in the same proportion as the result of the shareholders' act or consent. The provisions of this Section shall apply to the Grantee and to any purchaser, assignee or transferee of any Shares.

K. Other Provisions. The Award Agreement evidencing Awards under this Plan shall contain such other terms and conditions not inconsistent with this Plan as the Committee may determine, at or after the date of grant, including provisions in connection with the restrictions on transferring the Awards or Shares covered by such Awards, which shall be binding upon the Grantees and any purchaser, assignee or transferee of any Awards, and other terms and conditions as the Committee shall deem appropriate.

VII. NONQUALIFIED STOCK OPTIONS.

A. Awards granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject to the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 7 and the other terms of this Plan, this Section 7 shall prevail.

B. Certain Limitations on Eligibility for Nonqualified Stock Options. Nonqualified Stock Options may not be granted to a Service Provider who is deemed to be a resident of the United States for purposes of taxation or who is otherwise subject to United States federal income tax unless the Shares underlying such Options constitute "service recipient stock" under Section 409A of the Code or unless such Options comply with the payment requirements of Section 409A of the Code.

C. Exercise Price. The Exercise Price of a Nonqualified Stock Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option unless the Committee specifically indicates that the Awards will have a lower Exercise Price and the Award complies with Section 409A of the Code. Notwithstanding the foregoing, a Nonqualified Stock Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Award is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of that complies with Section 424(a) of the Code1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations or any successor guidance.

VIII. INCENTIVE STOCK OPTIONS.

Awards granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be granted subject to the following special terms and conditions, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 8 and the other terms of this Plan, this Section 8 shall prevail.

A. Eligibility for Incentive Stock Options. Incentive Stock Options may be granted only to Employees of the Company, or to Employees of a Parent or Subsidiary, determined as of the date of grant of such Options. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee shall be deemed granted effective on the date such person commences employment, with an exercise price determined as of such date in accordance with Section 8.2.

B. Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Shares covered by the Awards on the date of grant of such Option or such other price as may be determined pursuant to the Code. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Award is granted pursuant to an assumption or substitution for another option in a manner that complies with the provisions of Section 424(a) of the Code.

C. Date of Grant. Notwithstanding any other provision of this Plan to the contrary, no Incentive Stock Option may be granted under this Plan after 10 years from the date this Plan is adopted, or the date this Plan is approved by the shareholders, whichever is earlier.

D. Exercise Period. No Incentive Stock Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Award, subject to Section 8.6. No Incentive Stock Option granted to a prospective Employee may become exercisable prior to the date on which such person commences employment.

E. \$100,000 Per Year Limitation. The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which all Incentive Stock Options granted under this Plan and all other “incentive stock option” plans of the Company, or of any Parent or Subsidiary or Affiliate, become exercisable for the first time by each Grantee during any calendar year shall not exceed one hundred thousand United States dollars (\$100,000) with respect to such Grantee. To the extent that the aggregate Fair Market Value of Shares with respect to which such Incentive Stock Options and any other such incentive stock options are exercisable for the first time by any Grantee during any calendar year exceeds one hundred thousand United States dollars (\$100,000), such options shall be treated as Nonqualified Stock Options. The foregoing shall be applied by taking options into account in the order in which they were granted. If the Code is amended to provide for a different limitation from that set forth in this Section 8.5, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Awards as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonqualified Stock Option in part by reason of the limitation set forth in this Section 8.5, the Grantee may designate which portion of such Option the Grantee is exercising. In the absence of such designation, the Grantee shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion may be issued upon the exercise of the Option.

F. Ten Percent Shareholder. In the case of an Incentive Stock Option granted to a Ten Percent Shareholder, (i) the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option, and (ii) the Exercise Period shall not exceed five (5) years from the effective date of grant of such Incentive Stock Option.

G. Payment of Exercise Price. Each Award Agreement evidencing an Incentive Stock Option shall state each alternative method by which the Exercise Price thereof may be paid.

H. Leave of Absence. Notwithstanding Section 6.8, a Grantee’s employment shall not be deemed to have terminated if the Grantee takes any leave as set forth in Section 6.8(i); provided, however, that if any such leave exceeds three (3) months, on the day that is six (6) months following the commencement of such leave any Incentive Stock Option held by the Grantee shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonqualified Stock Option, unless the Grantee’s right to return to employment is guaranteed by statute or contract.

I. Exercise Following Termination for Disability. Notwithstanding anything else in this Plan to the contrary, Incentive Stock Options that are not exercised within three (3) months following termination of the Grantee’s employment with the Company or its Parent or Subsidiary or a corporation or a Parent or Subsidiary of such corporation issuing or assuming an Option in a transaction to which Section 424(a) of the Code applies, or within one year in case of termination of the Grantee’s employment with the Company or its Parent or Subsidiary due to a Disability (within the meaning of Section 22(e)(3) of the Code), shall be deemed to be Nonqualified Stock Options.

J. Adjustments to Incentive Stock Options. Any Awards Agreement providing for the grant of Incentive Stock Options shall indicate that adjustments made pursuant to this Plan with respect to Incentive Stock Options could constitute a “modification” of such Incentive Stock Options (as that term is defined in Section 424(h) of the Code) or could cause adverse tax consequences for the holder of such Incentive Stock Options and that the holder should consult with his or her tax advisor regarding the consequences of such “modification” on his or her income tax treatment with respect to the Incentive Stock Option.

K. Notice to Company of Disqualifying Disposition. Each Grantee who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Grantee makes a Disqualifying Disposition of any Shares received pursuant to the exercise of Incentive Stock Options. A “Disqualifying Disposition” is any disposition (including any sale) of such Shares before the later of (i) two years after the date the Grantee was granted the Incentive Stock Option, or (ii) one year after the date the Grantee acquired Shares by exercising the Incentive Stock Option. If the Grantee dies before such Shares are sold, these holding period requirements do not apply and no disposition of the Shares will be deemed a Disqualifying Disposition.

IX. 102 AWARDS.

Awards granted pursuant to this Section 9 are intended to constitute 102 Awards and shall be granted subject to the following special terms and conditions, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 9 and the other terms of this Plan, this Section 9 shall prevail.

A. Tracks. Awards granted pursuant to this Section 9 are intended to be granted pursuant to Section 102 of the Ordinance pursuant to either (i) Section 102(b)(2) thereof, under the capital gain track (“**102 Capital Gain Track Awards**”), or (ii) Section 102(b)(1) thereof under the ordinary income track (“**102 Ordinary Income Track Awards**”), and together with 102 Capital Gain Track Awards, “**102 Trustee Awards**”). 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 9, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Options under different tax laws or regulations.

B. Election of Track. Subject to Applicable Law, the Company may grant only one type of 102 Trustee Awards at any given time to all Grantees who are to be granted 102 Trustee Awards pursuant to this Plan, and shall file an election with the ITA regarding the type of 102 Trustee Awards it elects to grant before the date of grant of any 102 Trustee Awards (the “**Election**”). Such Election shall also apply to any other securities, including bonus shares, received by any Grantee as a result of holding the 102 Trustee Awards. The Company may change the type of 102 Trustee Awards that it elects to grant only after the expiration of at least 12 months from the end of the year in which the first grant was made in accordance with the previous Election, or as otherwise provided by Applicable Law. Any Election shall not prevent the Company from granting Awards, pursuant to Section 102(c) of the Ordinance without a Trustee (“**102 Non-Trustee Awards**”).

C. Eligibility for Awards.

1. Subject to Applicable Law, 102 Awards may only be granted to an “employee” within the meaning of Section 102(a) of the Ordinance (which as of the date of the adoption of this Plan means (i) individuals employed by an Israeli company being the Company or any of its Affiliates, and (ii) individuals who are serving and are engaged personally (and not through an entity) as “office holders” by such an Israeli company), but may not be granted to a Controlling Shareholder (“**Eligible 102 Grantees**”). Eligible 102 Grantees may receive only 102 Awards, which may either be granted to a Trustee or granted under Section 102 of the Ordinance without a Trustee.

D. 102 Award Grant Date.

1. Each 102 Award will be deemed granted on the date determined by the Committee, subject to Section 9.4.2, provided that (i) the Grantee has signed all documents required by the Company or pursuant to Applicable Law, and (ii) with respect to 102 Trustee Award, the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA, and if an agreement is not signed and delivered by the Grantee within 90 days from the date determined by the Committee (subject to Section 9.4.2), then such 102 Trustee Award shall be deemed granted on such later date as such agreement is signed and delivered and on which the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

2. Unless otherwise permitted by the Ordinance, any grants of 102 Trustee Awards that are made on or after the date of the adoption of this Plan or an amendment to this Plan, as the case may be, that may become effective only at the expiration of thirty (30) days after the filing of this Plan or any amendment thereof (as the case may be) with the ITA in accordance with the Ordinance shall be conditional upon the expiration of such 30-day period, such condition shall be read and is incorporated by reference into any corporate resolutions approving such grants and into any Award Agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

E. 102 Trustee Awards.

1. Each 102 Trustee Award, each Share issued pursuant to the exercise of any 102 Trustee Award, and any rights granted thereunder, including bonus shares, shall be issued to and registered in the name of the Trustee and shall be held in trust for the benefit of the Grantee for the requisite period prescribed by the Ordinance or such longer period as set by the Committee (the “**Required Holding Period**”). In the event that the requirements under Section 102 of the Ordinance to qualify an Award as a 102 Trustee Award are not met, then the Award may be treated as a 102 Non-Trustee Award or 3(9) Award, all in accordance with the provisions of the Ordinance. After expiration of the Required Holding Period, the Trustee may release such 102 Trustee Awards and any such Shares, provided that (i) the Trustee has received an acknowledgment from the ITA that the Grantee has paid any applicable taxes due pursuant to the Ordinance, or (ii) the Trustee and/or the Company and/or its Affiliate withholds all applicable taxes and compulsory payments due pursuant to the Ordinance arising from the 102 Trustee Awards and/or any Shares issued upon exercise or (if applicable) vesting of such 102 Trustee Awards. The Trustee shall not release any 102 Trustee Awards or Shares issued upon exercise or (if applicable) vesting thereof prior to the payment in full of the Grantee’s tax and compulsory payments arising from such 102 Trustee Awards and/or Shares or the withholding referred to in (ii) above.

2. Each 102 Trustee Award shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Awards and shall prevail over any term contained in this Plan or Award Agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in this Plan or Award Agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 of the Ordinance shall be binding on the Grantee. The Grantee granted a 102 Trustee Awards shall comply with the Ordinance and the terms and conditions of the trust agreement entered into between the Company and the Trustee. The Grantee shall execute any and all documents that the Company and/or its Affiliates and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.

3. During the Required Holding Period, the Grantee shall not release from trust or sell, assign, transfer or give as collateral, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Trustee Awards and/or any securities issued or distributed with respect thereto, until the expiration of the Required Holding Period. Notwithstanding the above, if any such sale, release or other action occurs during the Required Holding Period it may result in adverse tax consequences to the Grantee under Section 102 of the Ordinance and the Rules, which shall apply to and shall be borne solely by such Grantee. Subject to the foregoing, the Trustee may, pursuant to a written request from the Grantee, but subject to the terms of this Plan, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee and the Company, and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, any agreement governing the Shares, this Plan, the Award Agreement and any Applicable Law.

4. If a 102 Trustee Award is exercised or (if applicable) vested, the Shares issued upon such exercise or (if applicable) vesting shall be issued in the name of the Trustee for the benefit of the Grantee.

5. Upon or after receipt of a 102 Trustee Award, if required, the Grantee may be required to sign an undertaking to release the Trustee from any liability with respect to any action or decision duly taken and executed in good faith by the Trustee in relation to this Plan, or any 102 Trustee Awards or Share granted to such Grantee thereunder.

F. 102 Non-Trustee Awards. The foregoing provisions of this Section 9 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 of the Ordinance and the applicable Rules. The Committee may determine that 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Awards and all accrued rights thereon (if any), in trust for the benefit of the Grantee and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto. The Company may choose, alternatively, to force the Grantee to provide it with a guarantee or other security, to the satisfaction of each of the Trustee and the Company, until the full payment of the applicable taxes.

G. Israeli Index Base for 102 Awards. Each 102 Award will be subject to the Israeli index base of the Value of Benefit, as defined in Section 102(a) of the Ordinance, as determined by the Committee in its discretion, pursuant to the Rules, from time to time. The Committee may amend (which may have a retroactive effect) the Israeli index base, pursuant to the Ordinance, without the Grantee's consent.

H. Written Grantee Undertaking. To the extent and with respect to any 102 Trustee Award, and as required by Section 102 of the Ordinance and the Rules, by virtue of the receipt of such Award, the Grantee is deemed to have undertaken and confirm in writing the following (and such undertaking is deemed incorporated into any documents signed by the Grantee in connection with the employment or service of the Grantee and/or the grant of such Award). The following written undertaking shall be deemed to apply and relate to all 102 Trustee Awards granted to the Grantee, whether under this Plan or other plans maintained by the Company, and whether prior to or after the date hereof.

1. The Grantee shall comply with all terms and conditions set forth in Section 102 of the Ordinance with regard to the "Capital Gain Track" or the "Ordinary Income Track", as applicable, and the applicable rules and regulations promulgated thereunder, as amended from time to time;

2. The Grantee is familiar with, and understands the provisions of, Section 102 of the Ordinance in general, and the tax arrangement under the "Capital Gain Track" or the "Ordinary Income Track" in particular, and its tax consequences; the Grantee agrees that the 102 Trustee Awards and Shares that may be issued upon exercise or (if applicable) vesting of the 102 Trustee Awards (or otherwise in relation to the 102 Trustee Awards), will be held by a trustee appointed pursuant to Section 102 of the Ordinance for at least the duration of the "Holding Period" (as such term is defined in Section 102) under the "Capital Gain Track" or the "Ordinary Income Track", as applicable. The Grantee understands that any release of such 102 Trustee Awards or Shares from trust, or any sale of the Share prior to the termination of the Holding Period, as defined above, will result in taxation at marginal tax rate, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and

3. The Grantee agrees to the trust deed signed between the Company, his employing company and the trustee appointed pursuant to Section 102 of the Ordinance.

X. 3(9) AWARDS.

A. Awards granted pursuant to this Section 10 are intended to constitute 3(9) Awards and shall be granted subject to the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 10 and the other terms of this Plan, this Section 10 shall prevail.

B. To the extent required by the Ordinance or the ITA or otherwise deemed by the Committee to be advisable, the 3(9) Awards and/or any shares or other securities issued or distributed with respect thereto granted pursuant to this Plan shall be issued to a Trustee nominated by the Committee in accordance with the provisions of the Ordinance. In such event, the Trustee shall hold such Awards and/or any shares or other securities issued or distributed with respect thereto in trust, until exercised or (if applicable) vested by the Grantee and the full payment of tax arising therefrom, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will have been entered into between the Company and the Trustee. If determined by the Board or the Committee, and subject to such trust agreement, the Trustee shall be responsible for withholding any taxes to which a Grantee may become liable upon issuance of Shares, whether due to the exercise or (if applicable) vesting of Awards.

C. Shares pursuant to a 3(9) Award shall not be issued, unless the Grantee delivers to the Company payment in cash or by bank check or such other form acceptable to the Committee of all withholding taxes due, if any, on account of the Grantee acquired Shares under the Award or gives other assurance satisfactory to the Committee of the payment of those withholding taxes.

XI. RESTRICTED SHARES.

The Committee may award Restricted Shares to any eligible Grantee, including under Section 102 of the Ordinance. Each Award of Restricted Shares under this Plan shall be evidenced by a written agreement between the Company and the Grantee (the "**Restricted Share Agreement**"), in such form as the Committee shall from time to time approve. The Restricted Shares shall be subject to all applicable terms of this Plan, which in the case of Restricted Shares granted under Section 102 of the Ordinance shall include Section 9 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Restricted Shares Agreements entered into under this Plan need not be identical. The Restricted Share Agreement shall comply with and be subject to Section 6 and the following terms and conditions, unless otherwise specifically provided in such Agreement and not inconsistent with this Plan, or Applicable Law:

A. Purchase Price. Section 6.4 shall not apply. Each Restricted Share Agreement shall state an amount of Exercise Price to be paid by the Grantee, if any, in consideration for the issuance of the Restricted Shares and the terms of payment thereof, which may include, payment in cash or, subject to the Committee's approval, by issuance of promissory notes or other evidence of indebtedness on such terms and conditions as determined by the Committee.

B. Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution (in which case they shall be transferred subject to all restrictions then or thereafter applicable thereto), until such Restricted Shares shall have vested (the period from the date on which the Award is granted until the date of vesting of the Restricted Share thereunder being referred to herein as the "**Restricted Period**"). The Committee may also impose such additional or alternative restrictions and conditions on the Restricted Shares, as it deems appropriate, including the satisfaction of performance criteria. Such performance criteria may include, but are not limited to, sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee or pursuant to the provisions of any Company policy required under mandatory provisions of Applicable Law. Certificates for shares issued pursuant to Restricted Share Awards, if issued, shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such shares in contravention of such restrictions shall be null and void and without effect. Such certificates may, if so determined by the Committee, be held in escrow by an escrow agent appointed by the Committee, or, if a Restricted Share Award is made pursuant to Section 102 of the Ordinance, by the Trustee. In determining the Restricted Period of an Award the Committee may provide that the foregoing restrictions shall lapse with respect to specified percentages of the awarded Restricted Shares on successive anniversaries of the date of such Award. To the extent required by the Ordinance or the ITA, the Restricted Shares issued pursuant to Section 102 of the Ordinance shall be issued to the Trustee in accordance with the provisions of the Ordinance and the Restricted Shares shall be held for the benefit of the Grantee for at least the Required Holding Period.

C. Forfeiture; Repurchase. Subject to such exceptions as may be determined by the Committee, if the Grantee's continuous employment with or service to the Company or any Affiliate thereof shall terminate for any reason prior to the expiration of the Restricted Period of an Award or prior to the timely payment in full of the Exercise Price of any Restricted Shares, any Shares remaining subject to vesting or with respect to which the purchase price has not been paid in full, shall thereupon be forfeited, transferred to, and redeemed, repurchased or cancelled by, as the case may be, in any manner as set forth in Section 6.6.2(i) through (v), subject to Applicable Laws and the Grantee shall have no further rights with respect to such Restricted Shares.

D. Ownership. During the Restricted Period the Grantee shall possess all incidents of ownership of such Restricted Shares, subject to Section 6.10 and Section 11.2, including the right to vote and receive dividends with respect to such Shares. All securities, if any, received by a Grantee with respect to Restricted Shares as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

XII. RESTRICTED SHARE UNITS.

A. An RSU is an Award covering a number of Shares that is settled, if vested and (if applicable) exercised, by issuance of those Shares. An RSU may be awarded to any eligible Grantee, including under Section 102 of the Ordinance, provided that, to the extent required by Applicable Laws, a specific ruling is obtained from the ITA to grant RSUs as 102 Trustee Awards. The Award Agreement relating to the grant of RSUs under this Plan (the “**Restricted Share Unit Agreement**”), shall be in such form as the Committee shall from time to time approve. The RSUs shall be subject to all applicable terms of this Plan, which in the case of RSUs granted under Section 102 of the Ordinance shall include Section 9 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Restricted Share Unit Agreements entered into under this Plan need not be identical. RSUs may be granted in consideration of a reduction in the recipient’s other compensation.

B. Exercise Price. No payment of Exercise Price shall be required as consideration for RSUs, unless included in the Award Agreement or as required by Applicable Law (including, Section 304 of the Companies Law, 1999, as amended), and Section 6.4 shall apply, if applicable.

C. Shareholders’ Rights. The Grantee shall not possess or own any ownership rights in the Shares underlying the RSUs and no rights as a shareholder shall exist prior to the actual issuance of Shares in the name of the Grantee.

D. Settlements of Awards. Settlement of vested RSUs shall be made in the form of Shares. Distribution to a Grantee of an amount (or amounts) from settlement of vested RSUs can be deferred to a date after settlement as determined by the Committee. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until the grant of RSUs is settled, the number of Shares underlying such RSUs shall be subject to adjustment pursuant hereto.

E. Section 409A Restrictions. Notwithstanding anything to the contrary set forth herein, any RSUs granted under this Plan that are not exempt from the requirements of Section 409A of the Code shall contain such restrictions or other provisions so that such RSUs will comply with the requirements of Section 409A of the Code, if applicable to the Company. Such restrictions, if any, shall be determined by the Committee and contained in the Restricted Share Unit Agreement evidencing such RSU. For example, such restrictions may include a requirement that any Shares that are to be issued in a year following the year in which the RSU vests must be issued in accordance with a fixed, pre-determined schedule.

XIII. OTHER SHARE OR SHARE-BASED AWARDS.

A. The Committee may grant other Awards under this Plan pursuant to which Shares (which may, but need not, be Restricted Shares pursuant to Section 11 hereof), cash (in settlement of Share-based Awards) or a combination thereof, are or may in the future be acquired or received, or Awards denominated in stock units, including units valued on the basis of measures other than market value.

B. The Committee may also grant stock appreciation rights without the grant of an accompanying option, which rights shall permit the Grantees to receive, at the time of any exercise of such rights, cash equal to the amount by which the Fair Market Value of the Shares in respect to which the right was granted is so exercised exceed the exercise price thereof. The exercise price of any such stock appreciation right granted to a Grantee who is subject to U.S. federal income tax shall be determined in compliance with Section 7.2.

C. Such other Share-based Awards as set forth above may be granted alone, in addition to, or in tandem with any Award of any type granted under this Plan.

XIV. EFFECT OF CERTAIN CHANGES.

A. General. In the event of a division or subdivision of the outstanding share capital of the Company, any distribution of bonus shares (stock split), consolidation or combination of share capital of the Company (reverse stock split), reclassification with respect to the Shares or any similar recapitalization events (each, a "**Recapitalization**"), a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation, a reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences, the Committee shall have the authority to make, without the need for a consent of any holder of an Award, such adjustments as determined by the Committee to be appropriate, in its discretion, in order to adjust (i) the number and class of shares reserved and available for grants of Awards, (ii) the number and class of shares covered by outstanding Awards, (iii) the Exercise Price per share covered by any Award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding Awards, and (v) any other terms of the Award that in the opinion of the Committee should be adjusted. Any fractional shares resulting from such adjustment shall be treated as determined by the Committee, and in the absence of such determination shall be rounded to the nearest whole share, and the Company shall have no obligation to make any cash or other payment with respect to such fractional shares. No adjustment shall be made by reason of the distribution of subscription rights or rights offering to outstanding shares or other issuance of shares by the Company, unless the Committee determines otherwise. The adjustments determined pursuant to this Section 14.1 (including a determination that no adjustment is to be made) shall be final, binding and conclusive.

B. Change of Control. In the event of a Change of Control, then, without derogating from the general authority and power of the Board or the Committee under this Plan, without the Grantee's consent and action and without any prior notice requirement:

1. Unless otherwise determined by the Committee in its sole and absolute discretion, any Award then outstanding shall be assumed or be substituted by the Company, or by the successor corporation in an event described in paragraph (i) or (ii) of the definition of Change of Control, or by any parent or Affiliate thereof, as determined by the Committee in its discretion (the "**Successor Corporation**"), under terms as determined by the Committee or the terms of this Plan applied by the Successor Corporation to such assumed or substituted Awards.

For the purposes of this Section 14.2.1, the Award shall be considered assumed or substituted if, following such a Change of Control, the Award confers on the holder thereof the right to purchase or receive, for each Share underlying an Award immediately prior to the Change of Control, either (i) the consideration (whether stock, cash, or other securities or property, or any combination thereof) distributed to or received by holders of Shares in the Change of Control for each Share held on the effective date of the Change of Control (and if holders were offered a choice of several types of consideration, the type of consideration as determined by the Committee), or (ii) regardless of the consideration received by the holders of Shares in the Change of Control, solely shares or any type of Awards (or their equivalent) of the Successor Corporation at a value to be determined by the Committee in its discretion, or a certain type of consideration (whether stock, cash, or other securities or property, or any combination thereof) as determined by the Committee. Any of the above consideration referred to in clauses (i) and (ii) shall be subject to the same vesting and expiration terms of the Awards applying immediately prior to the Change of Control, unless determined by the Committee in its discretion that the consideration shall be subject to different vesting and expiration terms, or other terms, and the Committee may determine that it be subject to other or additional terms. The foregoing shall not limit the Committee's authority to determine, in its sole discretion, that in lieu of such assumption or substitution of Awards for Awards of the Successor Corporation, such Award will be substituted for any other type of asset or property, including as set forth in Section 14.2.2 hereunder.

2. Regardless of whether or not Awards are assumed or substituted, the Committee may (but shall not be obligated to), in its sole discretion:
 - a. provide for the Grantee to have the right to exercise the Award in respect of Shares covered by the Award which would otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine, and the cancellation of all unexercised Awards (whether vested or unvested) upon or immediately prior to the closing of the Change of Control, unless the Committee provides for the Grantee to have the right to exercise the Award, or otherwise for the acceleration of vesting of such Award, as to all or part of the Shares covered by the Award which would not otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine; and/or
 - b. provide for the cancellation of each outstanding Award at or immediately prior to the closing of such Change of Control, and payment to the Grantee of an amount in cash, shares of the Company, the acquirer or of a corporation or other business entity which is a party to the Change of Control or other property, as determined by the Committee to be fair in the circumstances, and subject to such terms and conditions as determined by the Committee. The Committee shall have full authority to select the method for determining the payment (being the Black-Scholes model or any other method). The Committee's determination may further provide that payment shall be set to zero if the value of the Shares is determined to be less than the Exercise Price or in respect of Shares covered by the Award which would not otherwise be exercisable or vested, or that payment may be made only in excess of the Exercise Price.

3. The Committee may determine that any payments made in respect of Awards shall be made or delayed to the same extent that payment of consideration to the holders of the Shares in connection with the Change of Control is made or delayed as a result of escrows, indemnification, earn outs, holdbacks or any other contingencies; and the terms and conditions applying to the payment made to the Grantees, including participation in escrow, indemnification, releases, earn-outs, holdbacks or any other contingencies.

4. Notwithstanding the foregoing, in the event of a Change of Control, the Committee may determine, in its sole discretion, that upon completion of such Change of Control the terms of any Award shall be otherwise amended, modified or terminated, as the Committee shall deem in good faith to be appropriate and without any liability to the Company or its Affiliates and to their respective officers, directors, employees and representatives and the respective successors and assigns of any of the foregoing in connection with the method of treatment or chosen course of action permitted hereunder.

5. Neither the authorities and powers of the Committee under this Section 14.2, nor the exercise or implementation thereof, shall (i) be restricted or limited in any way by any adverse consequences (tax or otherwise) that may result to any holder of an Award, and (ii) as, *inter alia*, being a feature of the Award upon its grant, be deemed to constitute a change or an amendment of the rights of such holder under this Plan, nor shall any such adverse consequences (as well as any adverse tax consequences that may result from any tax ruling or other approval or determination of any relevant tax authority) be deemed to constitute a change or an amendment of the rights of such holder under this Plan, and may be effected without consent of any Grantee and without any liability to the Company or its Affiliates and to their respective its officers, directors, employees and representatives and the respective successors and assigns of any of the foregoing. The Committee need not take the same action with respect to all Awards or with respect to all Service Providers. The Committee may take different actions with respect to the vested and unvested portions of an Award. The Committee may determine an amount or type of consideration to be received or distributed in a Change of Control which may differ as among the Grantees, and as between the Grantees and any other holders of shares of the Company.

6. The Committee's determinations pursuant to this Section 14 shall be conclusive and binding on all Grantees.

7. If determined by the Committee, the Grantees shall be subject to the definitive agreement(s) in connection with the Change of Control as applying to holders of Shares including, such terms, conditions, representations, undertakings, liabilities, limitations, releases, indemnities, participating in transaction expenses and escrow arrangement, in each case as determined by the Committee. Each Grantee shall execute such separate agreement(s) or instruments as may be requested by the Company, the Successor Corporation or the acquirer in connection with such in such Change of Control and in the form required by them. The execution of such separate agreement(s) may be a condition to the receipt of assumed or substituted Awards, payment in lieu of the Award or the exercise of any Award.

C. Reservation of Rights. Except as expressly provided in this Section 14 (if any), the Grantee of an Award hereunder shall have no rights by reason of any Recapitalization of shares of any class, any increase or decrease in the number of shares of any class, or any dissolution, liquidation, reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences), or Change of Control. Any issue by the Company of shares of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number, type or price of shares subject to an Award. The grant of an Award pursuant to this Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structures or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or part of its business or assets or engage in any similar transactions.

XV. NON-TRANSFERABILITY OF AWARDS; SURVIVING BENEFICIARY.

A. All Awards granted under this Plan by their terms shall not be transferable other than by will or by the laws of descent and distribution, unless otherwise determined by the Committee or under this Plan, provided that with respect to Shares issued upon exercise or (if applicable) the vesting of Awards the restrictions on transfer shall be the restrictions referred to in Section 16 (Conditions upon Issuance of Shares) hereof. Subject to the above provisions, the terms of such Award, this Plan and any applicable Award Agreement shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee. Awards may be exercised or otherwise realized, during the lifetime of the Grantee, only by the Grantee or by his guardian or legal representative, to the extent provided for herein. Any transfer of an Award not permitted hereunder (including transfers pursuant to any decree of divorce, dissolution or separate maintenance, any property settlement, any separation agreement or any other agreement with a spouse) and any grant of any interest in any Award to, or creation in any way of any direct or indirect interest in any Award by, any party other than the Grantee shall be null and void and shall not confer upon any party or person, other than the Grantee, any rights. A Grantee may file with the Committee a written designation of a beneficiary, who shall be permitted to exercise such Grantee's Award or to whom any benefit under this Plan is to be paid, in each case, in the event of the Grantee's death before he or she fully exercises his or her Award or receives any or all of such benefit, on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary. Notwithstanding the foregoing, upon the request of the Grantee and subject to Applicable Law the Committee, at its sole discretion, may permit the Grantee to transfer the Award to a trust whose beneficiaries are the Grantee and/or the Grantee's immediate family members (all or several of them).

B. Notwithstanding any other provisions of the Plan to the contrary, no Incentive Stock Option may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or in accordance with a beneficiary designation pursuant to Section 15.1. Further, all Incentive Stock Options granted to a Grantee shall be exercisable during his or her lifetime only by such Grantee.

C. As long as the Shares are held by the Trustee in favor of the Grantee, all rights possessed by the Grantee over the Shares are personal, and may not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

D. The provisions of this Section 15 shall apply to the Grantee and to any purchaser, assignee or transferee of any Shares.

XVI. CONDITIONS UPON ISSUANCE OF SHARES; GOVERNING PROVISIONS.

A. Legal Compliance. The grant of Awards and the issuance of Shares upon exercise or settlement of Awards shall be subject to compliance with all Applicable Laws as determined by the Company, including, applicable requirements of federal, state and foreign law with respect to such securities. The Company shall have no obligations to issue Shares pursuant to the exercise or settlement of an Award and Awards may not be exercised or settled, if the issuance of Shares upon exercise or settlement would constitute a violation of any Applicable Laws as determined by the Company, including, applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, no Award may be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise or settlement of the Award be in effect with respect to the shares issuable upon exercise of the Award, or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain authority from any regulatory body having jurisdiction, if any, deemed by the Company to be necessary to the lawful issuance and sale of any Shares hereunder, and the inability to issue Shares hereunder due to non-compliance with any Company policies with respect to the sale of Shares, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority or compliance shall not have been obtained or achieved. As a condition to the exercise of an Award, the Company may require the person exercising such Award to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any Applicable Law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company, including to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, all in form and content specified by the Company.

B. Provisions Governing Shares. Shares issued pursuant to an Award shall be subject to the Articles of Association of the Company, any limitation, restriction or obligation included in any shareholders agreement applicable to all or substantially all of the holders of shares (regardless of whether or not the Grantee is a formal party to such shareholders agreement), any other governing documents of the Company, all policies, manuals and internal regulations adopted by the Company from time to time, in each case, as may be amended from time to time, including any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, right of first refusal and lock up/market stand-off) or grant of any rights with respect thereto, forced sale and bring along provisions, any provisions concerning restrictions on the use of inside information and other provisions deemed by the Company to be appropriate in order to ensure compliance with Applicable Laws. Each Grantee shall execute such separate agreement(s) as may be requested by the Company relating to matters set forth in this Section 16.2. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Award.

C. Forced Sale. In the event the that Board approves a Change of Control effected by way of a forced or compulsory sale (whether pursuant to the Company's Articles of Association or pursuant to Section 341 of the Companies Law), then, without derogating from such provisions and in addition thereto, the Grantee shall be obligated, and shall be deemed to have agreed to the offer to effect the Change of Control on the terms approved by the Board (and the Shares held by or for the benefit of the Grantee shall be included in the shares of the Company approving the terms of such Change of Control for the purpose of satisfying the required majority), and shall sell all of the Shares held by or for the benefit of the Grantee on the terms and conditions applying to the holders of Shares, in accordance with the instructions then issued by the Board, whose determination shall be final. No Grantee shall contest, bring any claims or demands, or exercise any appraisal rights related to any of the foregoing. The proxy pursuant to Section 6.10 includes an authorization of the holder of such proxy to sign, by and on behalf of any Grantee, such documents and agreements as are required to affect the sale of Shares in connection with such Change of Control.

D. Share Transfer Restrictions. Any transfer or other disposition of Shares or any interest therein is subject to the prior approval of the Board, which, if granted (without any obligation to do so), may be subject to such terms, conditions and restrictions, as it deems appropriate. The terms, conditions and restrictions of any approval may differ from one Grantee to another, and need not be the same. Any transfer or otherwise grant of any interest in any Shares to any third party that does not comply with this Section shall be null and void and shall not confer upon any person, other than the Grantee, any rights. This Section shall terminate immediately after the public offering of securities of the Company pursuant to an effective registration statement filed under the Securities Act or equivalent law in another jurisdiction and the listing for trading on a stock exchange or market or trading system. This Section shall apply in addition to any other limitation, restriction and/or condition in this Plan (including, without limitation, after the application of Section 16), any Award Agreement, shareholders agreement, Company's Articles of Association or other instrument between the Grantee and the Company or by which the Grantee is bound. This Section shall not apply to a transfer of Shares in a sale of all or substantially all of the shares of the Company which was approved by the Board or pursuant to the Company's Articles of Association or upon a Change of Control.

XVII. MARKET STAND-OFF

A. In connection with any underwritten public offering of equity securities of the Company pursuant to an effective registration statement filed under the Securities Act or equivalent law in another jurisdiction, the Grantee shall not directly or indirectly, without the prior written consent of the Company or its underwriters, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or other Awards, any securities of the Company (whether or not such Shares were acquired under this Plan), or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Shares or securities of the Company and any other shares or securities issued or distributed in respect thereto or in substitution thereof (collectively, “**Securities**”), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in clauses (i) or (ii) is to be settled by delivery of Securities, in cash or otherwise. The foregoing provisions of this Section 17.1 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. Such restrictions (the “**Market Stand-Off**”) shall be in effect for such period of time (the “**Market Stand-Off Period**”): (A) following the first public filing of the registration statement relating to the underwritten public offering until the expiration of 180 days following the effective date of such registration statement relating to the Company’s initial public offering or 90 days following the effective date of such registration statement relating to any other public offering, in each case, provided, however, that if (1) during the last 17 days of the initial Market Stand-Off Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Market Stand-Off Period, the Company announces that it will release earnings results during the 15-day period following the last day of the initial Market Stand-Off Period, then in each case the Market Stand-Off Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event; or (B) such other period as shall be requested by the Company or the underwriters. Notwithstanding anything herein to the contrary, if the underwriter(s) and the Company agree on a termination date of the Market Stand-Off Period in the event of failure to consummate a certain public offering, then such termination shall apply also to the Market Stand-Off Period hereunder with respect to that particular public offering.

B. In the event of a subdivision of the outstanding share capital of the Company, the distribution of any securities (whether or not of the Company), whether as bonus shares or otherwise, and whether as dividend or otherwise, a recapitalization, a reorganization (which may include a combination or exchange of shares or a similar transaction affecting the Company’s outstanding securities without receipt of consideration), a consolidation, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off.

C. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Plan until the end of the applicable Market Stand-Off period.

D. The underwriters in connection with a registration statement so filed are intended third party beneficiaries of this Section 17 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Grantee shall execute such separate agreement(s) as may be requested by the Company or the underwriters in connection with such registration statement and in the form required by them, relating to Market Stand-Off (which need not be identical to the provisions of this Section 17, and may include such additional provisions and restrictions as the underwriters deem advisable) or that are necessary to give further effect thereto. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Award.

E. Without derogating from the above provisions of this Section 17 or elsewhere in this Plan, the provisions of this Section 17 shall apply to the Grantee and the Grantee’s heirs, legal representatives, successors, assigns, and to any purchaser, assignee or transferee of any Awards or Shares.

XVIII. AGREEMENT REGARDING TAXES; DISCLAIMER.

A. If the Committee shall so require, as a condition of exercise of an Award, the release of Shares by the Trustee or the expiration of the Restricted Period, a Grantee shall agree that, no later than the date of such occurrence, the Grantee will pay to the Company (or the Trustee, as applicable) or make arrangements satisfactory to the Committee and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by Applicable Law to be withheld or paid.

B. TAX LIABILITY. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS OR THE EXERCISE THEREOF, THE SALE OR DISPOSITION OF ANY SHARES GRANTED HEREUNDER OR ISSUED UPON EXERCISE OR (IF APPLICABLE) THE VESTING OF ANY AWARD, THE ASSUMPTION, SUBSTITUTION, CANCELLATION OR PAYMENT IN LIEU OF AWARDS OR FROM ANY OTHER ACTION IN CONNECTION WITH THE FOREGOING (INCLUDING WITHOUT LIMITATION ANY TAXES AND COMPULSORY PAYMENTS, SUCH AS SOCIAL SECURITY OR HEALTH TAX PAYABLE BY THE GRANTEE OR THE COMPANY IN CONNECTION THEREWITH) SHALL BE BORNE AND PAID SOLELY BY THE GRANTEE, AND THE GRANTEE SHALL INDEMNIFY THE COMPANY, ITS SUBSIDIARIES AND AFFILIATES AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PAYMENT OR ANY PENALTY, INTEREST OR INDEXATION THEREON. EACH GRANTEE AGREES TO, AND UNDERTAKES TO COMPLY WITH, ANY RULING, SETTLEMENT, CLOSING AGREEMENT OR OTHER SIMILAR AGREEMENT OR ARRANGEMENT WITH ANY TAX AUTHORITY IN CONNECTION WITH THE FOREGOING WHICH IS APPROVED BY THE COMPANY.

C. NO TAX ADVICE. THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING OR DISPOSING OF AWARDS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE GRANTEE ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE GRANTEE.

D. TAX TREATMENT. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY OR RESPONSIBILITY TO THE EFFECT THAT ANY AWARD SHALL QUALIFY WITH ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT, OR BENEFIT FROM ANY PARTICULAR TAX TREATMENT OR TAX ADVANTAGE OF ANY TYPE AND THE COMPANY SHALL BEAR NO LIABILITY IN CONNECTION WITH THE MANNER IN WHICH ANY AWARD IS EVENTUALLY TREATED FOR TAX PURPOSES, REGARDLESS OF WHETHER THE AWARD WAS GRANTED OR WAS INTENDED TO QUALIFY UNDER ANY PARTICULAR TAX REGIME OR TREATMENT. THIS PROVISION SHALL SUPERSEDE ANY TYPE OF AWARDS OR TAX QUALIFICATION INDICATED IN ANY CORPORATE RESOLUTION OR AWARD AGREEMENT, WHICH SHALL AT ALL TIMES BE SUBJECT TO THE REQUIREMENTS OF APPLICABLE LAW. THE COMPANY DOES NOT UNDERTAKE AND SHALL NOT BE REQUIRED TO TAKE ANY ACTION IN ORDER TO QUALIFY THE AWARD WITH THE REQUIREMENT OF ANY PARTICULAR TAX TREATMENT AND NO INDICATION IN ANY DOCUMENT TO THE EFFECT THAT ANY AWARD IS INTENDED TO QUALIFY FOR ANY TAX TREATMENT SHALL IMPLY SUCH AN UNDERTAKING. NO ASSURANCE IS MADE BY THE COMPANY OR ANY OF ITS AFFILIATES THAT ANY PARTICULAR TAX TREATMENT ON THE DATE OF GRANT WILL CONTINUE TO EXIST OR THAT THE AWARD WOULD QUALIFY AT THE TIME OF EXERCISE OR DISPOSITION THEREOF WITH ANY PARTICULAR TAX TREATMENT. THE COMPANY AND ITS AFFILIATES SHALL NOT HAVE ANY LIABILITY OR OBLIGATION OF ANY NATURE IN THE EVENT THAT AN AWARD DOES NOT QUALIFY FOR ANY PARTICULAR TAX TREATMENT, REGARDLESS WHETHER THE COMPANY COULD HAVE OR SHOULD HAVE TAKEN ANY ACTION TO CAUSE SUCH QUALIFICATION TO BE MET AND SUCH QUALIFICATION REMAINS AT ALL TIMES AND UNDER ALL CIRCUMSTANCES AT THE RISK OF THE GRANTEE. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY TO CONTEST A DETERMINATION OR INTERPRETATION (WHETHER WRITTEN OR UNWRITTEN) OF ANY TAX AUTHORITIES, INCLUDING IN RESPECT OF THE QUALIFICATION UNDER ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT. IF THE AWARDS DO NOT QUALIFY UNDER ANY PARTICULAR TAX TREATMENT IT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO THE GRANTEE.

E. The Company or any Subsidiary or Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Company or any Subsidiary or Affiliate is required by any Applicable Law to withhold in connection with any Awards (collectively, “**Withholding Obligations**”). Such actions may include (i) requiring a Grantees to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments, payable by the Company in connection with the Award or the exercise or (if applicable) the vesting thereof; (ii) subject to Applicable Law, allowing the Grantees to provide Shares to the Company, in an amount that at such time, reflects a value that the Committee determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Award at a value which is determined by the Committee to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Award by or on behalf of a Grantee until all tax consequences arising from the exercise of such Award are resolved in a manner acceptable to the Company.

F. Each Grantee shall notify the Company in writing promptly and in any event within ten (10) days after the date on which such Grantee first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Awards granted or received hereunder or Shares issued thereunder and shall continuously inform the Company of any developments, proceedings, discussions and negotiations relating to such matter, and shall allow the Company and its representatives to participate in any proceedings and discussions concerning such matters. Upon request, a Grantee shall provide to the Company any information or document relating to any matter described in the preceding sentence, which the Company, in its discretion, requires.

G. With respect to 102 Non-Trustee Options, if the Grantee ceases to be employed by the Company or any Affiliate, the Grantee shall extend to the Company and/or its Affiliate with whom the Grantee is employed a security or guarantee for the payment of taxes due at the time of sale of Shares, all in accordance with the provisions of Section 102 of the Ordinance and the Rules.

H. For the purpose hereof "tax(es)" means (a) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, capital gains, transfer, withholding, payroll, employment, social security, national security, health tax, wealth surtax, stamp, registration and estimated taxes, customs duties, fees, assessments and charges of any similar kind whatsoever (including under Section 280G of the Code), (b) all interest, indexation differentials, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with any item described in clause (a), (c) any transferee or successor liability in respect of any items described in clauses (a) or (b) payable by reason of contract, assumption, transferee liability, successor liability, operation of Applicable Law, or as a result of any express or implied obligation to assume Taxes or to indemnify any other person, and (d) any liability for the payment of any amounts of the type described in clause (a) or (b) payable as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate group for any taxable period, including under U.S. Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

I. If a Grantee makes an election under Section 83(b) of the Code to be taxed with respect to an Award as of the date of transfer of Shares rather than as of the date or dates upon which the Grantee would otherwise be taxable under Section 83(a) of the Code, such Grantee shall deliver a copy of such election to the Company upon or prior to the filing such election with the U.S. Internal Revenue Service. Neither the Company nor any Affiliate shall have any liability or responsibility relating to or arising out of the filing or not filing of any such election or any defects in its construction.

XIX. RIGHTS AS A SHAREHOLDER; VOTING AND DIVIDENDS.

A. Subject to Section 11.4, a Grantee shall have no rights as a shareholder of the Company with respect to any Shares covered by an Award until the Grantee shall have exercised the Award, paid the Exercise Price therefor and becomes the record holder of the subject Shares. In the case of 102 Awards or 3(9) Awards (if such Awards are being held by a Trustee), the Trustee shall have no rights as a shareholder of the Company with respect to the Shares covered by such Award until the Trustee becomes the record holder for such Shares for the Grantee's benefit, and the Grantee shall not be deemed to be a shareholder and shall have no rights as a shareholder of the Company with respect to the Shares covered by the Award until the date of the release of such Shares from the Trustee to the Grantee and the transfer of record ownership of such Shares to the Grantee (provided however that the Grantee shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Grantee's benefit, subject to any tax withholding and compulsory payment). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date on which the Grantee or Trustee (as applicable) becomes the record holder of the Shares covered by an Award, except as provided in Section 14 hereof.

B. With respect to all Awards issued in the form of Shares hereunder or upon the exercise or (if applicable) the vesting of Awards hereunder, any and all voting rights attached to such Shares shall be subject to Section 6.9, and the Grantee shall be entitled to receive dividends distributed with respect to such Shares, subject to the provisions of the Company's Articles of Association, as amended from time to time, and subject to any Applicable Law.

C. The Company may, but shall not be obligated to, register or qualify the sale of Shares under any applicable securities law or any other Applicable Law.

XX. NO REPRESENTATION BY COMPANY.

XXI. BY GRANTING THE AWARDS, THE COMPANY IS NOT, AND SHALL NOT BE DEEMED AS, MAKING ANY REPRESENTATION OR WARRANTIES TO THE GRANTEE REGARDING THE COMPANY, ITS BUSINESS AFFAIRS, ITS PROSPECTS OR THE FUTURE VALUE OF ITS SHARES. THE COMPANY SHALL NOT BE REQUIRED TO PROVIDE TO ANY GRANTEE ANY INFORMATION, DOCUMENTS OR MATERIAL IN CONNECTION WITH THE GRANTEE'S CONSIDERING AN EXERCISE OF AN AWARD. TO THE EXTENT THAT ANY INFORMATION, DOCUMENTS OR MATERIALS ARE PROVIDED, THE COMPANY SHALL HAVE NO LIABILITY WITH RESPECT THERETO. ANY DECISION BY A GRANTEE TO EXERCISE AN AWARD SHALL SOLELY BE AT THE RISK OF THE GRANTEE.

XXII. NO RETENTION RIGHTS.

XXIII. NOTHING IN THIS PLAN, ANY AWARD AGREEMENT OR IN ANY AWARD GRANTED OR AGREEMENT ENTERED INTO PURSUANT HERETO SHALL CONFER UPON ANY GRANTEE THE RIGHT TO CONTINUE IN THE EMPLOY OF, OR BE IN THE SERVICE OF THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE THEREOF AS A SERVICE PROVIDER OR TO BE ENTITLED TO ANY REMUNERATION OR BENEFITS NOT SET FORTH IN THIS PLAN OR SUCH AGREEMENT, OR TO INTERFERE WITH OR LIMIT IN ANY WAY THE RIGHT OF THE COMPANY OR ANY SUCH SUBSIDIARY OR AFFILIATE TO TERMINATE SUCH GRANTEE'S EMPLOYMENT OR SERVICE (INCLUDING, ANY RIGHT OF THE COMPANY OR ANY OF ITS AFFILIATES TO IMMEDIATELY CEASE THE GRANTEE'S EMPLOYMENT OR SERVICE OR TO SHORTEN ALL OR PART OF THE NOTICE PERIOD, REGARDLESS OF WHETHER NOTICE OF TERMINATION WAS GIVEN BY THE COMPANY OR ITS AFFILIATES OR BY THE GRANTEE). AWARDS GRANTED UNDER THIS PLAN SHALL NOT BE AFFECTED BY ANY CHANGE IN DUTIES OR POSITION OF A GRANTEE, SUBJECT TO SECTIONS 6.6 THROUGH 6.8. NO GRANTEE SHALL BE ENTITLED TO CLAIM AND THE GRANTEE HEREBY WAIVES ANY CLAIM AGAINST THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE THAT HE OR SHE WAS PREVENTED FROM CONTINUING TO VEST AWARDS AS OF THE DATE OF TERMINATION OF HIS OR HER EMPLOYMENT WITH, OR SERVICES TO, THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE. NO GRANTEE SHALL BE ENTITLED TO ANY COMPENSATION IN RESPECT OF THE AWARDS WHICH WOULD HAVE VESTED HAD SUCH GRANTEE'S EMPLOYMENT OR ENGAGEMENT WITH THE COMPANY (OR ANY SUBSIDIARY OR AFFILIATE) NOT BEEN TERMINATED.

XXIV. PERIOD DURING WHICH AWARDS MAY BE GRANTED.

XXV. AWARDS MAY BE GRANTED PURSUANT TO THIS PLAN FROM TIME TO TIME WITHIN A PERIOD OF TEN (10) YEARS FROM THE EFFECTIVE DATE, WHICH PERIOD MAY BE EXTENDED FROM TIME TO TIME BY THE BOARD. FROM AND AFTER SUCH DATE (AS EXTENDED) NO GRANTS OF AWARDS MAY BE MADE AND THIS PLAN SHALL CONTINUE TO BE IN FULL FORCE AND EFFECT WITH RESPECT TO AWARDS OR SHARES ISSUED THEREUNDER THAT REMAIN OUTSTANDING.

XXVI. AMENDMENT OF THIS PLAN AND AWARDS.

A. The Board at any time and from time to time may suspend, terminate, modify or amend this Plan, whether retroactively or prospectively. Any amendment effected in accordance with this Section shall be binding upon all Grantees and all Awards, whether granted prior to or after the date of such amendment, and without the need to obtain the consent of any Grantee. No termination or amendment of this Plan shall affect any then outstanding Award unless expressly provided by the Board.

B. Subject to changes in Applicable Law that would permit otherwise, without the approval of the Company's shareholders, there shall be (i) no increase in the maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options (except by operation of the provisions of Section 14.1), (ii) no change in the class of persons eligible to receive Incentive Stock Options, and (iii) no other amendment of this Plan that would require approval of the Company's shareholders under any Applicable Law. Unless not permitted by Applicable Law, if the grant of an Award is subject to approval by shareholders, the date of grant of the Award shall be determined as if the Award had not been subject to such approval. Failure to obtain approval by the shareholders shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not an Incentive Stock Option. Upon approval of an amendment to this Plan by the shareholders of the Company as set forth above, all Incentive Stock Options granted under this Plan on or after such amendment shall be fully effective as if the shareholders of the Company had approved the amendment on the same date.

C. The Board or the Committee at any time and from time to time may modify or amend any Award theretofore granted, including any Award Agreement, whether retroactively or prospectively.

XXVII. APPROVAL.

A. This Plan shall take effect upon its adoption by the Board (the "Effective Date").

B. Solely with respect to grants of Incentive Stock Options, this Plan shall also be subject to shareholders' approval, within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting or a written consent of shareholders (however, if the grant of an Award is subject to approval by shareholders, the date of grant of the Award shall be determined as if the Award had not been subject to such approval). Failure to obtain such approval by the shareholders within such period shall not in any way derogate from the valid and binding effect of any grant of an Award, except that any Options previously granted under this Plan may not qualify as Incentive Stock Options but, rather, shall constitute Nonqualified Stock Options. Upon approval of this Plan by the shareholders of the Company as set forth above, all Incentive Stock Options granted under this Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved this Plan on the Effective Date.

C. 102 Awards are conditional upon the filing with or approval by the ITA, if required, as set forth in Section 9.49. Failure to so file or obtain such approval shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not an 102 Award.

XXVIII. RULES PARTICULAR TO SPECIFIC COUNTRIES; SECTION 409A.

A. Notwithstanding anything herein to the contrary, the terms and conditions of this Plan may be supplemented or amended with respect to a particular country or tax regime by means of an appendix to this Plan, and to the extent that the terms and conditions set forth in any appendix conflict with any provisions of this Plan, the provisions of such appendix shall govern. Terms and conditions set forth in such appendix shall apply only to Awards granted to Grantees under the jurisdiction of the specific country or such other tax regime that is the subject of such appendix and shall not apply to Awards issued to a Grantee not under the jurisdiction of such country or such other tax regime. The adoption of any such appendix shall be subject to the approval of the Board or the Committee, and if determined by the Committee to be required in connection with the application of certain tax treatment, pursuant to applicable stock exchange rules or regulations or otherwise, then also the approval of the shareholders of the Company at the required majority.

B. This Section 25.2 shall only apply to Awards granted to Grantees who are subject to United States Federal income tax.

25.2.1 It is the intention of the Company that no Award shall be deferred compensation subject to Code Section 409A unless and to the extent that the Committee specifically determines otherwise as provided in Section 25.2.2, and the Plan and the terms and conditions of all Awards shall be interpreted and administered accordingly.

25.2.2 The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for payment or elective or mandatory deferral of the payment or delivery of Shares or cash pursuant thereto, and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement and shall be intended to comply in all respects with Section 409A of the Code, and the Plan and the terms and conditions of such Awards shall be interpreted and administered accordingly.

25.2.3 The Company shall have complete discretion to interpret and construe the Plan and any Award Agreement in any manner that establishes an exemption from (or compliance with) the requirements of Code Section 409A. If for any reason, such as imprecision in drafting, any provision of the Plan and/or any Award Agreement does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent, as determined in the discretion of the Company. If, notwithstanding the foregoing provisions of this Section 25.2.3, any provision of the Plan or any such agreement would cause a Grantee to incur any additional tax or interest under Code Section 409A, the Company shall reform such provision in a manner intended to avoid the incurrence by such Grantee of any such additional tax or interest; provided that the Company shall maintain, to the extent reasonably practicable, the original intent and economic benefit to the Grantee of the applicable provision without violating the provisions of Code Section 409A.

25.2.4 Notwithstanding any other provision in the Plan, any Award Agreement, or any other written document establishing the terms and conditions of an Award, if any Grantee is a “specified employee,” within the meaning of Section 409A of the Code, as of the date of his or her “separation from service” (as defined under Section 409A of the Code), then, to the extent required by Treasury Regulation Section 1.409A-3(i)(2) (or any successor provision), any payment made to such Grantee on account of his or her separation from service shall not be made before a date that is six months after the date of his or her separation from service. The Committee may elect any of the methods of applying this rule that are permitted under Treasury Regulation Section 1.409A-3(i)(2)(ii) (or any successor provision).

25.2.5 Notwithstanding any other provision of this Section 25.2 to the contrary, although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Code Section 409A, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Code Section 409A or any other provision of federal, state, local, or non-United States law. The Company shall not be liable to any Grantee for any tax, interest, or penalties the Grantee might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

XXIX. GOVERNING LAW; JURISDICTION.

XXX. THIS PLAN AND ALL DETERMINATIONS MADE AND ACTIONS TAKEN PURSUANT HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ISRAEL, EXCEPT WITH RESPECT TO MATTERS THAT ARE SUBJECT TO TAX LAWS, REGULATIONS AND RULES OF ANY SPECIFIC JURISDICTION, WHICH SHALL BE GOVERNED BY THE RESPECTIVE LAWS, REGULATIONS AND RULES OF SUCH JURISDICTION. CERTAIN DEFINITIONS, WHICH REFER TO LAWS OTHER THAN THE LAWS OF SUCH JURISDICTION, SHALL BE CONSTRUED IN ACCORDANCE WITH SUCH OTHER LAWS. THE COMPETENT COURTS LOCATED IN TEL-AVIV-JAFFA, ISRAEL SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS PLAN AND ANY AWARD GRANTED HEREUNDER. BY SIGNING ANY AWARD AGREEMENT OR ANY OTHER AGREEMENT RELATING TO AN AWARD, EACH GRANTEE IRREVOCABLY SUBMITS TO SUCH EXCLUSIVE JURISDICTION.

XXXI. NON-EXCLUSIVITY OF THIS PLAN.

XXXII. THE ADOPTION OF THIS PLAN SHALL NOT BE CONSTRUED AS CREATING ANY LIMITATIONS ON THE POWER OR AUTHORITY OF THE COMPANY TO ADOPT SUCH OTHER OR ADDITIONAL INCENTIVE OR OTHER COMPENSATION ARRANGEMENTS OF WHATEVER NATURE AS THE COMPANY MAY DEEM NECESSARY OR DESIRABLE OR PRECLUDE OR LIMIT THE CONTINUATION OF ANY OTHER PLAN, PRACTICE OR ARRANGEMENT FOR THE PAYMENT OF COMPENSATION OR FRINGE BENEFITS TO EMPLOYEES GENERALLY, OR TO ANY CLASS OR GROUP OF EMPLOYEES, WHICH THE COMPANY OR ANY AFFILIATE NOW HAS LAWFULLY PUT INTO EFFECT, INCLUDING ANY RETIREMENT, PENSION, SAVINGS AND STOCK PURCHASE PLAN, INSURANCE, DEATH AND DISABILITY BENEFITS AND EXECUTIVE SHORT-TERM OR LONG-TERM INCENTIVE PLANS.

XXXIII. MISCELLANEOUS.

A. Survival. The Grantee shall be bound by and the Shares issued upon exercise or (if applicable) the vesting of any Awards granted hereunder shall remain subject to this Plan after the exercise or (if applicable) the vesting of Awards, in accordance with the terms of this Plan, whether or not the Grantee is then or at any time thereafter employed or engaged by the Company or any of its Affiliates.

B. Additional Terms. Each Award awarded under this Plan may contain such other terms and conditions not inconsistent with this Plan as may be determined by the Committee, in its sole discretion.

C. Fractional Shares. No fractional Share shall be issuable upon exercise or vesting of any Award and the number of Shares to be issued shall be rounded down to the nearest whole Share, with in any Share remaining at the last vesting date due to such rounding to be issued upon exercise at such last vesting date.

D. Severability. If any provision of this Plan, any Award Agreement or any other agreement entered into in connection with an Award shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction. In addition, if any particular provision contained in this Plan, any Award Agreement or any other agreement entered into in connection with an Award shall for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, it shall be construed by limiting and reducing such provision as to such characteristic so that the provision is enforceable to fullest extent compatible with Applicable Law as it shall then appear.

E. Captions and Titles. The use of captions and titles in this Plan or any Award Agreement or any other agreement entered into in connection with an Award is for the convenience of reference only and shall not affect the meaning or interpretation of any provision of this Plan or such agreement.

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**DEVELOPMENT, MANUFACTURING AND
COMMERCIALIZATION AGREEMENT**

This Development, Manufacturing and Commercialization Agreement (the “**Agreement**”) is entered into as of April 27, 2015 (the “**Effective Date**”) between Perrigo UK Finco Limited Partnership, a United Kingdom limited partnership (“**Perrigo UK**”), and Sol-Gel Technologies Ltd., a **limited liability company incorporated in Israel** (“**Sol-Gel**”). Perrigo UK and Sol-Gel are sometimes each referred to as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Perrigo UK is an Affiliate (as defined herein) of Perrigo Company, a Michigan corporation (“**Perrigo Company**”) and Perrigo Company and its Affiliates (collectively referred to as “**Perrigo**”) are in the business of developing, manufacturing and marketing pharmaceutical products and Perrigo wishes to develop, formulate, manufacture and sell the Product (as defined herein) in accordance with this Agreement; and

WHEREAS, Sol-Gel is in the business of investing and participating in various businesses in the health care space, and Sol-Gel wishes to work with Perrigo in connection with the Product (as defined herein) in accordance with this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE I - DEFINITIONS

For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

- 1.01 “**Act**” shall mean the United States Food, Drug and Cosmetic Act, as amended from time to time, and the regulations promulgated thereunder.
- 1.02 “**Affiliate**” shall mean a corporation or any other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the designated Party, but only for so long as the relationship exists. “**Control**” shall mean: (i) ownership of shares of stock having at least 50% of the voting power entitled to vote for the election of directors in the case of a corporation; and (ii) ownership of shares of stock having at least 50% of the voting power entitled to vote for the election of directors of the general partner in the case of a limited partnership.
- 1.03 “**Agreement**” shall have the meaning set forth in the Preamble.
- 1.03 “**ANDA**” shall mean, with respect to the Product, an Abbreviated New Drug Application (as defined in Title 21 of the U.S Code of Federal Regulations) submitted to the FDA requesting approval to market the Product.

[***] **Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

- 1.04 “**cGMP**” shall mean those current Good Manufacturing Practices required by the FDA to be followed in connection with the manufacture of pharmaceutical products, as defined from time to time by the Act and related regulations or any successor laws or regulations governing the manufacture, handling, storage and control of the Product in the United States, in the form of laws, regulations or guidance documents (including but not limited to advisory opinions, compliance policy guides and guidelines), which guidance documents are being implemented within the pharmaceutical manufacturing industry for such Product.
- 1.05 “**Commercialization**” shall mean the activities undertaken to launch, market, promote, sell, and service the Product or have it marketed, promoted, sold or serviced in the Territory.
- 1.06 “**Committee**” shall have the meaning set forth in [Section 2.1](#).
- 1.07 “**Confidential Information**” shall mean information pertaining to each Party’s business, marketing plans, marketing activities, market projections, products and related matters, including related technical information, provided by one Party to the other pursuant to or in furtherance of this Agreement. Confidential Information hereunder shall also include extracts, analyses, compilations, studies or other documents or records prepared by or for a recipient or any of such recipient’s directors, officers, managers, employees, legal advisors, and financial advisors to the extent that such extracts, analyses, compilations, studies, documents or records contain or otherwise reflect or are generated from the disclosing Party’s Confidential Information. The existence of this Agreement shall constitute Confidential Information.
- 1.08 “**Development Costs**” shall mean, with respect to a given Product, all costs (determined in accordance with U.S. GAAP consistently applied) incurred by a Party prior to the Launch Date in connection with the program for such Product hereunder.
- 1.09 “**Diligent Efforts**” shall mean, (i) with respect to the development activities for the Product contemplated hereunder, a Party’s use of commercially reasonable efforts and resources consistent with the exercise of prudent business (and/or, if applicable, scientific) judgment, as applied by such Party to other pharmaceutical products of similar potential, market size and legal and competitive environments, and (ii) with respect to Commercialization of the Product contemplated hereunder, use of commercially reasonable efforts and resources consistent with the exercise of prudent business judgment as applied by such Party to other pharmaceutical products of similar potential, market size and legal and competitive environments.
- 1.11 “**Dispute**” has the meaning set forth in [Section 14.1](#).
- 1.12 “**Effective Date**” shall have the meaning set forth in the Preamble.
- 1.13 “**FDA**” shall mean the United States Food and Drug Administration or any successor United States governmental agency performing similar functions with respect to pharmaceutical products, or any foreign equivalent agency or entity having jurisdiction over the manufacture, marketing and/or sale of the Product.
- 1.14 “**Fiscal Quarter**” shall mean any of the three-month periods corresponding with Perrigo’s fiscal quarters.
- 1.15 “**Freedom to Operate Analysis**” shall have the meaning set forth in [Section 7.2\(b\)](#).

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- 1.16 **“Fully Allocated Costs”** shall mean Perrigo’s, actual direct material costs and labor costs as well as actual and direct fixed and variable overhead costs (including shrinkage, scrap, salvage and obsolescence) for the production, packaging and labeling of the Product.
- 1.17 **“Gross Profits”** shall mean an amount equal to the Net Sales for the applicable Fiscal Quarter, less Fully Allocated Costs related to such Net Sales, as determined in accordance with GAAP, without any markup for "transfer pricing" within the Perrigo group or otherwise, less [***] of such Net Sales to cover Perrigo’s sales, marketing and distributing activities in respect to the Product.
- 1.18 **“Gross Sales”** shall mean, , the total amount invoiced by Perrigo or any of its Affiliates for Sales of the Product in the Territory to any Third Party, including, without limitation, customers, such as wholesalers, drug chains and pharmacies,, as determined in accordance with GAAP, as well as the total value of any consideration or benefits received by Perrigo or any of its Affiliates from a Third Party in exchange for Sales of the Product in the Territory; provided that with respect to Sales in the Territory to any Third Party which are not arm's-length or in the ordinary course of business; or (ii) for less than the seller is then charging in arm's-length transactions for comparable products, while taking into account the then prevailing market conditions, the price invoiced and the consideration per Sale, shall be deemed to be no less than the average Sale price of the Product in arm's-length ordinary course transactions by Perrigo or its Affiliate, as the case may be, for purpose of determining "Gross Sales" with respect to such Sale.
- 1.19 **“Indemnified Party”** shall have the meaning set forth in Section 11.2.
- 1.20 **“Indemnifying Party”** shall have the meaning set forth in Section 11.2.
- 1.21 **“Intellectual Property”** means (i) patents, patent applications and statutory invention registrations, (ii) copyrights, including registrations and applications for registration thereof, (iii) trademarks, including registrations, applications for registration thereof, and common law rights therein, (iv) design rights, and (v) confidential or proprietary information, including trade secrets, know-how, materials and processes, including but not limited to analytical methods and reference materials.
- 1.22 **“Launch Date”** shall mean the date of first commercial sale of the Product in the Territory by Perrigo or its Affiliates pursuant to the ANDA.
- 1.23 **“Litigation”** shall have the meaning set forth in Section 7.1.
- 1.24 **“Net Sales”** shall mean the Gross Sales (for purposes of determining whether a given sale occurs during a computation period, Product will be considered sold as of the date of shipment by Perrigo to its customers), less the sum of the following (to the extent actually incurred or accrued):
- a. any and all credits for Product returns in the Territory during such Fiscal Quarter, including, but not limited to, credits for returned, unsold, or short-dated Product, allowances granted or included in the invoice, cash discounts, customer program accruals (overbills, administrative fees, Third Party rebates, sales brokerage, and volume rebates), other adjustments and rebates, including but not limited to Medicaid and other state or governmental rebates, charge backs, floor stock adjustments, and similar items that may be estimated in accordance with U.S. GAAP;

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- b. shipping costs, sales and excise taxes, other consumption taxes, or other governmental charges to the extent actually included in Gross Sales;
 - c. any receivables which have been included in Gross Sales in the books of Perrigo and are deemed to be uncollectible according to Perrigo's internal accounting principles and U.S. GAAP consistently applied. Such bad debt deduction shall be applied to Net Sales in the period in which such receivables are written off and shall be exclusive of any bad debt or uncollectible receivables of Perrigo unrelated to the Product. In the event that any such deducted bad debt is subsequently collected, the amount collected shall be added to the Net Sales.
- 1.25 **"Orange Book"** shall mean the Approved Drug Products book published by the FDA most recently and for subsequent years during the term of this Agreement, including its printed, monthly supplements, and on the electronic version of the Electronic Orange Book found at <http://www.fda.gov/cder/ob/default.htm>, or as the site address is amended.
- 1.26 **"Party" or "Parties"** shall have the meaning set forth in the Preamble.
- 1.27 **"Perrigo UK"** shall have the meaning set forth in the Preamble.
- 1.28 **"Perrigo Intellectual Property"** means any and all Intellectual Property of Perrigo owned by or assigned to Perrigo as of the Effective Date of this Agreement.
- 1.29 **"Post-Launch Litigation"** shall have the meaning set forth in Section 7.4.
- 1.30 **"Product"** shall mean an A-rated generic version of Soolantra® (Ivermectin 1%) cream.
- 1.31 **"Product Specifications"** shall mean the manufacturing, testing, labeling, storage and quality control specifications for the Product as set forth in the ANDA as approved by the FDA.
- 1.32 **"Product Technology"** means all Intellectual Property that specifically relates to the Product and is conceived or reduced to practice by Perrigo, Sol-Gel and/or their Affiliates in the conduct of the program.
- 1.33 **"Regulatory Filing"** shall have the meaning set forth in Section 8.2(b).
- 1.34 **"Raw Materials"** shall mean all excipients, components, raw materials and any other components required to manufacture, package and label the Product.
- 1.35 **"Regulatory Authority"** shall mean any division of the FDA (as applicable) and any other applicable governmental authority in the Territory.
- 1.36 **"Regulatory Filing"** shall have the meaning given such term in Section 8.2(b) hereof.
- 1.37 **"Sale"**, shall mean, with respect to the Product, the sale, distribution and any other arrangement in which monetary or other consideration is to be exchanged for the use of the Product.
- 1.38 **"Sol-Gel"** shall have the meaning set forth in the Preamble.

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- 1.39 “**Term**” shall have the meaning set forth in Section 13.1.
- 1.40 “**Termination Event**” shall have the meaning set forth in Section 13.2.
- 1.41 “**Territory**” shall mean the United States, its possessions and territories.
- 1.42 “**Third Party**” shall mean any entity or person which is not a party to this Agreement and is also not an Affiliate of a Party to this Agreement.
- 1.43 “**Third Party Manufacturer**” shall mean a Third Party which enters into a manufacture and supply agreement with Perrigo for the manufacture and supply of the Product or Raw Materials.
- 1.44 “**U.S. GAAP**” means United States generally accepted accounting principles.

ARTICLE II - STEERING COMMITTEE

2.1 Establishment and Composition.

Within 30 days of the Effective Date, the Parties shall establish the Committee (“**Committee**”) to oversee Product development and clinical studies, with Perrigo having the right to appoint up to 2 representatives on the Committee and Sol-Gel having the right to appoint up to 2 representatives of the Committee. One Committee member of each Party shall also be designated as the primary contact person for his or her respective Party. One of the representatives selected by Sol-Gel shall chair the Committee.

2.2 Responsibilities.

- a. The Committee shall meet and/or confer periodically as needed during the period the program is being implemented.
- b. The Committee shall perform such other functions relating to the program as the Parties may agree.
- c. All major program decisions or other decisions in connection with the implementation of this Agreement, such as selecting any material Third Party contractors, including, without limitation, any contract research organization (CRO) and the material terms of engagement of such contractors shall be decided and approved jointly by the Parties.

ARTICLE III - DEVELOPMENT PROGRAM

3.1 The Program.

The Parties shall work towards the overall objective of Perrigo obtaining all FDA approvals necessary for the Commercialization of the Product. Within the program, Perrigo shall use its Diligent Efforts to conduct all regulatory, scientific, clinical and technical activities necessary to develop the Product, and prepare and file with the FDA the ANDA. Perrigo shall use its Diligent Efforts to pursue FDA approval of the ANDA and gain FDA clearance to market the Product. A program budget shall be approved by the Parties based on their reasonable estimates of the program costs, including the costs of all Third Party contractors which *inter alia* details all out-of-pocket clinical study costs (including material) and the program budget shall be attached hereto as Schedule 3.1.

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- a. Perrigo shall, either directly or through its Third Party contractors, be responsible for the development activities commencing on the Effective Date through acceptance of the ANDA by the FDA, including formulation, analytical work, method validation, scale up and validation.
- b. Perrigo shall prepare all appropriate protocols and conduct the required in vitro and in vivo bio-equivalence studies to be undertaken pursuant to the program, provided however that to the extent that Third Party contractors are engaged, including any CRO, Sol-Gel shall be consulted and its consent required pursuant to Section 2.2(c).
- c. Perrigo shall use its Diligent Efforts to draft, submit and maintain the ANDA and obtain FDA approval for the Commercialization of the Product.
- d. Perrigo shall control all Litigation.
- e. Perrigo shall grant Sol-Gel reasonable access to, or provide Sol-Gel with copies of, without additional charge, cost or expense, any and all documentation, reports, Regulatory Filings and other communications with any Regulatory Authority, or any Third Party contractor, as reasonably requested by Sol-Gel.
- f. Perrigo shall provide to Sol-Gel periodic updates at Sol-Gel's request regarding the status of the program.

3.2 Sharing of Costs.

Except as set forth below, each Party shall bear its own costs in relation to the performance of this Agreement and Sol-Gel and Perrigo shall each be responsible for [***]% of its internal Development Costs, including all costs related to ANDA submission and maintenance.

- a. Sol-Gel and Perrigo shall [***] of in-vitro and non-clinical out-of-pocket development costs related to the Product.
- b. Sol-Gel shall be responsible for [***]%, and Perrigo shall be responsible for [***]%, of all out-of-pocket clinical study costs (including materials) related to the Product as detailed in the program budget.
- c. Sol-Gel and Perrigo [***] of all expenses related to Litigation (subject to Section 7.4 below).
- d. In the event that the out-of-pocket clinical study costs (including materials) related to the Product exceed the costs detailed in the program budget by more than 10%, then Perrigo and Sol-Gel shall [***] of all such excess costs.

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ARTICLE IV- DISCLOSURE OF INFORMATION; PERFORMANCE OF DUTIES

- 4.1 Disclosure. Upon execution of this Agreement and during the Term, each Party shall disclose to the other Party (and such Party's Affiliates and designated representatives) such Confidential Information as is reasonably requested regarding the program and Commercialization.
- 4.2 Confidentiality. Except as specifically authorized by this Agreement, each Party shall, for the Term and for 7 years after the expiration or termination of this Agreement, keep confidential, not disclose to others and use only for the purposes provided for or permitted under this Agreement, the other Party's Confidential Information. Notwithstanding the foregoing, such Confidential Information may be (i) disclosed to Regulatory Authorities or other governmental agencies and others where such Confidential Information is required to be included in Regulatory Filings permitted under the terms of this Agreement or in patent applications filed within the United States Patent and Trademark Office or corresponding international patent offices; (ii) provided to Third Parties under appropriate terms and conditions including confidentiality provisions substantially equivalent to those in this Agreement, in connection with the receiving Party's clinical or bioequivalence testing, consulting, regulatory activities, manufacturing and marketing activities with respect to the Product undertaken pursuant to or as permitted by this Agreement; (iii) published, if and to the extent such publication has been approved by both Parties; or (iv) disclosed to the extent required by applicable laws or regulations or as ordered by a court or other regulatory body having competent jurisdiction. In each of the foregoing cases (i) through (iv), the receiving Party shall disclose only the minimum of information required to be published or disclosed. In the case of a required disclosure under clause (iv) above, the Party required to make the disclosure shall promptly notify the original disclosing Party and shall provide reasonable assistance, if requested by the original disclosing Party and at such disclosing Party's expense, to assist the original disclosing Party in its attempts to prevent or limit the disclosure or obtain confidential treatment of the Confidential Information.
- 4.3 Exclusions. The obligations contained herein governing the use and disclosure of Confidential Information shall not apply to any information which is (i) already known to the receiving Party prior to the date of disclosure as evidenced by its written records made prior to such date; (ii) publicly known prior to or after disclosure other than through unauthorized acts or omissions of the recipient; (iii) disclosed in good faith to the recipient by a Third Party lawfully and contractually entitled to make such disclosure; or (iv) developed by or for the receiving Party without the use of any Confidential Information of the disclosing Party, as evidenced by the receiving Party's written records.
- 4.4 Ownership. Ownership of Confidential Information shall remain with the disclosing Party. Nothing herein is intended to transfer the ownership of any Confidential Information. All Confidential Information furnished to the receiving Party hereunder (and all copies made by the receiving Party) will be returned to the disclosing Party or destroyed immediately upon request. As an exception to the requirement to return or destroy materials incorporating Confidential Information, the receiving Party may retain one copy of the Confidential Information in its legal files solely for the purposes of monitoring its ongoing obligations under this Agreement.
- 4.5 Compliance with Laws. Each Party shall comply with all laws and regulations applicable to it in carrying out its responsibilities and duties as described in this Agreement. Each Party represents that neither it nor any of its employees has been debarred or is subject to debarment proceedings by the FDA. If any such proceedings are commenced against a Party hereto (or any of its employees) during the Term, such Party shall as promptly as practicable, but in no event later than 5 business days following the commencement of such proceedings, notify the other Party in writing and shall keep the other Party informed, on a regular basis, of the status of such proceedings.

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ARTICLE V - LICENSE AND OWNERSHIP

- 5.1 Perrigo Intellectual Property. Except as otherwise provided in this Agreement, all Perrigo Intellectual Property shall be and remains the property of Perrigo. Sol-Gel shall acquire no right, title or interest in the Perrigo Intellectual Property.
- 5.2 Product Technology. Perrigo shall solely own all right, title and interest in and to the Product Technology. Sol-Gel hereby assigns to Perrigo all of its right, title and interest in and to the Product Technology. Sol-Gel shall perform, during and after the Term, all acts that Perrigo reasonably deems necessary or desirable to permit and assist Perrigo, at Perrigo's expense, in obtaining, perfecting and enforcing the full benefits, enjoyment, rights and title throughout the world in the Product Technology. Perrigo shall have the world-wide right to control the drafting, filing, prosecution, maintenance and enforcement of patents covering the Product Technology and shall be fully responsible for related costs.

ARTICLE VI - MANUFACTURE OF THE PRODUCT

- 6.1 Manufacturing Responsibility.
- a. Prior to the Launch Date, Perrigo shall use Diligent Efforts to manufacture the Product for the pivotal in vitro and in vivo bioequivalence studies and the Product process validation batches. Manufacturing shall be designed to enable Perrigo to lawfully market the Product in the Territory in accordance with the approved ANDA.
 - b. After the Launch Date and during the Term, Perrigo shall manufacture, test, release, sell, market and distribute the Product in the Territory in accordance with this Agreement.
- 6.2 Obligations of Perrigo. Without limiting the foregoing, Perrigo shall be responsible for:
- a. filing and qualifying with the FDA the manufacturing site of Perrigo;
 - b. filing and maintaining distribution shipping records for the Product;
 - c. procuring the active pharmaceutical ingredient for the Product that, to the best of its knowledge, does not violate, infringe, or otherwise conflict or interfere with the Intellectual Property of any Third Party in the Territory;
 - d. conducting all required testing including, without limitation, stability testing for each batch of Product manufactured for use in bioequivalence studies contemplated under this Agreement; and conducting, as required by the ANDA, cGMPs, and FDA regulations, as amended, any and all such testing for all validation batches and all commercial batches of Product; and
 - e. manufacturing, packaging and labeling the Product according to applicable FDA regulations, and all other applicable laws and regulations. Perrigo shall have the exclusive right to define (i) the shape, color, size, embossing and imprinting of each unit or Product, and (ii) packaging and labeling, including package inserts, and all related artwork for containers and any advertising.

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- 6.3 Quality Control. Perrigo shall manufacture, test, label, package, and ship all Product, or cause the Product to be manufactured, tested, labeled, packaged, and shipped in accordance with the ANDA, Product Specifications, cGMPs, this Agreement, and applicable law.
- 6.4 Notice of Inspections. Perrigo shall notify Sol-Gel promptly of any inspection of its Affiliates' facilities (or of any facilities of its licensees, distributors, contractors or agents), related to the Product by any Regulatory Authority, including the FDA, and shall upon Sol-Gel's request, send Sol-Gel copies of any written reports or correspondence to or from any Regulatory Authority relating to such inspection.
- 6.5 Recalls. Subject to Section 11.1 below, in the event that the FDA or any other Regulatory Authority issues or requests a recall or takes similar action in connection with the Product, or in the event Perrigo determines an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal, Perrigo shall promptly advise Sol-Gel thereof. Any such market recall or withdrawal shall be controlled by Perrigo. Perrigo shall bear the expenses of any recall including, without limitation and without duplication, the expenses of notification and destruction or return of the recalled Product, the sum paid for the manufacture of the recalled Product, and costs relating to the testing, packaging, shipping and retail trade related costs of the recalled Product. In the event that the recall is based upon acts whose fault cannot be attributed to Perrigo (for example, if the FDA withdraws the entire product (brand and generic) from the market) or any of Perrigo's facilities (or of any facilities of its licensees, distributors, contractors or agents), including, if applicable, its Third Party Manufacturer, the costs shall be allocated based upon the profit split set forth in Section 9.1.

ARTICLE VII - IP LITIGATION

7.1 Cooperation.

Subject to assuring that any and all defense and/or legal privileges remain intact, each Party shall provide reasonable cooperation to the other Party in its efforts to defend against any patent litigation in the United States alleging infringement by the Product. In the event that such litigation is threatened or actually filed prior to the Launch Date, such lawsuit or threat of such lawsuit shall be defined as "**Litigation**." To this end, the Parties have entered into a Common Legal Interest/Joint Defense Agreement dated as of March 6, 2015.

7.2 Intellectual Property Review.

- a. Perrigo shall control any Intellectual Property issues that may arise regarding the Product, including without limitation, the selection and retention of outside legal counsel. Nonetheless, the Parties shall reasonably cooperate to ensure that the development, manufacture, marketing and sale of the Product does not infringe the Intellectual Property rights of any Third Party, each using commercially reasonable efforts to recommend and implement measures to avoid infringement and/or develop evidence to invalidate or render unenforceable Intellectual Property owned by a Third Party.

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- b. Perrigo shall be responsible for obtaining from outside legal counsel opinions as to whether the Product as developed and manufactured by Perrigo, including Perrigo's formulation, process and/or active pharmaceutical ingredient, would infringe any Third Party Intellectual Property (such determination of outside counsel the "**Freedom to Operate Analysis**"). Perrigo shall be responsible for (i) analyzing such Freedom to Operate Analysis as it pertains to the development, manufacture, marketing and/or sale of the Product in the Territory; and for (ii) analyzing the infringement, validity, and/or enforceability of Intellectual Property identified in the Freedom to Operate Analysis.

7.3 **Patent Certification.** The Parties agree that as of the Effective Date there are several patents listed in the Orange Book for the Product for which a Paragraph IV certification is expected to be filed and may have to be litigated.

7.4 **Litigation and Settlement.** In the event the Product is the subject of Litigation or any actual or threatened litigation based on alleged infringement of a patent, whether listed in the Orange Book subsequent to the Launch Date or of a patent asserted by any Third Party after the Launch Date (collectively "**Post-Launch Litigation(s)**") in the United States, [***] shall direct and control any such Litigation and/or Post-Launch Litigation and shall make Diligent Efforts to conduct any such Litigation and/or Post-Launch Litigation to a successful conclusion, including settlement. [***] shall notify [***] and seek [***] input prior to ceasing to defend, settling or otherwise disposing of Litigation and/or Post-Launch Litigation or a claim in the Litigation and/or Post-Launch Litigation, but the final decision in that regard shall be made by [***]. [***].

ARTICLE VIII - COMMERCIALIZATION AND SUPPLY

8.1 **Commercialization.**

- a. As soon as reasonably practical after final approval by the FDA of the ANDA, Perrigo shall use Diligent Efforts to Commercialize the Product in the Territory and to maximize the Gross Profits. Perrigo shall not engage any Third Party as a distributor or reseller of the Products in the Territory or permit a Third Party to engage directly or indirectly in the Sale of the Product (by way of license or otherwise), but shall itself engage in all the required sales, marketing and distributing activities in respect to the Product. [***]. Perrigo shall have the sole and exclusive right to establish and control the prices and all other terms and conditions for the sales of the Product in Territory and shall do so in good faith without derogating from Sol-Gel's right to benefit from the commercialization of the Product.

8.2 **Regulatory Responsibilities.**

- a. Following the approval by the FDA of the ANDA, Perrigo shall be solely responsible for maintaining the ANDA including any necessary periodic reporting requirements. Furthermore, Perrigo shall be responsible for all adverse-event reporting as required by the Act and related regulations, or any successor laws or regulations and any and all other applicable laws in the Territory. Perrigo shall use Diligent Efforts to perform, or cause to be performed, these activities in accordance with this Agreement and in compliance in all material respects with the requirements of any applicable law, and the Product Specifications.

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- b. Perrigo shall own all right, title and interest in and to any and all regulatory filings, applications, permits and authorizations, including, but not limited to the ANDA, relating to the approval, manufacture, marketing, sale or licensing of the Product or ingredients for inclusion therein as may be required or useful in the Territory (a “**Regulatory Filing**”). Perrigo shall also be responsible for filing, obtaining, maintaining, and shall retain the exclusive control of and responsibility for, each such Regulatory Filing including all amendments, supplements and all other communications with the applicable Regulatory Authority.

ARTICLE IX - PAYMENTS

- 9.1 Payments by Perrigo to Sol-Gel. Within 45 days after the end of each Fiscal Quarter in which the Product is sold in the Territory, Perrigo shall pay Sol-Gel 50% of Perrigo’s Gross Profits accruing during the immediately-preceding Fiscal Quarter. Payment shall be accompanied by a report detailing Gross Sales, Net Sales (along with sufficient details on adjustments), and Gross Profits (along with sufficient details on the Fully Allocated Costs).
- 9.2 Manner of Payment. All payments due hereunder shall be made in United States dollars and, unless otherwise agreed in writing, shall be made by wire transfer to such bank as the Parties may designate in writing. Both Parties shall pay all taxes and levies that by applicable law (including existing treaties for bilateral taxation) they are required to pay on all payments accruing under this Agreement and shall withhold from sums otherwise payable to the other Party all such taxes and levies and shall pay the amount of such withholding taxes to the proper governmental authority in a timely manner. Each Party shall notify the other Party of its intention to withhold in advance of payment being made and shall promptly transmit to the other Party an official tax certificate or other evidence of such tax obligations together with proof of payment from the relevant governmental authority of all amounts deducted and withheld sufficient to enable such Party to claim such payment of taxes. To the extent that either Party withholds any taxes or levies on payments to the other Party pursuant to applicable law, both Parties agree that such expense shall be an expense of, and borne solely by, the payee and the withholding Party shall not be obligated to gross-up any such amounts; provided that the withholding Party shall provide the other Party with reasonable assistance to enable such Party to recover such withholding taxes as permitted by applicable law.

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9.3 Books of Account; Audit. Each Party shall maintain true and complete books of account containing an accurate record of all data necessary for the proper computation of amounts costs incurred by it during the program and payments due from it under this Agreement and shall cause its Affiliates, to maintain such records. Each Party shall have the right, through an independent certified public accounting firm mutually and reasonably agreed to by the Parties, to audit the books and records of the other Party as such books and records relate to this Agreement, at any time within 3 years after the date of the payment or charges to which they relate (but not more than once in each calendar year or once with regard to any period unless a material discrepancy or error is found, in which case the number of audits shall be in the reasonable discretion of the auditing Party) for the purpose of verifying the amount of such payments or charges and the accuracy of such books and records. Audits shall be made during normal business hours (and without undue disruption to the business or personnel of the Party being audited) at the place of business of the Party being audited. The Parties agree that information furnished as a result of any such audit shall be limited to a written statement by such certified public accounting firm to the effect that it has reviewed the books and records of the Party being audited (or of any Affiliate thereof if applicable) and either (i) the amounts paid or charged under this Agreement are in conformity with such books and records and the applicable provisions of this Agreement, or (ii) setting forth any required adjustments. The fees and expenses of the accounting firm performing such verification shall be borne by auditing Party. If any such examination shows any underpayment or overpayment, or overcharge or undercharge, a correcting payment or refund shall be made within 30 days after receipt of the written statement described above provided the Party being audited agrees with the findings of the certified public accounting firm performing the audit. If the Party being audited disagrees with such findings, the Parties will attempt, in good faith, to resolve the difference. If after 30 days the Parties fail to settle the difference, the dispute resolution provisions of Article XIV will be followed. Notwithstanding the foregoing, if any such examination indicates that the Party being audited has either overpaid or been overpaid by more than 5% of the total amount owing for such audited period, then the Party being audited shall promptly pay the auditing Party the reasonable out-of-pocket costs and expenses actually incurred in conducting such audit.

ARTICLE X - REPRESENTATIONS AND WARRANTIES

10.1 Warranties.

- a. Each Party represents and warrants that neither the execution and delivery of this Agreement by such Party nor its performance hereunder conflicts with or results in any violation or breach of, or constitutes (with or without due notice or lapse of time or both) a default under any of the terms or conditions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it is a party or by which it or any of its properties or assets may be bound, or violates any statute, law, rule, regulation, writ, injunction, judgment, order or decree of any court, administrative agency or governmental authority binding on it or any of its properties or assets, excluding any such breaches or defaults that, individually or in the aggregate, would not have a material adverse effect on its business or financial condition or its ability to perform its obligations hereunder.
- b. Perrigo represents and warrants that all Products manufactured and sold under this Agreement in the Territory shall be manufactured, packaged, labeled, stored and sold according to the ANDA, cGMPs, and all applicable laws and regulations.

ARTICLE XI - INDEMNIFICATION/INSURANCE

11.1 Mutual Indemnity. Each Party shall indemnify, defend and hold harmless the other Party and its Affiliates, employees or directors from any and all costs, expenses, damages, judgments and liabilities (including reasonable attorneys' fees and the cost of any recalls) incurred by or rendered against the other Party or its Affiliates, employees or directors in any Third Party claim made or suit brought to the extent resulting from any of the following: (i) a breach by such Party or any of the subcontractors retained by such Party of its obligations, representations and warranties pursuant to this Agreement (except to the extent that such claim or suit is based on the other Party's negligence or breach of its representations and warranties, or its other obligations under this Agreement); (ii) the breach by such Party of its obligations under this Agreement; (iii) the negligence or willful misconduct of such Party or its subcontractors in connection with the Product; or (iv) solely with respect to Perrigo, Perrigo's or its Affiliate's manufacture outside of the Product Specifications, use or sale of the Product.

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- 11.2 Indemnification Process. Upon the occurrence of an event giving rise to indemnification hereunder, the Party entitled to indemnification hereunder (the “**Indemnified Party**”) shall (i) give prompt notice to the Party providing indemnification (the “**Indemnifying Party**”), (ii) permit the Indemnifying Party’s attorneys to handle and control the defense of such claims, at the Indemnifying Party’s expense, and (iii) shall cooperate in the defense thereof. There shall be no settlements, whether agreed to in court or out of court, without the prior written mutual consent of the Parties, except that the Indemnifying Party may settle a claim without the consent of the Indemnified Party if (i) the settlement is purely monetary, (ii) the Indemnifying Party hereunder admits in writing its liability to the Indemnified Party hereunder, and (iii) concurrently with such settlement, the Indemnifying Party pays the full amount owed hereunder. Notwithstanding the foregoing, in the event the Indemnifying Party does not assume the defense of any such claim or litigation in accordance with the terms hereof within the earlier of (i) 90 days following written notice from the Indemnified Party or (ii) the 15th day preceding the due date for response to any complaint filed, then the Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including, but not limited to, settling such claim or litigation, after giving notice of the same to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate. In any action by the Indemnified Party seeking indemnification from the Indemnifying Party in accordance with the provisions hereof, the Indemnifying Party shall not be entitled to object to the manner in which the Indemnified Party defended such claim or the amount of or nature of any such settlement.
- 11.3 Mitigation. In the event of any occurrence which may result in either Party becoming required to indemnify the other Party under this Article 11, the Indemnified Party shall, to the extent the Indemnified Party is aware of any mitigating measures that are available to it and commercially reasonable, attempt in good faith to mitigate the damages that may be payable by the Indemnifying Party hereunder.
- 11.4 Apportionment of Damages and Post-Launch Litigation Costs. In the event of a Third Party claim relating to [***] Perrigo does not have an obligation of indemnification in accordance with Section 11.1 even if Sol-Gel had been added as a defendant to such Third Party claim, [***] to the extent such Third Party claim is not covered by the Parties’ insurance.
- 11.5 Insurance.
- a. General Requirements. Perrigo shall obtain and maintain at its expense during the Term and for a period of at least five (5) years after the termination or expiration of this Agreement, all insurance coverage required by law as well as appropriate insurance coverage to protect against any and all claims or liabilities that may arise directly or indirectly as a result of its performance of its obligations under this Agreement. Insurance shall be placed with a carrier with an A.M. Best rating of at least A- for financial strength and a size rating of at least VIII. Coverage shall be occurrence based, unless occurrence coverage is unavailable, in which case “claims made” coverage is acceptable, provided retroactive coverage is provided prior to the inception of the business relationship between Perrigo and Sol-Gel. None of the requirements contained herein as to coverage types or limits of insurance required to be maintained by the Parties shall be construed to limit in any manner the liability of either Party to the other Party hereunder.
 - b. Subcontractors. In the event that Perrigo subcontracts any of its obligations, then it shall require the same insurance coverage and limits from its subcontractors, and require said subcontractors to so certify insurance coverage to such Party prior to the commencement of any work.

[***] **Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

- c. Proof of Insurance. Perrigo shall deliver to Sol-Gel, upon request, Certificates of Insurance evidencing the following: (i) the effective and expiration dates of the policies; (ii) for each of the policies, the limits of liability per occurrence and in the aggregate; (iii) that Sol-Gel has been named as an additional insured under each of the policies; and (iv) that Sol-Gel shall be given thirty (30) calendar days advance written notice prior to any cancellation, non-renewal or material change of any of the policies. Perrigo shall provide to Sol-Gel current Certificates of Insurance evidencing renewal of insurance throughout the Term promptly after any change or renewal of the policies.
- d. Specific Minimum Coverages. At a minimum, each Party shall keep the following policies in place during the Term:

Required Coverages and Minimum Policy Limit

<u>Required Coverage</u>	<u>Policy Limit</u>
Worker's Compensation Employer's Liability	Statutory \$1,000,000 (U.S.)
Bodily Injury & Property Damage	\$2,000,000 (U.S. Combined Single Limit, per occurrence)
Automobile Liability	\$1,000,000 (U.S. Combined Single Limit, per occurrence)
Products Liability	\$10,000,000 (U.S. Combined Single Limit, per occurrence)
Umbrella/Excess Liability	\$5,000,000 (U.S. Combined Single Limit, per occurrence)

ARTICLE XII - LIMITATION OF LIABILITY

12.1 EXCEPT FOR THE PARTIES' INDEMNIFICATION OBLIGATIONS UNDER ARTICLE XI, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, WHETHER THE CLAIM IS BASED UPON CONTRACT, WARRANTY, NEGLIGENCE OR STRICT LIABILITY THEORIES OR OTHERWISE RELATES TO THE FAILURE TO PERFORM ANY OBLIGATIONS SET FORTH HEREIN.

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ARTICLE XIII - TERM AND TERMINATION: MODIFICATION OF RIGHTS

- 13.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue until the lapse of a twenty (20) year period from the Launch Date or until the occurrence of a Termination Event pursuant to Section 13.2 (the “**Term**”).
- 13.2 Termination Events. This Agreement shall only be terminated prior to its scheduled expiration upon the occurrence of any of the events set forth in this Section 13.2 (each a “**Termination Event**”):
- a. The Parties may terminate this Agreement at any time by written mutual agreement.
 - b. Either Party may terminate this Agreement upon a material breach by the other Party; provided that the terminating Party shall provide the breaching Party with a written notice reasonably detailing such breach and such breach or default is not cured within 30 days after receipt of such notice.
 - c. Sol-Gel may terminate this Agreement upon 10 days written notice to Perrigo, in the event that prior to the Launch Date, Sol-Gel in its good faith judgment determines that a significant adverse change has occurred and that Perrigo’s potential market for the Product envisaged at the time of entering into this Agreement has been reduced by [***], including without limitation, a reduction in the market due to regulatory changes, or the entering into the market of two generic competitors, including an authorized generic. It is clarified that in the event of such termination, Perrigo may continue the program and may Commercialize the Product without payment to Sol-Gel and Perrigo shall assume all development costs related to the program that are due and payable following the termination of this Agreement. If however, Perrigo determines to terminate the program, then any expenses, or future cancellation fees, which were approved by the Committee prior to the termination date and which cannot be cancelled or mitigated, shall be reimbursed by Sol-Gel in accordance with Section 3.2.
 - d. Either Party may terminate this Agreement upon 10 days written notice to the other Party, in the event that Perrigo’s external counsel determines that Perrigo’s Product formulation or manufacturing process infringes at least one valid claim of an issued, non-expired United States patent and, as a result, Perrigo decides not to Commercialize the Product.
 - e. Without prior written notice, a Party may terminate in the event that: (i) the other Party is declared insolvent or bankrupt by a court of competent jurisdiction; (ii) a voluntary petition of bankruptcy is filed in any court of competent jurisdiction by such other Party; or (iii) this Agreement is assigned by such other Party for the benefit of creditors. It is clarified however that once Sol-Gel has completed its investment in the Product development, Perrigo shall not be entitled to terminate the Agreement pursuant to this section.
 - f. Either Party may terminate this Agreement upon 30 days written notice to the other Party, in the event that Gross Profits relating to sales of the Product do not exceed [***].

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13.3 Rights on Termination. Termination of this Agreement for any reason shall be without prejudice to (i) either Party's rights under this Agreement with respect to claims arising out of events occurring prior to such termination; (ii) either Party's right to receive all payments owed or accrued to it under this Agreement for periods prior to the date of termination; and (iii) any other remedies which either Party may otherwise have. In the event of termination based on Sections 13.2(b), 13.2(d) or 13.2(e) (with Perrigo being the breaching in the case of Section 13.2(b), the terminating Party (in the case of Section 13.2(d), or the insolvent Party (in the case of Section 13.2(e)), Perrigo shall grant to Sol-Gel an exclusive license to all rights, title and interest in and to the Perrigo Intellectual Property and to Product Technology for the purpose of allowing Sol-Gel to commercialize the applicable Product in the Territory. If Sol-Gel does commercialize the Product, Sol-Gel will pay Perrigo [***]. In case of termination based on Section 13.2(b) with Perrigo being the breaching Party or if Perrigo terminates under Section 13.2(d), Perrigo will (if so elected by Sol-Gel) manufacture the Product for Sol-Gel until the expiration of the conclusion of the last day of the 20th full calendar year following the Launch Date of the Product and charge the Fully Allocated Costs plus a [***]. In the event of termination based on Section 13.2(e), with Perrigo being the insolvent Party, the license to the Perrigo Intellectual Property and the Product Technology granted herein will be deemed a license of rights to Intellectual Property for purposes of Section 365(n) of the U.S. Bankruptcy Code and Sol-Gel will retain and may fully exercise all of its rights and elections under and in accordance with the U.S. Bankruptcy Code.

ARTICLE XIV - DISPUTE RESOLUTION

14.1 Dispute Resolution.

- a. Except as otherwise provided in subsection (b) of this Section 14.1, all disputes or claims which may arise under, out of or in connection with this Agreement (each, a "**Dispute**") will be referred in writing by the Party raising the Dispute to the Committee for attempted resolution by good faith negotiations. If the Dispute remains unresolved for more than 10 business days after the notice of such Dispute, the Parties will submit the Dispute to the next step in the dispute resolution process set forth in subsection (b).
- b. If any Dispute is not resolved in accordance with subsection (a), the Dispute will be referred in writing to Sol-Gel's executive responsible for the business unit for which this Agreement pertains and to Perrigo's executive responsible for the business unit for which this Agreement pertains for attempted resolution by good faith negotiations. If they are unable to resolve any Dispute within 10 business days after the referral of such Dispute to them, the Parties shall be allowed to utilize any dispute resolution process.

ARTICLE XV - MISCELLANEOUS

15.1 Waiver and Amendment. Failure of any Party to require, in one or more instances, performance by the other Party in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of the future performance of any such terms or conditions or of any other terms and conditions of this Agreement. A waiver by either Party of any term or condition of this Agreement shall not be deemed or construed to be a waiver of any other term or condition of this Agreement. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be a limitation of any other remedy, right, undertaking, obligation or agreement of either Party. This Agreement may not be amended except in writing, signed by both Parties.

[***] **Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

15.2 Relationship of the Parties. For all purposes of this Agreement, Perrigo and Sol-Gel shall be deemed to be independent entities and anything in this Agreement to the contrary notwithstanding, nothing herein shall be deemed to constitute Perrigo and Sol-Gel as partners, joint ventures, co-owners, an association or any entity separate and apart from each Party itself, nor shall this Agreement constitute any Party hereto (or any of such Party's personnel) an employee or agent, legal or otherwise, of the other Party for any purposes whatsoever. Neither Party hereto is authorized to make any statements or representations on behalf of the other Party or in any way obligate the other Party, except as expressly authorized in writing by said other Party. Anything in this Agreement to the contrary notwithstanding, no Party hereto shall assume nor shall be liable for any liabilities or obligations of the other Party, whether past, present or future.

15.3 Headings. The headings set forth at the beginning of the various Articles of this Agreement are for reference and convenience and shall not affect the meanings of the provisions of this Agreement.

15.4 Notices. All notices hereunder shall be delivered by facsimile (confirmed by overnight delivery), or by overnight delivery with a reputable overnight delivery service, to the following address of the respective Parties:

If to Sol-Gel: Sol-Gel Technologies Ltd.

Weizmann Science Park
7 Golda Meir St.
Ness Ziona 74036, Israel
Attn: Chief Executive Officer
Phone: +972-8-9313433
Fax: +972-8-93134346

If to Perrigo: Perrigo UK Finco Limited Partnership

Wrafton, Braunton
Devon EX33 2DL
England
Attn: Perrigo International Holdings II, Inc.
General Partner

and

c/o Perrigo Company
515 Eastern Avenue
Allegan, Michigan 49010
Attn: Chief Executive Officer
Facsimile: 269-673-1386

With a copy to: Perrigo Company
515 Eastern Avenue
Allegan, Michigan 49010
Attn: General Counsel
Facsimile: 269-673-1386

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All notices shall be deemed to be effective on the day of receipt. Either Party may change the address at which notice is to be received by written notice pursuant to this [Section 15.4](#).

- 15.5 **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, it shall be stricken and the remaining provisions shall remain in full force and effect. However, if a provision is stricken so as to significantly alter the economic arrangements of this Agreement, the Parties agree to negotiate in good faith modifications to this Agreement to effectuate the initial intent of this Agreement.
- 15.6 **Assignment.** This Agreement shall not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, except that either Party may assign this Agreement, in whole or in part, to any successor (including the surviving company in any consolidation, reorganization or merger) or successor in interest to such Party's Product-related business or to an Affiliate of such Party. This Agreement will be binding upon any permitted assignee of either Party. No assignment shall have the effect of relieving any Party to this Agreement of any of its obligations hereunder.
- 15.7 **Event of Force Majeure.** Neither Party shall be responsible or liable to the other hereunder for the failure or delay in the performance of this Agreement due to any civil unrest, war, fire, earthquake, act of terrorism, hurricane, accident or other casualty, or any labor disturbance or act of God or the public enemy, or any other contingency beyond the Party's reasonable control. In the event of the applicability of this [Section 15.7](#), the Party failing or delaying performance shall use its Diligent Efforts to eliminate, cure and overcome any of such causes and resume the performance of its obligations. Upon the occurrence of an event of force majeure, the Party failing or delaying performance shall promptly notify the other Party, in writing, setting forth the nature of the occurrence, its expected duration and how such Party's performance is affected. The failing or delaying Party shall resume performance of its obligations hereunder as soon as practicable after the force majeure event ceases.
- 15.8 **Limitation of Disclosure.** Except as otherwise may be required by applicable laws, regulations, rules or orders, including without limitation the rules and regulations promulgated by the United States Securities and Exchange Commission, and except as may be authorized in [Section 15.9](#), no information concerning this Agreement and the transactions contemplated herein shall be made public by either Party without the prior written consent of the other.
- 15.9 **Publicity.** Neither Party shall make any publicity releases, interviews or other dissemination of information concerning this Agreement or its terms, or either Party's performance hereunder, to communication media, financial analysts or others without the prior written approval of the other Party. Notwithstanding anything to the contrary in this Agreement, the Parties understand and agree that either Party, may, if so required, disclose some or all of the information included in this Agreement or other Confidential Information of the other Party (a) in order to comply with its obligations under the law, including the United States Securities Act of 1933, as amended, and the United States Securities Exchange Act of 1934, as amended; (b) in order to comply with the listing standards or agreements of any national or international securities exchange, including the Tel Aviv Stock Exchange, the NASDAQ Stock Market or the New York Stock Exchange or other similar laws of a governmental authority; (c) to respond to an inquiry of a governmental authority or Regulatory Authority as required by law; or (d) in a judicial, administrative or arbitration proceeding. In any such event referred to in clause (c) or (d) the Party making such disclosure shall to the extent legally permitted (i) provide the other Party with as much advance notice as reasonably practicable of the required disclosure, (ii) reasonably cooperate with the other Party in any attempt to prevent or limit the disclosure, and (iii) limit any disclosure to the specific purpose at issue.

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- 15.10 Survival. Articles IV, V, VII, X, XI and XII and Sections 6.5, 9.3 and this Section 15.10 shall survive the termination for any reason of this Agreement.
- 15.11 Power; Authorization. Each Party represents that is has all requisite power and corporate authority to enter into and perform its obligations in accordance with this Agreement. Perrigo Company guarantees to Sol-Gel the performance of Perrigo under this agreement. The above obligation of the Perrigo Company constitutes a continuing guarantee of performance to the extent that Perrigo has failed to cure (within 30 days) any default of its obligations and shall be absolute and unconditional.
- 15.12 Entire Agreement. This Agreement, including the appendices hereto, sets forth the entire understanding between the Parties hereto as to the subject matter hereof and supersedes all other documents, agreements, verbal consents, arrangements and understandings by or between the Parties with respect to the subject matter hereof.
- 15.13 Limitation of Grant. Nothing in this Agreement shall be construed as granting by implication, estoppel, or otherwise, any license or rights than otherwise set forth herein.
- 15.14 Governing Law. This Agreement shall he governed by, and construed, and enforced in accordance with the substantive laws of the State of New York, without giving effect to its rules concerning conflicts of laws.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above by their duly authorized representatives.

PERRIGO UK FINCO LIMITED PARTNERSHIP

SOL-GEL TECHNOLOGIES LTD.

By: **Perrigo International Holdings II, Inc.**
General Partner

Signature: /s/ John T. Hendrickson

Signature: /s/ Alon Seri-Levy

Name: John T. Hendrickson

Name: Alon Seri-Levy

Title: Executive Vice President

Title: Chief Financial Officer

Date: April 29, 2015

Date: April 29, 2015

We hereby agree to that stated in Section 15.11 above and undertake to act accordingly.

PERRIGO COMPANY

Signature: /s/ John T. Hendrickson

Name: John T. Hendrickson

Title: Executive Vice President

Date: April 29, 2015

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To

SOL-GEL TECHNOLOGIES LTD.
(the “Company”)

Letter of Indemnification
(the “Letter” or the “Indemnification Letter”)

Whereas, on _____, 2017 the Company’s board of directors approved to indemnify the Officers of the Company in accordance with the Companies Law, 5759-1999 (the “Companies Law”); and

Whereas, on _____, 2017 the General Meeting of the Company approved, following the approval of the board of directors, to indemnify the Officers of the Company in accordance with the Companies Law of 1999.

WE HEREBY DECLARE THAT:

1. **Obligation to indemnify:**

The Company hereby undertakes:

- 1.1. To indemnify you for any liability or expense, as detailed below, imposed upon you for actions taken (including actions preceding the date of this Letter) and/or actions that will be taken, by virtue of your service as an Officer of the Company or an Officer on behalf of the Company in a company controlled by the Company or in which the Company has an interest (such companies being referred to herein as the “Subsidiaries”), as follows:
 - 1.1.1. Financial liability that you incur or imposed on you in favor of another person in accordance with a judgment, including a judgment given in a settlement or a judgment of an arbitrator approved by the Court, provided that such acts pertain to one or more of the events set out in the Schedule hereto (the “Schedule”);
 - 1.1.2. Reasonable litigation expenses, including legal fees that you will incur or for which you will be ordered to pay by a court within the framework of proceedings filed against you by or on behalf of the Company or by a third party, or in a criminal proceeding in which you will be acquitted, or in a criminal proceeding in which you will be convicted of a felony but which does not require criminal intent;

- 1.1.3. Reasonable litigation expenses, including legal fees that you will incur due to an investigation or proceeding conducted against you by an authority authorized to conduct such investigation or proceeding and which was ended without the filing of an indictment against you and without being subject to a financial obligation as a substitute for a criminal proceeding, or which was ended without the filing of an indictment against you but with the imposition of financial obligation as a substitute for a criminal proceeding relating to an offence which does not require criminal intent, or in connection with a monetary sanction, within the meaning of the relevant terms in the Companies Law;
- 1.1.4. Financial liability that you incur for payment to persons or entities harmed as a result of violations in Administrative Proceedings, as detailed in section 52(54)(A)(1)(a) of the Israeli Securities Law, 1965 (the "**Securities Law**"). For this purpose "**Administrative Proceeding**" shall mean a proceeding pursuant to Chapters H3 (Imposition of Monetary Sanction by the Israel Securities Authority), H4 (Imposition of Administrative Enforcement Means by the Administrative Enforcement Committee) or I1 (Settlement for the Avoidance of Commencing Proceedings or Cessation of Proceedings, Conditioned upon Conditions) of the Securities Law, as shall be amended from time to time;
- 1.1.5. Expenses that you incur in connection with Administrative Proceedings (as defined above) you were involved in, including reasonable litigation fees, and including attorney fees; and
- 1.1.6. Any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an Officer in the Company.
- 1.2. The aggregate and accumulated indemnification amount that the Company shall pay to its Officers (in addition to sums that may be received from insurance companies in connection with insurance policies that the Company has purchased, see also section 1.3 below) pursuant to all the letters of indemnification issued and/or that shall be issued by the Company pursuant to the indemnification decisions, shall not exceed the greater of (i) 25% of the Company's shareholders' equity pursuant to its audited consolidated financial statements for the year preceding the year in which the event in connection of which indemnification is sought occurred, and (ii) \$40 million (as may be increased from time to time by shareholders' approval) (the "**The Maximum Indemnification Amount**").

- 1.3. The Maximum Indemnification Amount shall not be affected in any way by the existence of, or payment under, insurance policies. Payment of the indemnification shall not affect your right to receive insurance payments, if you receive the same (either personally or through the Company or on your behalf); however, the Company will not be required to indemnify you for any sums that were, in fact, already paid to you or for you in respect of insurance or any other indemnification obligations made to you by any third party. In the event there is any payment made under this Letter and such payment is covered by an insurance policy, the Company shall be entitled to collect such amount of payment from the insurance proceeds.
- 1.4. In the event the indemnification amount the Company is required to pay to its Officers, as set forth in Section 1.1 above, exceeds at a certain time the Maximum Indemnification Amount (or the balance thereof after deducting any indemnification amounts paid or payable by the Company to any of its Officers at such time) in accordance with Section 1.2 above, the Maximum Indemnification Amount or its remaining balance will be allocated between the Officers entitled to indemnification, in the manner that the amount of indemnification that each of the Officers will actually receive will be calculated in accordance with the ratio between the amount each individual Officer may be indemnified for, and the aggregate amount that all of the relevant Officers involved in the event may be indemnified for.
- 1.5. Upon the occurrence of an event that by its virtue you are likely to be entitled to indemnification in accordance with Section 1.1 above, the Company shall place at your disposal, from time to time, the funds required to cover the expenditures and payments that are connected to handling the legal proceeding, in a manner that you shall not be required to pay for, or personally finance the legal expenses, subject to the conditions and instructions in this Indemnification Letter.
- 1.6. In order to avoid any doubt, upon the occurrence of an event that may entitle you to indemnification, you shall be entitled to appoint an advocate of your choice, with the exception of an advocate whom the Company deems unacceptable for reasonable cause, provided that you shall immediately inform the Company of the identity of the advocate, when it becomes necessary to appoint such advocate. In the event you do not inform the Company regarding your choice of advocate in compliance with the above mentioned, the Company shall have discretion to appoint an advocate on your behalf.

2. **The obligation to indemnify in accordance with this Letter is subject to the statements set forth in this Section 2 and to any applicable law:**

- 2.1. There is nothing by law to prevent your being indemnified.
- 2.2. You shall inform the Company of every legal proceeding that shall be brought against you in connection with any event that may entitle you to indemnification, and of every warning made to you in writing, pertaining to legal proceedings that may be commenced against you, and this shall be done in a timely manner, immediately after you shall first be aware of such, and you shall provide the Company or to whom the Company shall instruct you to, all documents in connection with such proceedings.

- 2.3. Despite the provisions of Section 1.6 above, the Company is entitled to take upon itself the care of your defense in the legal proceeding and/or to give the above care to any prominent advocate that the Company shall select for this purpose (except an advocate that shall not be reasonably acceptable to you) subject to the fulfillment of all of the following conditions: (a) The Company shall inform the holder of this Indemnification Letter, within 45 days from the time of receiving the notice as said in Section 2.2 above (or within a shorter period of time – if the matter requires filing a statement of defense or a response to a proceeding), that it shall indemnify the holder of the Indemnification Letter according to this Letter; and (b) The legal proceeding against the holder of the Indemnification Letter shall solely entail a claim for monetary damages. The Company and/or the aforementioned advocate shall be entitled to act with their exclusive discretion and to bring the proceeding to a close; the appointed advocate shall act and shall owe its duty of loyalty to the Company and to you. In the event that a conflict of interest shall arise between you and the Company, you shall inform the Company of such conflict and shall be entitled to appoint an advocate on your behalf, and the provisions of this Indemnification Letter shall apply to expenses you may incur as a result of such appointment. In the event that the Company decides to settle a monetary obligation or to decide a monetary obligation by arbitration, or by mediation or by settlement the Company shall be entitled to do so as long as the lawsuit or the threat of a lawsuit against you shall be fully withdrawn. Following the request of the Company you shall sign any document that shall empower the Company and/or an advocate as mentioned above, to act on your name with regard to your defense in the above-mentioned proceedings and to represent you in all matters pertaining to these proceedings, as set forth above.
- 2.4. You shall cooperate with the Company and/or with any advocates as set forth above in every reasonable manner that shall be required from you by any of them in connection with the handling of such legal proceedings, all in accordance with Section 1.2 above. You shall not bear any additional legal expenses due to such cooperation.
- 2.5. Subject to the provisions of this Indemnification Letter, whether or not the Company shall act in accordance with section 2.3 above, the Company shall cover litigation expenses in a manner that you shall not be required to pay or finance such litigation expenses yourself.
- 2.6. Your indemnification in connection to the legal proceeding of any actions against you, as set forth in this Letter, will not be enforceable in connection with amounts that you shall be required to pay as a result of a settlement or arbitration, unless the Company agrees, in advance and in writing, to the settlement, or to the arbitration award.

2.7. The Company shall not be required to pay, pursuant to this Letter, monies that were actually paid, to you, or on your behalf or in your stead, through an insurance policy that the Company procured or through an obligation to any indemnification that was made by any other person other than the Company. In addition, in the event of the indemnification hereunder is being paid in respect of your serving as an Officer in any Subsidiary, such indemnification will only be paid after all your rights to insurance and indemnification from such Subsidiary will have been exhausted, if and to the extent they exist.

In order to avoid any doubt, it shall be clarified that the indemnification amount pursuant to this Letter shall be independent of, (and in addition) to the amount that shall be paid (if paid) pursuant to an insurance policy and/or any other indemnification.

2.8. Upon your request to an execution of a payment in connection with any event pursuant to this Letter, the Company shall take all necessary steps according to any applicable law to pay such payment and will do all that is required to obtain any approval that is required. If any approval is required for the above payment and that payment shall not be approved for any reason, such payment, or any part of it, that will not be approved, as said above, shall be subject to the approval of a court and the Company shall take all necessary steps to obtain the court's approval.

3. The obligations of the Company according to this Letter shall remain valid even if you have ceased to be an Officer of the Company, provided that acts for which you are given a commitment of indemnification were performed or shall be performed during your service as an Officer of the Company.

4. In the event the Company pays to you, or in your place, any amount pertaining to this Letter in connection with a legal proceeding as stated above, and afterwards it shall be determined that you are not entitled to any indemnification from the Company for any reason whatsoever, the sums paid by the Company shall be considered a loan that was granted to you by the Company, and shall be linked to the Consumer Price Index and accrue interest in accordance with the Income Tax Regulations (Determination of the Interest Rate), 1985, as amended from time to time. You will be required to repay these sums to the Company when requested to do so in writing by the Company and in accordance with a payment schedule that the Company shall determine.

5. **Exculpation**

Subject to the provisions of the Companies Law, the Company hereby releases you, in advance, as an Officer of the Company from liability to the Company for any damage that arises from the breach of your duty of care to the Company (within the meaning of such terms under Sections 252 and 253 of the Companies Law), other than breach of the duty of care towards the Company in a distribution (as such term is defined in the Companies Law).

6. The terms contained in this Letter will be construed in accordance with the Companies Law.
7. The obligations of the Company according to this Indemnification Letter shall be interpreted broadly and in a manner that shall facilitate its execution, to the extent permitted by law, and for the purposes for which it was intended. In the event of a conflict between any provision of this Letter and any provision of the law, said provision of the law shall supersede the specific provision in this Letter, but shall not limit or diminish the validity of the remaining provisions of this Letter.

The indemnification under this Letter will enter into effect upon your signing a copy of the same in the appropriate place, and the delivery of such signed copy to the Company. Upon its effectiveness, this Indemnification Letter revokes any previous undertaking for indemnification, if and insofar as offered and granted to you by the Company. Notwithstanding the foregoing, if this Indemnification Letter shall be declared or found void for any reason whatsoever, then any previous undertaking by the Company for indemnification towards you, to the extent granted, shall remain in full force and effect, subject to any applicable law.
8. The Company may, at its sole discretion and at any time, may revoke its undertaking to indemnify you hereunder, or reduce the Maximum Indemnification Amount, or limit the events to which it applies, either in regard to all the Officers or to some of them, to the extent it relates only, to events that will apply after the date of such change, provided that prior notice has been given to the Officer of the Company's intention to do so, in writing at least 60 days before the date on which such decision will enter into effect. For the avoidance of any doubt, it is hereby clarified that any such decision will not have retroactive effect of any kind whatsoever and the Indemnification Letter, prior to such change or revocation, as the case may be, will continue to apply and be in full force and effect for all purposes in relation to any event that has preceded such change or revocation, even if the proceeding in respect thereof has been filed against the Officer after the change or revocation of the Indemnification Letter. In all other cases, this Indemnification Letter may not be changed, unless the Company and yourself have signed it.
9. This Letter does not constitute a contract for the benefit of any third party and is not assignable. For the avoidance of any doubt, in the event of death (God forbids), this Letter will apply to you and your estate.
10. No waiver, delay, forbearance to act or extension granted by the Company or by you will be construed in any circumstances as a waiver of the rights hereunder or by law, and will not prevent any such party from taking all legal and other steps as will be required in order to enforce such rights.
11. The foregoing does not derogate from the Company's right to indemnify you retroactively in accordance with the articles of association of the Company and subject to any applicable law.

12. The law of the State of Israel shall govern this Letter and all issues related thereto, without giving effect to any conflicts of law principles. The courts in Tel Aviv, Israel shall have exclusive jurisdiction in connection with this Indemnification Letter, except if an indemnification claim is related to a legal proceeding, already filed by a third party in a different court.
13. In this Indemnification Letter-

 “The Companies Law”- the Companies Law, 5759-1999, as will be valid from time to time.

 “Officer” – in accordance with its meaning in the Companies Law, including a senior employee of the Company.

 “Action” or any derivative of it – including a decision or a failure to act and including your Actions before the date of this Indemnification Letter that were made during your term of service as an Officer in the Company.

 This Letter shall be neutral with regard to gender.
14. The Schedule to this Letter is an integral and inseparable part of it.

In witness whereof, the Company shall execute this Indemnification Letter by its authorized signatories that have been duly appointed.

Sol-Gel Technologies Ltd.

I hereby confirm receiving this Letter and consent to all its terms.

Officer

Date: _____

SCHEDULE

Subject to any provision of the law, the events are as follows:

1. Any issuance of securities and/or listing them for trading on a stock exchange in Israel or abroad, including without limitation, a public offering pursuant to a prospectus, a private offering, an offer for sale, the issuance of bonus shares or any offer of securities in any other manner;
2. An event arising from the Company being a public company or arising from the fact that its shares were offered to the public or arising from the fact that the Company's shares are traded on a stock exchange in Israel or abroad;
3. Conducting tender offers and any thing related thereto;
4. A "Transaction" within the meaning of Section 1 of the Companies Law¹, including without limitation negotiations for entering into a transaction, the transfer, sale or purchase or charge of assets or liabilities, including securities, or the grant or receipt of a right to any of the foregoing, receiving credit and the grant of collateral and any act directly or indirectly involved in such "Transaction" and including disclosure of information and documents with respect to such "Transaction";
5. Resolutions and/or acts relating to approval of transactions with stakeholders, as such transactions are defined in Chapter 5 of Part VI of the Companies Law;
6. Report or notice filed in accordance with any applicable law, including the Companies Law and/or the Israeli Securities Law of 1968, and/or the Securities Exchange Act of 1933 and/or the Securities Exchange Act of 1934 including regulations promulgated thereunder and/or any tax laws, antitrust laws, labor laws, or in accordance with rules or instructions prevailing on an Israeli stock exchange or on Nasdaq-NM, or a stock exchange outside of Israel, or any law of another country regulating similar matters and/or the omission to act accordingly;
7. Adoption of the findings of external opinions for the purpose of the issuance of an immediate report, prospectus, financial statements or any other disclosure document;
8. Discussion and passing resolutions and discovery and disclosure in the Company's reports, including an evaluation with respect to the effectiveness of internal control and other issues incorporated in the report of the Company's Board of Directors, as well as the issuance of statements and reference to the financial statements;
9. Preparation, editing, approval and execution of the financial statements, including the passing of resolutions as to the application of accounting principles and restatement in the financial statements;

¹ Article 1 of the Companies Law defines "Transaction" as a contract or engagement or a unilateral decision of the company regarding a grant of a right or another benefit."

10. Adoption of financial reporting in accordance with Generally Accepted Accounting Principles (US GAAP), and any act in connection therewith;
11. Events relating to the effecting of investments on the part of the Company in any corporations whatsoever;
12. Any resolution with respect to distribution, as defined in the Companies Law, including a distribution with the court's approval;
13. Amendment to the Company's structure or its reorganization, a change in the Company's ownership, or any resolution with respect to such matters, including without limitation, a merger, split, change in the Company's capital structure, incorporation of subsidiaries, dissolution or sale thereof, issuance or distribution;
14. Consolidation, change or revision of arrangements between the Company and the shareholders and/or holders of bonds and/or banks and/or creditors of the Company or of any entities affiliated with the Company, including the preparation or revision of the trust deeds, bonds and outline and arrangement documents in general;
15. Acts relating to the issuance of licenses, permits or approvals, including approvals and/or exemptions in respect of restrictive trade practices.
16. Taking part in and preparation of tenders;
17. The making of any statement, including a bona fide statement or opinion, vote and/or abstaining from voting, made by an officer of the Company in such capacity, such as in negotiations and contractual engagements with suppliers and customers, including during meetings of management, the Board of Directors or any committee thereof;
18. An act in contradiction to the articles or memorandum of association of the Company;
19. Any action or decision in relation to employer-employee relations, including the negotiation for, signing and performance of individual or collective employment agreements, other employees benefits (including allocation of securities to employees) and harassment suits;
20. Any action or decision in relation to work safety and/or working conditions;
21. Acts in connection with conducting clinical trials and/or the sale, distribution, licensing or use of Company's products;
22. Negotiation for, signing and performance of insurance policy;
23. Formulating working programs, including pricing, marketing, distribution, directives to employees, customers and suppliers and collaborations with competitors;
24. Decisions and/or acts pertaining to the environment and to public health, including dangerous substances;

25. Decisions and/or acts pertaining to the Consumer Protection Law, 5741-1981, and/or orders and/or Regulations thereunder;
26. Acts relating to the Company's intellectual property and the protection thereof, including the registration or enforcement of intellectual property rights and their protection within claims in connection therewith;
27. Infringement of intellectual property rights of third parties, including, without limitation, patents, designs, breeders' rights, trademarks, copyright, and so forth;
28. Negotiating, making and performing of contracts of any kind and type with suppliers, distributors, agents, franchisees and the like of the products that are marketed and/or sold by, or by those serving, the Company;
29. Negotiating, the making and performing agreements with manpower contractors, service contractors, building contractors, renovations contractors, etc;
30. Reporting and/or filing of applications to the state authorities and other authorities;
31. Investigations on the part of state authorities and other authorities;
32. Management of the bank accounts which the Company operates at banks and performance of transactions in such bank accounts, including with respect to transactions in foreign currency (including foreign currency deposits), securities (including resale transactions in securities and lending and borrowing of securities), loans and credit facilities, debit cards, bank guarantees, letters of credit, consultation agreements concerning investments including with portfolio managers, hedging transactions, options, futures contracts, derivatives, swap transactions, and so forth;
33. Realization of personal guarantees provided by the officer to the Company, as security for the Company's obligations and/or declarations;
34. Failure to maintain complete and/or proper due diligence procedures over the Company's investments, resulting in a loss of the investments in whole or in part and/or an adverse effect to the Company's businesses and/or breach of an undertaking *vis-à-vis* a third party;
35. Events and acts in connection with investments performed by the Company in various corporations, before or after effecting the investment, including for the purpose of entering into a transaction, its implementation, development, follow up and supervision;
36. Financial liability imposed on an officer in connection with acts in which he took part on behalf of the Company, *vis-à-vis* the various state institutions;
37. Financial liability imposed on an officer in connection with a claim by third parties against the officer due to deficient or misleading disclosure, in writing or verbally, to existing and/or potential investors in the Company, including in the event of the merger of the Company with another company;

38. Covering the excess insurance in the event of the activation of officers' liability insurance;
39. Breach of the provisions of any agreement whatsoever to which the Company is a party;
40. An act relating to a tax liability of the Company and/or a subsidiary and/or shareholders of any of them;
41. Any of the foregoing events, in connection with the capacity of the officer in the Company by virtue of his capacity as an officer and/or employee and/or observer at meetings of competent organs of a related corporation;
42. Acts and omissions not covered by a product insurance policy;
43. Acts and omissions in connection with bodily injuries or property damage attributed to the Company and/or to an officer who has acted on its behalf;
44. Acts and omissions arising from failure to purchase appropriate insurance and/or to take sufficiently secure measures and/or negligence in risk management;
45. Any of the foregoing events relating to the capacity of such officer as an officer of a corporation controlled by the Company or otherwise affiliated therewith; and
46. Any event or action for which indemnification is allowed to be granted under the Efficiency of Enforcement Proceedings in the Israel Securities Authority Law (Legislation Amendments) of 2011.

* * *



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 2 to the Registration Statement on Form F-1 of Sol-Gel Technologies Ltd. of our report dated March 30, 2017 relating to the financial statements, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

Tel-Aviv, Israel
September 20, 2017

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International
Limited

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