EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

by and among

OPTIMIZER TOPCO S.A.R.L.,

OPTIMIZER MERGER HOLDINGS LTD.

and

CLICKSOFTWARE TECHNOLOGIES LTD.

Dated as of April 30, 2015

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "**Agreement**") is entered into as of April 30, 2015 by and among Optimizer TopCo S.a.r.l, a Luxembourg corporation ("**Parent**"), Optimizer Merger Holdings Ltd., a company organized under the laws of the State of Israel that is a wholly owned subsidiary of Parent ("**Merger Sub**"), and ClickSoftware Technologies Ltd., a company organized under the laws of the State of Israel (the "**Company**"). Each of Parent, Merger Sub and the Company are referred to herein as a "**Party**" and together as the "**Parties**." Certain capitalized terms used in this Agreement shall have the respective meanings ascribed thereto in Article I.

RECITALS

WHEREAS, the Company Board has (a) determined that it is in the best interests of the Company, and declared it advisable, to enter into this Agreement providing for the merger (the "**Merger**"), in accordance with the ICL, of Merger Sub with and into the Company, with the Company continuing as the corporation surviving the Merger (the "**Surviving Company**"), and has determined in accordance with Section 315 of the ICL that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of the Company to its creditors existing as of immediately prior to the Closing, (b) approved the execution, delivery and performance by the Company of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, and (c) resolved and agreed to recommend approval and adoption of this Agreement and the Merger by

the Company Shareholders in a shareholders meeting to be convened;

WHEREAS, the Board of Directors of Merger Sub has (i) approved this Agreement and declared it advisable for Merger Sub and Parent, as its sole shareholder, to enter into this Agreement and to consummate the Merger and the other transactions contemplated hereby, (ii) has determined in accordance with Section 315 of the ICL that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of Merger Sub to its creditors existing as of immediately prior to the Closing, (iii) directed that this Agreement, the Merger and the other transactions contemplated by this Agreement be submitted to Parent for adoption and approval in accordance with the provisions of this Agreement and the ICL, including Sections 314-327 thereof; and (iv) determined to recommend that Parent, as its sole shareholder, approve and adopt this Agreement, the Merger and the other transactions contemplated by this Agreement;

WHEREAS, the Board of Directors of Parent has duly approved and declared advisable, this Agreement, the Merger and the other transactions contemplated by this Agreement, and, in connection with the execution and delivery of this Agreement, Parent, in its capacity as sole shareholder of Merger Sub, has adopted and approved this Agreement, the Merger and the other transactions contemplated by this Agreement; and

WHEREAS, simultaneously with the execution and delivery of this Agreement, as a condition to Parent's entering into this Agreement and as an inducement thereto, Parent Moshe BenBassat and Idit BenBassat have entered into a voting agreement (the "**Voting Agreement**") attached hereto as **Exhibit B**, pursuant to which each such shareholder is agreeing to take specified actions in furtherance of the Merger, including actions relating to the approval of the Merger and adoption of this Agreement by the Company's shareholders at the Company Shareholders Meeting.

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe certain conditions to the Merger as specified herein.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

DEFINITIONS & INTERPRETATIONS

Section 1.1 Certain Definitions. For all purposes of and under this Agreement, the following capitalized terms shall have the following respective meanings:

"**Acquisition Proposal**" shall mean any inquiry, offer or proposal, whether in writing or otherwise (other than an offer or proposal by Parent or Merger Sub), made by a Person or group (as defined in or under Section 13(d) of the Exchange Act) relating to, or that is reasonably

likely to lead to, an Acquisition Transaction.

"**Acquisition Transaction**" shall mean any transaction or series of related transactions relating to (i) any direct or indirect acquisition, purchase, sale, disposition, license, lease, exchange or transfer of 20% or more of the assets of the Company and the Company Subsidiaries, taken as a whole (measured based on either book value or fair market value), or to which 20% or more of the Company's consolidated revenues or earnings are attributable, (ii) any direct or indirect acquisition, sale or purchase (including by merger, consolidation or otherwise) of 20% or more of any class of equity or voting securities of the Company or any of the Company Subsidiaries, (iii) any tender offer or exchange offer that if consummated would result in any Person (other than Parent or Merger Sub) beneficially owning 20% or more of any class of equity or voting securities of the Company or any of the Company Subsidiaries or of any resulting, surviving or successor company, (iv) any merger, share exchange, consolidation, business combination, recapitalization, reorganization, joint venture, liquidation, dissolution or similar transaction involving the Company or any Company Subsidiary, (v) any combination of the foregoing, or (vi) any other transaction the consummation of which would reasonably be expected to interfere with, materially delay or prevent the consummation of the Merger, in each case other than the Merger.

"**Affiliate**" shall mean, as to any Person, any other Person that, directly or indirectly, through one of more intermediaries, controls, is controlled by or is under common control with such Person. For purposes of the immediately preceding sentence, the term "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"**Ancillary Agreements**" shall mean the Voting Agreement and other agreements and instruments provided for, contemplated herein or executed and delivered in connection with this Agreement.

"**Antitrust Law**" shall mean any Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or the creation or strengthening of a dominant position through merger or acquisition.

"**Applicable Vesting Period**" shall mean: (i) with respect to holders of Unvested Company Options which are Section 102 Options (A) the date that is the later of (x) the Section 102 Trust Period applicable to such Unvested Company Option, and (x) the lapse of the first quarter following the Effective Date, and thereafter, (B) on the last day of each succeeding quarter, and (ii) with respect to holders of Unvested Company Options which are not Section 102 Options, the last day of each succeeding quarter following the Effective Date.

"**Business Day**" shall mean any day other than a Friday, Saturday, Sunday or other day on which the banks in the City of New York, New York or the State of Israel are authorized

by Law or executive order to be closed

"**Company Balance Sheet**" shall mean the audited consolidated balance sheet of the Company and the Company Subsidiaries as of December 31, 2014.

"**Company Balance Sheet Date**" shall mean December 31, 2014.

"**Company Board**" shall mean the Board of Directors of the Company.

"**Company Intellectual Property Rights**" shall mean Intellectual Property Rights (including any applications therefor) (a) owned, used or filed by the Company or any of the Company Subsidiaries; (b) incorporated by the Company or any of the Company Subsidiaries in their products, research and development processes; or (c) licensed (either express or implied) to the Company or any of the Company Subsidiaries, in each case, that are used in the conduct of the business of the Company or any of the Company Subsidiaries as currently conducted and as currently proposed to be conducted, in each case of (a), (b) and (c) excluding any Shrink-Wrap Licenses.

"**Company Material Adverse Effect**" shall mean any change, effect, circumstance, event or development, (each a "**Change**", and collectively, "**Changes**"), individually or in the aggregate, and regardless of whether or not such Change constitutes a breach of the representations or warranties made by the Company in this Agreement, that has had, is, or is reasonably likely to have, a material adverse effect on (a) the financial condition, properties, assets (including intangible assets), liabilities, business, capitalization, operations or results of operations of the Company and the Company Subsidiaries, taken as a whole, or (b) the ability of the Company to timely consummate the Merger or to perform its obligations under this Agreement and the Ancillary Agreements; *provided, however,* no Change (by itself or when aggregated or taken together with any and all other Changes) to the extent resulting from or arising out of any of the following shall be deemed to be or constitute a "Company Material Adverse Effect":

(i) general economic conditions (or changes in such conditions) in the State of Israel or the United States of America, or conditions in the global economy generally;

(ii) conditions (or changes in such conditions) in the securities markets, capital markets, credit markets, currency markets or other financial markets in the United States of America, Israel or elsewhere in the world where the Company and any of its Subsidiaries operate;

(iii) general conditions (or changes in such conditions) affecting the industries in which the Company and the Company Subsidiaries conduct business;

(iv) changes after the date hereof in Law or other legal or regulatory conditions (or the authoritative interpretation thereof) or changes after the date hereof in GAAP or other accounting standards applicable to the Company or the Company Subsidiaries (or the authoritative interpretation thereof);

(v) any act of terrorism, war (whether declared or otherwise, and including the worsening or escalation of any pre-existing conflict), national or international

calamity, natural disaster and other force majeure events in the State of Israel, the United States of America or any other country or region in the world where the Company or any of the Company Subsidiaries has operations (but excluding damage to the assets or properties of the Company or the Company Subsidiaries);

(vi) any action or omission required by Law;

(vii) any action or omission at the request or with the written consent of Parent;

(viii) any failure, in and of itself, by the Company to meet internal projections or forecasts or published revenue or earnings predictions (but in each case excluding any of the underlying reasons for, factors contributing to, or results of, any such changes, which shall constitute and/or be taken into consideration in the determination of "Company Material Adverse Effect")); or

(ix) resulting from, arising out of or otherwise related to the public announcement or consummation (or anticipated consummation) of the Merger (including the identities of Parent and Merger Sub, or of any action required by the terms of this Agreement or otherwise with the consent or agreement of Parent or Merger Sub).

unless any such Change described in clauses (i) through (iv) and (vi) disproportionately affects the Company and the Company Subsidiaries, taken as a whole, as compared to other companies operating in the same industry as the Company.

"**Company Options**" shall mean any options to purchase Company Shares outstanding under the Company Share Plan.

"**Company RSUs**" shall mean each award of restricted stock units outstanding under the Company Share Plan.

"**Company Shares**" shall mean Ordinary Share, par value NIS 0.02 per share, of the Company.

"**Company Share Plan**" shall mean the Company's 2000 Share Incentive Plan as amended and restated on July 15, 2010, the 2003 Israeli Share Incentive Plan as amended and restated on July 15, 2010 and the Company's Approved Share Option Scheme Rules as amended by the Board on December 6, 2006 and on April 23, 2013 (the "**UK Plan**").

"**Company Shareholders**" shall mean holders of Company Shares.

"**Company Software**" shall mean all Software used in or necessary for the conduct of the business of the Company or any of the Company Subsidiaries and owned or held for use by the Company or any of the Company Subsidiaries.

"**Company Subsidiaries**" shall mean any Subsidiary of the Company.

"**Company Technology**" shall mean all Technology used in or necessary for the

conduct of the business of the Company or any of the Company Subsidiaries and owned or held for use by the Company or any of the Company Subsidiaries.

"**Contract**" shall mean any written or oral contract, subcontract, agreement, commitment, note, bond, mortgage, indenture, lease, license, sublicense or other legally binding instrument or arrangement.

"**Effective Time Holder**" shall mean a Company Shareholder as of immediately prior to the Effective Time.

"**Environmental Law**" shall mean all applicable federal, state, local, provincial or foreign Laws, codes, rules, orders, ordinances, permits, requirements, final governmental determinations, statutes and regulations promulgated thereunder, relating to pollution or the protection, preservation, conservation or regulation of the environment, the disposal or release of Hazardous Substances, or imposition of requirements relating to public or employee health and safety, including without limitation, the following statutes and all regulations promulgated thereunder: the Israeli Licensing of Businesses Regulations (Disposal of Hazardous Substances), 1990, the Israeli Hazardous Substances Law, 1993, the Israeli Abatement of Nuisances Law, 1961, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Federal Clean Air Act, 42 U.S.C. § 7401 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 et seq.; the Toxic Substance Control Act, 15 U.S.C. § 2601 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Atomic Energy Act, 42 U.S.C. § 2014 et seq; any state or local statute of similar effect; and any Laws relating to protection of the environment which regulate the management or disposal of Hazardous Substances.

"**ERISA**" shall mean the United States Employee Retirement Income Security Act of 1974.

"**Exchange Act**" shall mean the United States Securities Exchange Act of 1934.

"**Expenses**" shall mean, with respect to a Person, all fees and expenses, including all out-of-pocket expenses (including all fees and expenses of legal counsel, accountants, investment bankers, experts and consultants to a Party hereto and its Affiliates), incurred by or on behalf of such Person in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the Ancillary Agreements, and the transactions contemplated hereby and thereby, including any bonus or other payments to employees paid in connection with the transactions contemplated hereby and the preparation, printing, filing and mailing, as the case may be, of the Proxy Statement and other required filings and any amendments or supplements thereto, and the solicitation of the Company Shareholder Approval and all other matters related to the transactions contemplated hereby.

"**GAAP**" shall mean generally accepted accounting principles, as applied in the

United States of America.

"**Governmental Authority**" shall mean any government, any governmental, quasi-governmental or regulatory entity or body, department, commission, board, agency or instrumentality, and any arbitrator, court, tribunal or judicial body of competent jurisdiction, any stock exchange or similar self-regulatory organization, or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, in each case whether federal, state, county, provincial, and whether local or foreign.

"**Government Grant**" shall mean any grant, incentive, qualification, subsidy, award, participation, exemption, status, cost sharing arrangement, reimbursement arrangement or other benefit, relief or privilege, from the government of the State of Israel or any other Governmental Authority, or judicial or arbitral body thereof, any outstanding application to receive the same filed by the Company or any of the Company Subsidiaries, including, any material Tax or other incentive granted to, provided or made available to, or enjoyed by the Company or any of the Company Subsidiaries, under the Laws of the State of Israel, and further including without limitation, by or on behalf of or under the authority of the OCS, the Investment Center, the BIRD Foundation or any other bi/multi-national grant programs for research and development, the European Union, the Fund for Encouragement of Marketing Activities of the Israeli Government or any other Governmental Authority.

"**Hazardous Substance**" means petroleum, gasoline, diesel fuel, motor oil, waste or used oil, heating oil, kerosene and any other petroleum by products, polychlorinated biphenyls, asbestos, nano-particles and any other chemicals, compounds, elements, materials, substances or wastes which are currently defined or regulated as "hazardous substances," "hazardous materials," "hazardous wastes," "extremely hazardous wastes," "restricted hazardous wastes," "infectious medical waste," "toxic substances," "toxic pollutants," "toxic air pollutants," "hazardous air pollutants," "pollutants," or "contaminants" in or under any Environmental Law, and any other material, substance or waste for which liability or standards of conduct may be imposed under Environmental Law, including materials exhibiting the characteristics of ignitability, corrosivity, reactivity or toxicity characteristic leaching procedure, as such terms are defined in connection with hazardous materials or hazardous wastes or hazardous or toxic substances in any applicable Environmental Law.

"**ICL**" shall mean the Israeli Companies Law, 5759-1999 (including those portions of the Israeli Companies Ordinance [new version] 5743-1983 that continue to be in effect) and the regulations promulgated thereunder.

"**Intellectual Property**" shall mean all intellectual property, regardless of form, whether protected, created or arising under the Laws of State of Israel or any foreign jurisdiction, including: (i) published and unpublished works of authorship, including audiovisual works, collective works, computer programs, compilations, databases, derivative works, literary works, mask works, and sound recordings ("**Works of Authorship**"); (ii) inventions and discoveries, including articles of manufacture, business methods, compositions of matter, improvements, machines, methods, and processes and new uses for any of the preceding items ("**Inventions**"); (iii) trademarks, service marks, trade names (whether registered or unregistered), service names, brand names, brand marks, trade dress rights, Internet domain names, emblems, signs or insignia,

words, names, symbols, devices, designs, and other designations, and combinations of the preceding items, used to identify or distinguish a business, good, group, product, or service or to indicate a form of certification, including logos, product designs, and product features and including all goodwill associated with the foregoing ("**Trademarks**"); (iv) source code, confidential and proprietary information, or non-public processes, that derive economic value from not being generally known or readily ascertainable through proper means, whether tangible or intangible, including to the extent embodied in algorithms, customer lists, ideas, designs, formulas, know-how, methods, processes, programs, prototypes, systems, techniques, specifications, Technology, concepts, trade secrets, discoveries and technical data and information ("**Trade Secrets**"); (v) copyrights, whether registered or unregistered, and whether or not registrable, (including copyrights in Software), mask work rights and registrations and applications therefore and all moral and common law rights therein, including rights under Section 45 of the Israeli Copyright Law 2007 or under any other similar provision of any Law of any applicable jurisdiction ("**Copyrights**"); (vi) patents, patent applications, any reissues, reexaminations, divisionals, continuations, continuations-in-part and extensions thereof ("**Patents**"); (vii) all applications, registrations and permits related to any of the foregoing clauses; and (viii) any and all other similar proprietary rights in any jurisdiction.

"**Intellectual Property Rights**" shall mean all rights in, arising out of, or associated with Intellectual Property in any jurisdiction, including: (i) rights in, arising out of, or associated with Works of Authorship; (ii) rights in, arising out of, or associated with Inventions or Patents ("**Patent Rights**"); (iii) rights in, arising out of, or associated with Trademarks ("**Trademark Rights**"); and (iv) rights in, arising out of, or associated with Trade Secrets and (v) rights in, arising out of, or associated with Copyrights.

"**Indebtedness**" shall mean, with respect to a Person, without duplication, (a) all indebtedness whether or not contingent, for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (b) all indebtedness for the deferred purchase price of property or services (other than personal property, including inventory and services purchased, trade payables, other expense accruals and deferred compensation items arising in the ordinary course of business consistent with past practice), (c) all obligations evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business in respect of which such Person's liability remains contingent), (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all reimbursement, payment or similar obligations, contingent or otherwise, under acceptance, letter of credit or similar facilities, (g) all monetary obligations under interest rate swaps, currency swaps, collars, caps, hedging and other derivative and similar arrangements (valued at the termination date thereof), including all obligations or unrealized losses pursuant to hedging or foreign exchange arrangements or similar transactions, and (h) any liability of others described in clauses (a) through (g) above which such Person has guaranteed or that is otherwise such Person's legal liability and including in clauses (a) through (g) above any accrued and unpaid interest, penalties or premiums thereon or other fees

and expenses paid or required to be paid to satisfy such Indebtedness.

"**Investment Center**" shall mean the Israeli Investment Center of the Israeli Ministry of Economy.

"**IRS**" shall mean the United States Internal Revenue Service or any successor thereto.

"**ITA**" shall mean the Israeli Tax Authority.

"**Joint Venture Interests**" shall mean interests in any corporation or other entity (including partnership, limited liability company and other business association) that is not a Company Subsidiary and in which the Company or one or more of the Subsidiaries owns an equity interest.

"**Key Employee**" shall mean the employees set forth in **Exhibit C**.

"**Knowledge**" of the Company, with respect to any matter in question, shall mean the actual or constructive knowledge of any director or Key Employee of the Company after reasonable inquiry, *provided however* that each Key Employees shall be required to conduct the foregoing inquiry only with respect to the issues which are in such Key Employee's fields of expertise or responsibilities.

"**Law**" shall mean any and all applicable federal, state, local, provincial, municipal, foreign or other law, statute, treaty, constitution, principle of common law, ordinance, code, rule, regulation, Order or other requirement of any kind issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority.

"**Legal Proceeding**" shall mean any lawsuit, claim, complaint, investigation, petition, demand, subpoena, hearing, audit, warning letter, litigation, arbitration or other similarly formal proceeding or request for information (in each case, whether civil, criminal or administrative and whether at law or in equity), brought by or pending before any Governmental Authority.

"**Liabilities**" shall mean, with respect to a Person, any direct or indirect liability, obligation, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, responsibility or commitment of any kind including, without limitation, debts, commissions, duties, fees, salaries, performance or delivery penalties, warranty liabilities and other liabilities and obligations (whether pecuniary or not, including obligations to perform or forebear from performing acts or services), fines or penalties of such Person whether known or unknown, asserted or unasserted, determined, determinable or otherwise, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, incurred or consequential, due or to become due, matured, unmatured or otherwise and whether or not required to be recorded or reflected on a balance sheet prepared in accordance with GAAP.

"**Lien**" shall mean any lien, mortgage, security interest, Tax lien, attachment, levy, charge, preference, claim, prior claim, hypothec, assignment, restriction, imposition, pledge, easement, covenant, encroachment, warrant, lease, sublease, license, sublicense, title defect, right

to possession, priority or other security agreement, option, warrant, attachment, right of first offer or refusal, transfer restriction, preemption right, conversion right, put right, call right, conditional sale, encumbrance, conditional sale or title retention arrangement, or any other interest in, restriction on transfer of or preferential arrangement with respect to property, securities or assets (or the income or profits therefrom) having substantially the same economic effect, whether consensual or nonconsensual and whether arising by agreement or under any Law or otherwise.

"**Material Customer**" any of the top twenty (20) customers (based on 2014 fiscal year revenues) of the Company and the Company Subsidiaries, taken as a whole.

"**Material Supplier**" any of the top twenty (20) suppliers (based on 2014 fiscal year expenditures) of goods (including Software or services to the Company and the Company Subsidiaries, taken as a whole.

"**Nasdaq**" shall mean The NASDAQ Capital Market.

"**OCS**" shall mean the Office of the Chief Scientist of the Israeli Ministry of Economy.

"**OCS Notice**" shall mean the written notice to the OCS regarding the change in ownership of the Company effected as a result of the Merger, required to be submitted to the OCS in connection with the Merger in accordance with the Israeli Encouragement of Industrial Research and Development Law, 1984.

"**Open Source Materials**" means software or other material that is distributed as "copyleft," "free software," "open source software" or under similar licensing or distribution terms (including, the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL) the Sun Industry Standards License (SISL) and the Apache License).

"**Order**" shall mean any order, judgment, award, decision, decree, injunction, ruling, writ or assessment of any Governmental Authority (whether temporary, preliminary or permanent) that is binding on any Person or its property under applicable Law.

"**Ordinance**" shall mean the Israeli Income Tax Ordinance **[**New Version**]**, 1961, as amended, and the rules and regulations promulgated thereunder.

"**Permitted Liens**" shall mean any of the following: (i) Liens for Taxes, assessments and governmental charges or levies either not yet delinquent or that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established on the consolidated financial statements of the Company and the Company Subsidiaries in accordance with GAAP as adjusted in the ordinary course of business consistent with past practice through the Effective Time; (ii) mechanics, carriers', workmen's, warehouseman's, repairmen's, materialmen's or other Liens that are not yet due or that are being contested in good faith and by appropriate proceedings; (iii) pledges or deposits to secure obligations under workers' compensation Laws or similar legislation or to secure public or statutory obligations; and (iv) such imperfections in title and easements and encumbrances, if any,

as are not substantial in character, amount or extent and do not materially impair the business operations of the Company or its Subsidiaries (in the manner presently carried on by the Company or its Subsidiaries).

"**Person**" shall mean any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Governmental Authority.

"**Representative**" shall mean, with respect to any Person, any direct or indirect Affiliate of such Person, or any officer, director, manager, employee, investment banker, attorney or other authorized agent, advisor or representative of such Person or any direct or indirect Affiliate of such Person.

"**Sarbanes-Oxley Act**" shall mean the United States Sarbanes-Oxley Act of 2002.

"**SEC**" shall mean the United States Securities and Exchange Commission or any successor thereto.

"**Section 102**" shall mean Section 102 of the Ordinance.

"**Section 102 Option**" shall mean any Company Option that was granted pursuant to Section 102(b) of the Ordinance.

"**Section 102 RSUs**" shall mean any Company RSU that was granted pursuant to Section 102(b) of the Ordinance.

"**Section 102 Securities**" shall mean, collectively, Section 102 Options, Section 102 RSUs and Section 102 Shares.

"**Section 102 Shares**" shall mean any Company Shares that were issued upon exercise of Section 102 Options and/or vesting of Section 102 RSUs.

"**Section 102 Trust Period**" shall mean the minimum trust period required by Section 102 according to the applicable tax route.

"**Section 102 Trustee**" shall mean ESOP Management and Trust Services Ltd., appointed to serve as trustee pursuant to Section 102 and approved by the ITA.

"**Securities Act**" shall mean the United States Securities Act of 1933.

"**Software**" shall mean computer programs, including any and all software implementations of algorithms, models and methodologies whether in source code, object code or other form, databases and compilations, including any and all data and collections of data, descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and all documentation, including user manuals and training materials related to

any of the foregoing.

"**Software Product**" means Software that is licensed or sublicensed or otherwise offered, provided, distributed, made available, or commercialized (including by the way of "Software as a service" offerings, on a hosted basis, or otherwise), or is being developed and contemplated to be commercially released on or before December 31, 2015, by or for the Company or any Company Subsidiary to any other Person. Except for purposes of Section 3.16(a), references to Software Products also refer to Updates of such Software Products.

"**Shrink-Wrap License**" means a generally and commercially available license, having standardized terms, granting end users the right to use generally and commercially available off-the-shelf Software available for a cost of not more than $5,000 funds, for a fully-paid up license for a single user or work station (or $25,000 in the aggregate for all users and work stations) and that is not material to the business of the Company or any Company Subsidiary or their conduct.

"**Subsidiary**" of any Person shall mean (i) a corporation more than fifty percent (50%) of the combined voting power of the outstanding voting stock of which is owned, directly or indirectly, by such Person or by one of more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries thereof, (ii) a partnership of which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, is the general partner and has the power to direct the policies, management and affairs of such partnership, (iii) a limited liability company of which such Person or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, is the managing member and has the power to direct the policies, management and affairs of such company, or (iv) any other Person (other than a corporation, partnership or limited liability company) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof, including by way of controlling fifty percent (50%) of the "means of control" of such Person as defined in the ICL.

"**Superior Proposal**" shall mean any bona fide written Acquisition Proposal to acquire one hundred percent (100%) of the equity or voting securities or consolidated total assets of the Company and the Company Subsidiaries, pursuant to a tender or exchange offer, a merger, scheme of arrangement, a consolidation, a business combination, or a sale of assets, and on (A) terms that the Company Board (or any committee thereof) shall have determined in good faith (after consultation with its financial advisor and outside legal counsel), taking into account all relevant legal, financial and regulatory aspects and the terms of such Acquisition Proposal, would be more favorable to the Company Shareholders (in their capacity as such) than the Merger, and (B) which the Company Board shall have determined in good faith (after consultation with its outside legal counsel and financial advisors) to be reasonably capable of being completed in a timely manner on the terms proposed, taking into account all financial, regulatory, legal, financing and other aspects of such proposal.

"**Tax**" shall mean (i) any and all federal, state, provincial, local and foreign taxes, including taxes based upon or measured by gross receipts, capital gain, windfall, income, profits,

severance, property, production, sales, use, license, excise, franchise, employment, social security and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, alternative or add-on minimum, ad valorem, value-added, transfer, stamp, or environmental tax (including taxes under Section 59A of the Code) (including, for the avoidance of doubt, any liability arising from any Law relating to escheat or unclaimed property) or any other tax, custom, duty or other like assessment or charge of any kind whatsoever, together with all interest, penalties and additions imposed with respect to such amounts and (ii) any liability for the payment of amounts determined by reference to amounts described in clause (i) as a result of being or having been a member of any group of corporations that files, will file, or has filed Tax Returns on an affiliated, combined, consolidated or unitary basis, as a result of any obligation under any agreement or arrangement (including any Tax sharing arrangement), as a result of being a transferee or successor, or otherwise.

"**Technology**" shall mean all designs, formulas, algorithms, procedures, techniques, ideas, know-how, Software (whether in source code, object code or human readable form), databases and data collections, Internet websites and web content, tools, inventions (whether patentable or unpatentable and whether or not reduced to practice), invention disclosures, developments, creations, improvements, works of authorship, other similar materials and all recordings, graphs, drawings, reports, analyses, other writings and any other embodiment of the above, in any form or media, whether or not specifically listed herein, and all related technology, documentation and other materials used in, incorporated in, embodied in or displayed by any of the foregoing, or used in the design, development, reproduction, maintenance or modification of any of the foregoing.

Section 1.2 Additional Definitions. The following capitalized terms shall have the respective meanings ascribed thereto in the respective sections of this Agreement set forth opposite each of the capitalized terms below:

Term	Section Reference

102 Amounts ... Section 2.8(d)
Agreement ... Preamble
Approval ... Section 3.6
Assignee ... Section 10.3
Capitalization Date ... Section 3.7(a)
CERCLA ... Section 3.26(d)
Certificate of Merger ... Section 2.3
Certificates ... Section 2.8(c)
Change ... Section 1.1
Changes ... Section 1.1
Charter Documents ... Section 3.2
Closing ... Section 2.2
Closing Date ... Section 2.2
Code ... Section 2.8(g)
Companies Registrar ... Section 2.3
Company ... Preamble
Company Board Recommendation ... Section 5.3(a)
Company Disclosure Letter ... Article IV
Company Products ... Section 3.14(b)
Company Reports ... Section 3.9
Company Securities ... Section 3.7(b)
Company Shareholder Approval ... Section 3.3
Company Shareholders Meeting ... Section 5.7(a)
Copyrights ... Section 1.1
Customer Transferred IP ... Section 3.14(b)
Effective Time ... Section 2.3
Employee Plans ... Section 3.22(a)
ERISA Affiliate ... Section 3.22(a)
Exchange Fund ... Section 2.8(b)
FCPA ... Section 3.25(b)
Financial Statements ... Section 3.10(a)
Funded International Employee Plan ... Section 3.22(i)
Indemnified Persons ... Section 6.1(a)
Information Agent ... Section 2.8(a)
Interim Option Tax Ruling ... Section 5.8(b)
Inventions ... Section 1.1
IPL ... Section 3.14(b)
ITA ... Section 2.8(g)
Joint Venture Interests ... Section 1.1
Leased Real Property ... Section 3.14(b)
Leases ... Section 3.14(b)
Letter of Transmittal ... Section 2.8(c)
Material Contract ... Section 3.13(a)
Material Customer ... Section 1.1
Material Employee Plans ... Section 3.22(a)
Material Supplier ... Section 1.1

Maximum Annual Premium .... Section 3.14(b)
Merger .... Recitals
Merger Consideration .... Section 2.7(a)(i)
Merger Proposal .... Section 7.3(a)
Merger Sub .... Preamble
Non-U.S. Employee Plan .... Section 3.14(b)
OECD Convention .... Section 3.25(b)
Option Consideration .... Section 2.7(c)(i)
Options Tax Ruling .... Section 5.8(b)
Outside Date .... Section 9.1(c)
Parent .... Preamble
Patent Rights .... Section 1.1
Patents .... Section 1.1
Paying Agent .... Section 2.8(a)
Paying Agent Agreement .... Section 2.8(a)
Payor .... Section 2.8(g)
Permits .... Section 3.14(b)
Personal Data .... Section 3.14(b)
Primary Company Executives .... Section 3.22(h)
Privacy Laws .... Section 3.14(b)
Prohibited Payment .... Section 3.25(b)
Proxy Statement .... Section 5.7(a)
R&D Sponsor .... Section 3.14(b)
Registered Intellectual Property .... Section 3.14(b)
Related Party .... Section 3.29
Section 102 Plan .... Section 3.22(i)
Shrink-Wrap License .... Section 1.1
Software Product .... Section 1.1
Subsidiary Charter Documents .... Section 3.6
Subsidiary Securities .... Section 3.8(d)
Surviving Company .... Recitals
Tax Returns .... Section 3.21(a)
Termination Fee .... Section 9.3(a)(i)
Third Party IP .... Section 3.14(b)
Trade Secrets .... Section 1.1
Trademark Rights .... Section 1.1
Trademarks .... Section 1.1
Transition Period SEC Report .... Section 5.9(b)
Uncertificated Shares .... Section 2.8(c)
WARN .... Section 3.14(b)
Withholding Tax Ruling .... Section 5.8(b)
Works of Authorship .... Section 1.1

Section 1.3 Certain Interpretations.

(a) Unless otherwise indicated, all references herein to Articles, Sections, Annexes, Exhibits or Schedules, shall be deemed to refer to Articles, Sections, Annexes, Exhibits

or Schedules of or to this Agreement, as applicable.

(b) Unless otherwise indicated, the words "include," "includes" and "including," when used herein, shall be deemed, in each case, to be followed by the words "without limitation."

(c) The table of contents and headings set forth in this Agreement are for convenience of reference purposes only and shall not affect or be deemed to affect in any way the meaning or interpretation of this Agreement or any term or provision hereof.

(d) Unless otherwise indicated or the context otherwise requires, all references herein to the Subsidiaries of a Person shall be deemed to include all direct and indirect Subsidiaries of such Person.

(e) Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(f) Any dollar or percentage thresholds set forth herein shall not be used as a benchmark for the determination of what is or is not "material" or a "Company Material Adverse Effect" under this Agreement.

(g) When used herein, the word "extent" and the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such word or phrase shall not simply mean "if."

(h) Except as otherwise indicated, (i) all references in this Agreement to dollar amounts and to "$" are intended to refer to U.S. dollars, and (ii) all references in this Agreement to "NIS" are intended to refer to New Israeli Shekels.

(i) Any reference to a law or statute shall include such law or statute, as amended (including by succession of comparable successor statutes), and the rules and regulations promulgated thereunder, or any successor statute, rules or regulations thereto, unless the context requires otherwise.

(j) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(k) Unless otherwise expressly provided, wherever the consent of any Person is required or permitted herein, such consent may be withheld in such Person's sole and absolute discretion.

(l) Unless the context otherwise requires "or" is disjunctive but not necessarily exclusive.

(m) Terms used herein that are not defined herein but are defined in GAAP have

the meanings ascribed to them therein.

(n) References to any Person include the successors and permitted assigns of that Person.

(o) References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

(p) If any action under this Agreement is required to be done or taken on a day that is not a Business Day, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter.

(q) The English language version of this Agreement shall be controlling (and any translation of this Agreement into the Hebrew language shall be for the convenience of the Parties only and shall not be taken into account in connection with the construction or interpretation of this Agreement).

(r) The Parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

ARTICLE II

THE MERGER

Section 2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the ICL, at the Effective Time, Merger Sub (as the target company (*Chevrat Ha'Ya'ad*) in the Merger) shall merge with and into the Company (as the absorbing company (*HaChevra Ha'Koletet*) in the Merger). As a result of the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the Surviving Company and shall (a) become a wholly owned direct Subsidiary of Parent, (b) continue to be governed by the Laws of the State of Israel, (c) maintain a registered office in the State of Israel, and (d) succeed to and assume all of the rights, properties and obligations of Merger Sub and the Company in accordance with the ICL.

Section 2.2 The Closing. Unless this Agreement shall have been terminated in accordance with Article IX, the closing of the Merger (the "**Closing**") shall occur at the offices of Meitar Liquornik Geva Leshem Tal, 16 Abba Hillel Road, Ramat-Gan, Israel, at 10:00 a.m. (local time) not later than on the second (2nd) Business Day following the date on which each of the conditions set forth in Article VIII is satisfied or, to the extent permitted by Law, waived by the Party entitled to waive such condition (except for any conditions that by their nature can only be satisfied on the Closing Date, but subject to the satisfaction of such conditions or waiver by the Party entitled to waive such conditions), or at such other time, date and location as the Parties shall mutually agree. The date on which the Closing occurs is referred to herein as the "**Closing Date**".

Section 2.3 Effective Time. As soon as practicable after the determination of the date on which the Closing is to take place, each of the Company and Merger Sub shall (and

Parent shall cause Merger Sub to), in coordination with each other, deliver to the Registrar of Companies of the State of Israel (the "**Companies Registrar**") a notice of the contemplated Merger and informing the Companies Registrar that all conditions to the Merger under the ICL and this Agreement have been met (together with any other documentation required to be submitted to the Companies Registrar, whether under this Agreement, the Merger Proposal, by the Israeli Companies Registrar or otherwise) and setting forth the proposed date of the Closing on which the Companies Registrar is requested to issue a certificate evidencing the Merger in accordance with Section 323(5) of the ICL (the "**Certificate of Merger**") after notice that the Closing has occurred is served to the Companies Registrar, which the Parties shall deliver on the Closing Date. The Merger shall become effective upon the issuance by the Companies Registrar of the Certificate of Merger in accordance with Section 323(5) of the ICL (the time at which the Merger becomes effective is referred to herein as the "**Effective Time**"). For the avoidance of doubt, and notwithstanding any provision of this Agreement to the contrary, it is the intention of the Parties that the Merger shall be declared effective and that the issuance by the Companies Registrar of the Certificate of Merger in accordance with Section 323(5) of the ICL shall both occur on the Closing Date.

Section 2.4 Effect of the Merger. The Merger shall have the effects set forth in the ICL and this Agreement. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, by virtue of, and simultaneously with, the Merger and without any further action on the part of Parent, Merger Sub, the Company or any shareholder of the Company, (i) Merger Sub shall merge with and into the Company, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the Surviving Company, (ii) all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company, (iii) all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company, and (iv) all the rights, privileges, immunities, powers and franchises of the Company (as the Surviving Company) shall continue unaffected by the Merger in accordance with the ICL.

Section 2.5 Memorandum and Articles of Association.

(a) At the Effective Time, the articles of association of Merger Sub (the "**Surviving Articles**"), as in effect immediately prior to the Effective Time, shall be the articles of association of the Surviving Company, until duly amended as provided therein, herein and by applicable Law.

(b) Unless otherwise determined by Parent prior to the Effective Time, the memorandum of association of the Company, as in effect immediately prior to the Effective Time, shall be the memorandum of association of the Surviving Company until thereafter amended as provided therein or by applicable Law.

Section 2.6 Directors and Officers.

(a) Directors. The directors of the Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly elected

and qualified, as the case may be, in accordance with the Surviving Articles.

(b) Officers. At the Effective Time, the officers of the Company immediately before the Effective Time shall be the officers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

Section 2.7 Effects on Share Capital.

(a) Share Capital. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of any of the following securities, the following shall occur:

(i) *Conversion of Company Shares*. Each Company Share issued and outstanding immediately prior to the Effective Time, other than Company Shares canceled pursuant to Section 2.7(a)(ii), shall automatically be converted into and represent the right to receive $12.65 in cash (the "**Merger Consideration**"), without interest and less applicable Taxes required to be withheld, upon the surrender of the certificate representing such Company Share (or receipt of an "agent's message" or other acceptable evidence of transfer if such Company Share is uncertificated) in the manner provided in Section 2.8 (or in the case of a lost, stolen or destroyed certificate, upon delivery of an affidavit in the manner provided in Section 2.10). The amount of cash each Effective Time Holder is entitled to receive shall be rounded to the nearest cent, and computed after aggregating all cash amounts for all Company Shares held by such Effective Time Holder.

(ii) *Parent-Owned Shares and Stock Held in Treasury*. Each Company Share held in the treasury of the Company or owned by Parent or any direct or indirect wholly owned Subsidiary of the Company or of Parent immediately prior to the Effective Time, if any, shall be canceled and retired without any conversion or consideration paid in respect thereof and shall cease to exist.

(iii) *Share Capital of Merger Sub*. Each Ordinary Share, having no par value, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be automatically and without further action converted into one validly issued, fully paid and non-assessable Ordinary Share, having no par value, of the Surviving Company and such Ordinary Shares shall constitute the only outstanding share capital of the Surviving Company. Each certificate evidencing ownership of such shares of Merger Sub immediately prior to the Effective Time shall, as of the Effective Time, evidence ownership of such shares of the Surviving Company.

(b) Adjustment to the Merger Consideration. The Merger Consideration shall be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Company Shares), reclassification, combination, exchange of shares or other like change with respect to Company Shares occurring, or with a record date, on or after the date hereof and prior to the Effective Time, and such adjustment to the Merger Consideration shall provide to the holders of Company Shares

the same economic effect as contemplated by this Agreement prior to such action.

(c) Company Options.

(i) Vested Company Options. At the Effective Time, each outstanding and unexercised Company Option that is vested and exercisable (or that will become vested and exercisable) immediately prior to the Effective Time (each a "**Vested Company Option**"), shall be canceled in exchange for the right to receive a lump sum cash payment (without interest) equal to the product of (i) the excess, if any, of (A) the Merger Consideration over (B) the exercise price per Company Share for such Vested Company Option and (ii) the total number of shares underlying such Vested Company Option (the "**Option Consideration**"), less applicable Taxes required to be withheld with respect to such payment pursuant to Section 2.8(d) below. From and after the Effective Time, all Company Vested Options shall no longer be outstanding and shall cease to exist, and each holder of a Vested Company Options shall cease to have any rights with respect thereto or arising therefrom, except the right to receive the Option Consideration payable hereunder. The Company shall take adequate measures in order to allow holders of Company Options which were granted under the UK Plan to exercise such Company Options on a net exercise basis.

(ii) Unvested Company Options. At the Effective Time, each outstanding Company Option that is unvested (each an "**Unvested Company Option**"), shall be assumed by Parent and substituted by the right to receive, on each Applicable Vesting Period (as defined below), for each Unvested Company Option that would otherwise have vested on such Applicable Vesting Period, an amount (without interest) equal to the excess of (A) the Merger Consideration over (B) the exercise price per Company Share for such Unvested Company Option (the "**Assumed Consideration**"), less applicable Taxes required to be withheld with respect to such payment pursuant to Section 2.8(d) below. All other terms of the Unvested Company Options shall continue to be subject to the terms of the respective Company Share Plans and award agreements. To the extent such Assumed Company Options, Assumed Option Consideration or holder thereof is subject to Section 409A of the Code, the Assumed Company Options (as converted) and payment of such Assumed Option Consideration thereof shall subject to any modifications required to be in compliance with Section 409A of the Code and applicable treasury regulations and other official guidance promulgated thereunder. From and after the Effective Time, all Company Unvested Options shall no longer be outstanding and shall cease to exist, and each holder of an Unvested Company Options shall cease to have any rights with respect thereto or arising therefrom, except the right to receive the Assumed Consideration payable hereunder.

(iii) Prior to the Effective Time, the Company shall adopt resolutions and use reasonable commercial efforts to take other actions that are necessary under the applicable Company Share Plan and/or award agreements (including providing holders of Company Options with notice of their rights with respect to any such Company Options as provided herein and/or seeking consent from such holders of Company Options, in each case to the extent required by the terms of the applicable Company Share Plans or award agreements) to effectuate the provisions of this Section 2.7(c).

(iv) The amount of cash each holder of Vested Company Options is entitled to receive for the Company Options held by such holder pursuant to Section 2.7(c)(i) and

2.7(c)(ii), respectively, shall be rounded to the nearest cent and computed after aggregating cash amounts for all Company Options held by such holder.

(v) As of the Effective Time, the Company Share Plans shall terminate and all rights under any provision of any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the share capital of the Company or any of the Company Subsidiaries shall be cancelled.

(d) Company RSUs.

(i) At the Effective Time, each Company RSU that is outstanding but has not been released (if any) immediately prior to the Effective Time shall be canceled without payment of consideration. From and after the Effective Time, all Company RSUs shall no longer be outstanding and shall automatically cease to exist, and each holder of a Company RSU shall cease to have any rights with respect thereto or arising therefrom.

(ii) Prior to the Effective Time, the Company shall adopt resolutions and use reasonable commercial efforts to take other actions that are necessary under the applicable Company Share Plans and/or award agreements (including providing holders of Company RSUs with notice of their rights with respect to any such Company RSUs as provided herein and/or seeking consent from such holders of Company RSUs, in each case to the extent required by the terms of the applicable Company Share Plans or award agreements) to effectuate the provisions of this Section 2.7(d).

Section 2.8 Payment Procedures.

(a) Paying Agent. Prior to the Effective Time (but in no event later than five (5) Business Days prior to the Closing Date), Parent shall select (i) a bank or trust company reasonably acceptable to the Company to act as the paying agent in connection with the Merger (the "**Paying Agent**") and, in connection therewith, shall enter into an agreement with the Paying Agent in form reasonably satisfactory to the Company and Parent (the "**Paying Agent Agreement**"); and (ii) to the extent necessary in light of the provisions of the Withholding Tax Ruling, an information agent reasonably acceptable to the Company and Parent (the "**Information Agent**") to assist in obtaining any requisite residency certificate and/or other declaration for Israeli Tax withholding purposes and, in connection therewith, shall enter into an agreement with the Information Agent in a form reasonably satisfactory to the Company.

(b) Exchange Fund. At or prior to the Effective Time, Parent shall deposit (or cause to be deposited) with the Paying Agent, for payment to the holders of Company Shares (including Section 102 Shares) pursuant to the provisions of this Article II, an amount of cash equal to the aggregate consideration to which such holders of Company Shares become entitled under this Article II (such cash amount being referred to herein as the "**Exchange Fund**"). The Exchange Fund shall be invested by the Paying Agent, as directed by Parent or the Surviving Company, in obligations of or guaranteed by the United States of America or obligations of an agency of the United States of America which are backed by the full faith and credit of the United States of America. Any interest and other income resulting from such investments shall be paid to Parent. To the extent that there are any losses with respect to any investments of the Exchange

Fund, or the Exchange Fund diminishes for any reason below the level required for the Paying Agent to promptly pay the cash amounts contemplated by Section 2.7(a)(i), Parent shall, or shall cause the Surviving Company to, promptly replace or restore the cash in the Exchange Fund so as to ensure that the Exchange Fund is at all times maintained at a level sufficient for the Paying Agent to make such payments contemplated by Section 2.7(a)(i).

(c) Payment Procedures with respect to Company Shares. Promptly following the Effective Time, the Surviving Company shall cause the Paying Agent to mail to each holder of record (as of immediately prior to the Effective Time) of (i) a certificate or certificates (the "**Certificates**") which immediately prior to the Effective Time represented outstanding Company Shares, and (ii) uncertificated Company Shares (the "**Uncertificated Shares**"), in each case, whose shares were converted into the right to receive the Merger Consideration pursuant to Section 2.7(a)(i), (A) a letter of transmittal in customary form (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent), (the "**Letter of Transmittal**"), (B) declaration(s) in which the beneficial owner of Company Shares provides certain information necessary for Parent to determine whether any amounts need to be withheld from the Merger Consideration payable to such beneficial owner pursuant to the terms of the Ordinance (in each case, subject to the terms of the Withholding Tax Ruling, if obtained), the Code, or any provision of state, local, Israeli or foreign Law, and/or (C) instructions (including instructions from the Paying Agent) for use in effecting the surrender of the Certificates and Uncertificated Shares in exchange for the Merger Consideration payable in respect thereof pursuant to the provisions of this Article II. Upon surrender of Certificates (or affidavit of loss in lieu thereof) for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Parent, together with the Letter of Transmittal and the declaration(s) for Tax withholding purposes (and such other documents as may be required by the Paying Agent consistent with customary practice), duly completed and validly executed in accordance with the instructions thereto, the holders of such Certificates shall be entitled to receive in exchange therefor an amount in cash equal to the Merger Consideration to which the holder thereof is entitled pursuant to Section 2.7(a)(i) (less any applicable withholding taxes payable in respect thereof), and the Certificates so surrendered shall forthwith be canceled. Upon receipt of an "agent's message" by the Paying Agent (or such other evidence, if any, of transfer as the Paying Agent may request consistent with customary practice) in the case of a book-entry transfer of Uncertificated Shares, together with the Letter of Transmittal and the declaration(s) for Tax withholding purposes (and such other documents as may be required by the Paying Agent consistent with customary practice), duly completed and validly executed in accordance with the instructions thereto, the holders of such Uncertificated Shares shall be entitled to receive in exchange therefor an amount in cash equal to the Merger Consideration to which the holder thereof is entitled pursuant to Section 2.7(a)(i) (less any applicable withholding taxes payable in respect thereof), and the transferred Uncertificated Shares so surrendered shall forthwith be canceled. The Paying Agent shall accept such Certificates and transferred Uncertificated Shares upon compliance with such reasonable terms and conditions as the Paying Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. Until so surrendered, outstanding Certificates and Uncertificated Shares shall be deemed from and after the Effective Time, to evidence only the right to receive the Merger Consideration, without interest thereon, payable in respect thereof pursuant to the provisions of this Article II. No Effective Time Holder who is a record holder of Company Shares shall be entitled to receive any amount held by the Paying Agent, unless such holder surrenders its Certificate (or affidavits of loss in lieu thereof)

or Uncertificated Share and an executed Letter of Transmittal for payment in accordance with this Section 2.8(c) and the declaration(s) for Tax withholding purposes (and such other documents as may be required by the Paying Agent consistent with customary practice). Payments and deliveries to be made under this Agreement shall be made in U.S. dollars by check or wire transfer of immediately available funds to such address or bank accounts as shall be set forth in the Letter of Transmittal.

(d) Payment Procedures With Respect to Company Options. At or prior to the Effective Time, Parent shall transfer or cause to be transferred (including cause the Surviving Company to transfer) an amount equal to the Option Consideration with respect to Company Options, other than Section 102 Options, to the Paying Agent on behalf of holders of such Company Options. As promptly as practicable following the Effective Time and the receipt by the Paying Agent of such funds, the Paying Agent shall transfer such funds to employing entity of such holder, who shall pay to each holder of such Company Options the applicable amounts to which such holder is entitled pursuant to Section 2.7(c), through the applicable optionee's employing entity's payroll system in accordance with standard payroll practices, after withholding of any required applicable Taxes.

(e) Payment Procedures With Respect to Section 102 Securities. At or prior to the Effective Time, Parent shall transfer or cause to be transferred (including cause the Surviving Company to transfer) (i) the aggregate Option Consideration with respect to Section 102 Options, and (ii) the Merger Consideration payable in respect of Section 102 Shares, to the Section 102 Trustee, on behalf of holders of Section 102 Securities, in accordance with Section 102 and the Option Tax Ruling, if obtained (the "**102 Amounts**"). The 102 Amounts shall be held in trust by the Section 102 Trustee pursuant to the applicable provisions of Section 102 and the Option Tax Ruling, if obtained, and shall be released by the Section 102 Trustee, together with any interest earned thereon by virtue of the investment of such amounts by the Section 102 Trustee, in accordance with the terms and conditions of Section 102 and the Option Tax Ruling, if obtained.

(f) Transfers of Ownership. In the event that a transfer of ownership of Company Shares is not registered in the stock transfer books or ledger of the Company, or if the Merger Consideration is to be paid in a name other than that in which the Certificates or Uncertificated Shares surrendered in exchange therefor are registered in the stock transfer books or ledger of the Company, the Merger Consideration may be paid to a Person other than the Person in whose name the Certificate or Uncertificated Share so surrendered is registered in the stock transfer books or ledger of the Company only if such Certificate or Uncertificated Shares is properly endorsed and otherwise in proper form for surrender and transfer and the Person requesting such payment has paid to Parent (or any agent designated by Parent) any transfer taxes required by reason of the payment of the Merger Consideration to a Person other than the registered holder of such Certificate or Uncertificated Shares, or established to the satisfaction of Parent (or any agent designated by Parent) that such transfer taxes have been paid or are otherwise not payable.

(g) Required Withholding. Notwithstanding anything to the contrary hereunder, Parent and its Affiliates, the Company, the Company Subsidiaries, the Surviving Company, the Section 102 Trustee and the Paying Agent (each a "**Payor**") shall be entitled to deduct and withhold from any payment made pursuant to this Agreement (including the Merger

Consideration and payments made pursuant to Section 2.7(c) (Company Options)) such amounts as may be required to be deducted and withheld with respect to the making of such payment under the United States Internal Revenue Code of 1986 (the "**Code**"), the Ordinance, or under any provision of applicable state, local, Israeli or foreign Tax Law; *provided*, *however*, that with respect to withholding of Israeli Tax, in the event any holder of record of Company Shares or Company Options provides the Payor with a valid withholding certificate issued by the ITA regarding the withholding (or exemption from withholding) of Israeli Tax from the consideration payable in respect thereof in accordance with this Article II, in each case, to Parent's satisfaction, then the deduction and withholding of any amounts under the Ordinance or any other provision of Israeli Law or requirement, if any, from the Merger Consideration or the Option Consideration, as applicable, payable to such holder of record of Company Shares or Company Options, as applicable, shall be made only in accordance with the provisions of such withholding certificate. For such purpose, the Withholding Tax Ruling and the Options Tax Ruling will be considered a valid withholding certificate; *provided* that if the applicable ruling requires the affirmative consent of the relevant holder, such holder consented to join any such applicable ruling. To the extent amounts are so withheld and paid over to the appropriate Governmental Authority, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

(h) No Liability. Notwithstanding anything to the contrary set forth in this Agreement, none of the Paying Agent, Parent, Merger Sub, the Surviving Company, any Company Subsidiary or any other party shall be liable to a holder of Company Shares, Company Options or Company RSUs for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(i) Distribution of Exchange Fund to Parent. Any portion of the Exchange Fund that remains undistributed to the holders of the Certificates or Uncertificated Shares on the date that is twelve (12) months after the Effective Time, as well as any and all interest accrued on account of the Exchange Fund, shall be delivered to Parent upon demand, and any holders of Company Shares that were issued and outstanding immediately prior to the Merger who have not theretofore surrendered their Certificates or Uncertificated Shares representing such Company Shares for exchange pursuant to the provisions of this Section 2.8 shall thereafter look for payment of the Merger Consideration, without interest, payable in respect of the Company Shares represented by such Certificates or Uncertificated Shares solely to Parent, as general creditors thereof, for any claim to the applicable Merger Consideration to which such holders may be entitled pursuant to the provisions of this Article II.

Section 2.9 No Further Ownership Rights in Company Shares. From and after the Effective Time, all Company Shares shall no longer be outstanding and shall automatically be cancelled, retired and cease to exist, and each holder of a Certificate or Uncertificated Shares theretofore representing any Company Shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration payable therefor upon the surrender thereof in accordance with the provisions of Section 2.8. The Merger Consideration paid in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to such Company Shares. From and after the Effective Time, there shall be no further registration of transfers on the records of the Surviving Company of Company Shares that were issued and outstanding immediately prior to the Effective Time, other

than transfers to reflect, in accordance with customary settlement procedures, trades effected prior to the Effective Time. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Company for any reason, they shall be canceled and exchanged as provided in this Article II.

Section 2.10 Lost, Stolen or Destroyed Certificates. In the event that any Certificates shall have been lost, stolen or destroyed, the Paying Agent shall pay the Merger Consideration in exchange for such lost, stolen or destroyed Certificates upon the making of an affidavit of that fact by the holder thereof and a reasonable and customary bond or agreement by such holder to indemnify and hold harmless Parent from and against any losses in connection therewith (such affidavit to be in a form attached to the Letter of Transmittal).

Section 2.11 No Interest. No interest shall accumulate on any amount payable in respect of any Company Shares, Company Options or Company RSUs in connection with the Merger, and any interest actually accrued shall be payable to the Parent.

Section 2.12 Necessary Further Actions. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub, the directors and officers of the Surviving Company are fully authorized in the name and on behalf of the Company and the Company Shareholders to take all such lawful and necessary action.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as expressly set forth or specifically referred to with respect to a particular representation or warranty set forth in this Article III in the disclosure schedule delivered by the Company to Parent on the date of this Agreement as an inducement to the Parent and Merger Sub to enter into this Agreement (the "**Company Disclosure Letter**") and except as expressly set forth in the Company's annual report on Form 20-F for the year ending December 31, 2014 but other than any such disclosures (i) contained under the captions "Risk Factors" or "Forward Looking Statements" or (ii) that are predictive, cautionary or forward looking in nature (it being acknowledged and agreed that this exclusion shall not apply to any representations or warranties set forth in Sections 3.1, 3.3, 3.4, 3.5, 3.6, 3.7, 3.9, 3.11, 3.12, 3.30, 3.31 and 3.35, the Company hereby represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Organization; Good Standing and Qualification. The Company is a corporation duly organized and validly existing under the laws of the State of Israel, and has the requisite corporate power and authority to conduct its business as it is presently being conducted and to own, lease, operate or otherwise hold its properties and assets. The Company is duly qualified to do business and is in good standing (to the extent either such concept is recognized under applicable Law) in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified or in good standing has not had and would not reasonably be expected to have,

individually or in the aggregate, a Company Material Adverse Effect.

Section 3.2 **Company Charter Documents**. The Company has delivered or made available to Parent prior to the date hereof a complete and correct copy of the articles of association, as amended to date, of the Company and a complete and correct copy of the memorandum of association, as amended to date, of the Company (collectively, the "**Charter Documents**"). The Company has delivered or made available to Parent prior to the date hereof complete and correct copies of the minutes and other records of all meetings and other proceedings (including any actions taken by written consent or otherwise without a meeting) of the shareholders of the Company, the Company Board, all committees thereof, in each case, from and after January 1, 2012. Such Charter Documents are in full force and effect. The Company is not in violation of any of the provisions of the Charter Documents and/or its code of conduct. The Company has not taken any action that is inconsistent in any material respects with any resolution adopted by the Company's shareholders, the Company Board or any committee thereof.

Section 3.3 **Corporate Power; Enforceability.** The Company has all requisite corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is, or is specified to be, a party, to perform its covenants and obligations hereunder and thereunder and, subject to obtaining the approval of this Agreement by holders of the majority of the Company Shares voted at the Company Shareholder Meeting as required by the ICL (the "**Company Shareholder Approval**"), to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Agreement and each Ancillary Agreement to which it is, or is specified to be, a party, the performance by the Company of its covenants and obligations hereunder and thereunder and the consummation by the Company of the transactions contemplated hereby and thereby, including the Merger, have been duly authorized by all necessary corporate action on the part of the Company and no additional corporate proceedings on the part of the Company are necessary to authorize the execution and delivery by the Company of this Agreement or any Ancillary Agreement to which it is, or is specified to be, a party, the performance by the Company of its covenants and obligations hereunder and thereunder or the consummation of the transactions contemplated hereby and thereby, including the Merger, other than (assuming the accuracy of the representations and warranties in Section 3.4 below) obtaining the Company Shareholder Approval. This Agreement has been duly executed and delivered by the Company and at or before the Closing will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party. This Agreement constitutes, and each Ancillary Agreement to which it is, or is specified to be, a party will after such execution and delivery constitute, assuming the due authorization, execution and delivery by the other parties thereto, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting or relating to creditors' rights generally and to general equitable principles.

Section 3.4 **Board and Shareholders Actions**.

(a) At a meeting duly called and held prior to the execution of this Agreement in compliance with the requirements of ICL and the Charter Documents, the Company Board has unanimously (i) determined that this Agreement, the Merger and the other transactions

contemplated hereby are fair to, and in the best interests of, the Company and the Company's shareholders and that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of the Company to its creditors, (ii) approved this Agreement, the Merger and the other transactions contemplated hereby, and (iii) resolved to recommend that the Company's shareholders vote for the approval of this Agreement, the Merger and the other transactions contemplated hereby. To the extent required under applicable Law, the audit committee or the compensation committee of the Company Board (as the case may be) has approved this Agreement and the Merger and the other transactions contemplated hereby prior to the aforesaid approval of the Company Board.

(b) Assuming the receipt of the Company Shareholder Approval, no other vote of holders of any stock or other securities of the Company is necessary in order to approve and adopt this Agreement and the Merger under the ICL and the Charter Documents.

Section 3.5 Non-Contravention. Except as detailed in Section 3.5 of the Company Disclosure Letter, the execution and delivery by the Company of this Agreement or any of the Ancillary Agreements to which it is, or is specified to be, a party, the performance by the Company of its covenants and obligations hereunder and thereunder and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (A) (i) contravene, violate or conflict with or result in the breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, (ii) result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration or a right to challenge the transactions contemplated hereby under, (iii) result in a loss of a material benefit under, (iv) give rise to increased, additional, accelerated or guaranteed rights or entitlements of any Person, (v) constitute a change in control under, (vi) require the payment of a penalty under or result in the imposition of any Lien on the assets of the Company or any of the Company Subsidiaries under, (a) the Charter Documents, (b) the charter, articles of association, bylaws or other constituent documents of any of the Company Subsidiaries (the "**Subsidiary Charter Documents**"), (c) subject to obtaining the Approvals in respect of the Contracts set forth in Section 3.5 of the Company Disclosure Letter, any Material Contract, or (d) assuming the Approvals in respect of the Contracts set forth in Section 3.5 of the Company Disclosure Letter and the Approvals referred to in Section 3.5 of this Agreement are obtained or made and subject to obtaining the Company Shareholder Approval, any Law applicable to the Company or any of the Company Subsidiaries or by which any of their properties or assets are bound, or (B) subject to obtaining the Approvals in respect of the Contracts set forth in Section 3.5 of the Company Disclosure Letter, result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company or any of the Company Subsidiaries, except in the case of each of clauses (A)(b), (A)(c), and (B) above, for such violations, conflicts, defaults, terminations, accelerations or Liens which are not had and would not reasonably be expected to be material to the Company and the Company Subsidiaries, taken as a whole, or prevent or materially delay the consummation of the Merger or the other transactions contemplated hereby.

Section 3.6 Required Governmental Approvals. No consent, clearance, approval, license, Order or authorization of, or filing, declaration, notice or registration with, or expiration or termination of any waiting period required by, or notification to (any of the foregoing being referred to herein as an "**Approval**"), any Governmental Authority is required on the part of the Company or any of the Company Subsidiaries in connection with the execution or delivery by

the Company of this Agreement or any Ancillary Agreement, the performance by the Company of its covenants and obligations hereunder and thereunder and the consummation by the Company of the transactions contemplated hereby and thereby, other than (a) the OCS Notice, (b) the Approval under applicable Antitrust Laws, (c) the filing of the Merger Proposal and Merger Notice with the Israeli Companies Registrar and all such other notices or filings required under the ICL with respect to the consummation of the Merger and the issuance of the Certificate of Merger by the Israeli Companies Registrar, (d) the filings and other Approvals as may be required under the Exchange Act or any other applicable securities laws, (e) the filings and other Approvals as may be required under the rules and regulations of Nasdaq, (f) receipt of the Options Tax Ruling and the Withholding Tax Ruling, (g) such filings and other Approvals as may be required solely by reason of Parent's or Merger Sub's (as opposed to any third party's) participation in the Merger or the other transactions contemplated hereby, and (h) such other Approvals the failure of which to make or obtain has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.7 Company Capitalization.

(a) The registered (authorized) share capital of the Company consists of NIS 2,100,000 divided into (a) 5,000,000 Special Preferred Shares, NIS 0.02 par value per share (collectively, the "**Preferred Shares**"), and (b) 100,000,000 Company Shares. At the close of business on April 30, 2015 (the "**Capitalization Date**"), (i) 33,336,303 Company Shares were issued and outstanding, (ii) 39,000 Company Shares were held by the Company as dormant shares, (iii) 3,579,756 Company Options to purchase Company Shares were issued and outstanding, 8,270 Company RSUs were issued and outstanding, and 1,642,446 Company Shares reserved for future grants under the Company Share Plan. Except as set forth above, at the close of business on the Capitalization Date, no shares or other voting securities of the Company were issued, reserved for issuance or outstanding. All outstanding Company Shares are, and all such shares that may be issued prior to the Effective Time will be when issued, duly authorized, validly issued, fully paid, nonassessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive rights, subscription right or any similar right under any provision of the ICL, the Charter Documents or any Contract to which the Company is otherwise bound. Since the Capitalization Date, the Company has not (x) issued any Company Shares, Company Options or Company RSUs or other securities or rights to acquire Company Shares or other rights that give the holder thereof any economic benefit accruing to the holders of any Company Shares, other than pursuant to the exercise of Company Options or vesting and settlement of Company RSUs or as permitted by Section 5.1(b), or (y) granted, committed to grant or otherwise created or assumed any obligation with respect to any Company Options or Company RSUs, other than as permitted by Section 5.1(b).

(b) Section 3.7(b) of the Company Disclosure Letter lists each Company Option and Company RSU outstanding as of the date hereof, the name of the holder thereof, the grant date, expiration date, the number of Company Shares issuable thereunder, the exercise price and whether each such Company Option or Company RSU was granted as is subject to Tax pursuant to Section 3(i) of the Ordinance or Section 102 and the applicable sub section of Section 102 and for Section 102 Securities the date of deposit of such Section 102 Securities with the Section 102 Trustee. In addition, Section 3.7(b) of the Company Disclosure Letter indicates, as of the date of this Agreement, which holders of outstanding Company are not employees of the

Company (including non-employee directors, Company's contractors, vendors, service providers or other similar persons), including a description of the relationship between each such person and the Company. True, correct and complete copies of the Company Share Plans, all forms of agreements and instruments relating to or issued under each Company Share Plan (including executed copies of all contracts relating to each Company Security) have been provided or made available to Parent prior to the date hereof, and such Company Share Plans and contracts have not been amended, modified or supplemented since being provided to Parent, and there are no agreements, understandings or commitments to amend, modify or supplement such Company Share Plans or contracts in any case from those provided to Parent. All tax rulings, opinions, and filings with the ITA relating to the Company Share Plan and any award thereunder have been provided to Parent. The terms of the Company Share Plans permit the cashing out and cancellation at the Closing of Company Options and Company RSUs as provided in this Agreement, without the consent or approval of the holders of such securities, the Company Shareholders, or otherwise (other than the resolution of the Company Board of Directors) and, except as stated in Section 3.7(b) of the Company Disclosure Letter, without any acceleration of the exercise schedule or vesting provisions in effect for those Company Options and Company RSUs. Except as stated in Section 3.7(b) of the Company Disclosure Letter, no benefits under any of such Company Share Plans will accelerate in connection with the transactions under this Agreement. No other outstanding Company Options and Company RSUs, whether under the Company Share Plans or otherwise, will be accelerated in connection with the transactions under this Agreement. Each Company Option (i) has an exercise price at least equal to fair market value of the underlying Company Share as of the date of grant, (ii) has not had its exercise date or grant date delayed or "back-dated," and (iii) has been issued in compliance with all applicable Laws and regulations.

(c) Except as set forth in Section 3.7(c) of the Company Disclosure Letter, all Company Options and Company RSUs currently outstanding and granted by the Company to its officers and employees in Israel were granted under the Company Share Plan approved, or not rejected within 90 days from filing, by the ITA under the capital gains route of Section 102. Except as set forth in Section 3.7(b) of the Company Disclosure Letter the Company has complied with all requirements of such Section 102 and the regulations promulgated thereunder in all respects.

(d) Except as set forth in this Section 3.7(d) of the Company Disclosure Letter, there are (i) no outstanding shares of, or other equity or voting interest in, the Company, (ii) no outstanding securities of the Company or any Company Subsidiary convertible into or exchangeable for shares of, or other equity or voting interest in, the Company, (iii) no outstanding options, warrants, rights or other commitments or agreements to acquire from the Company or any Company Subsidiary, or that obligates the Company or any Company Subsidiary to issue, any shares of, or other equity or voting interest in, or any securities convertible into or exchangeable for shares of, or other equity or voting interest in, nor any deferred compensation rights, agreements, arrangements or commitments of any kind to which the Company is a party relating to the issuance of shares of, the Company, (iv) no obligations of the Company to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any shares of, or other equity or voting interest (including any voting debt) in, the Company (the items in clauses (i), (ii), (iii) and (iv), together with the share capital of the Company, Company Options and Company RSUs, being referred to collectively as "**Company Securities**") and (v) no other obligations by the Company or any of the Company Subsidiaries to make any payments based on the price or value of any Company Securities. Neither

the Company nor any of the Company Subsidiaries is a party to any Contract which obligates the Company or any of the Company Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities, except in connection with the repurchase or acquisition of Company Shares pursuant to the terms of Company Share Plan.

(e) Except as set forth in Section 3.7(e) of the Company Disclosure Letter, neither the Company nor any of the Company Subsidiaries is a party to any agreement relating to the voting of, requiring registration of, or granting any preemptive rights, anti-dilutive rights or rights of first refusal or other similar rights with respect to any securities of the Company or any of the Company Subsidiaries.

Section 3.8 Company Subsidiaries.

(a) Section 3.8(a) of the Company Disclosure Letter contains a complete and accurate list of the name, jurisdiction of organization, capitalization, schedule of shareholders or other equity holders of and the individuals who comprise the board of directors or comparable body and officers of each Company Subsidiary.

(b) Each of the Company Subsidiaries is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its respective organization (to the extent either such concept is recognized under applicable Law). Each of the Company Subsidiaries has the requisite corporate power and authority to carry on its respective business as it is presently being conducted and to own, lease or operate or otherwise hold its respective properties and assets. Each of the Company Subsidiaries is duly qualified to do business and is in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary (to the extent either such concept is recognized under applicable Law), except where the failure to be so qualified or in good standing has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) All of the outstanding share capital of, or other equity or voting interest in, each Company Subsidiary (i) have been duly authorized, validly issued and are fully paid and nonassessable and (ii) are owned, directly or indirectly, by the Company or another Company Subsidiary, free and clear of all Liens (other than Liens under applicable securities Laws) and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such share stock or other equity or voting interest) that would prevent the operation by the Surviving Company of such Company Subsidiary's business as presently conducted.

(d) Except as set forth on Section 3.8(d) of the Company Disclosure Letter, there are no outstanding (i) securities of the Company or any of the Company Subsidiaries convertible into or exchangeable for shares of, or other equity or voting interest in, any Subsidiary of the Company, (ii) options, warrants, rights or other commitments or agreements to acquire from the Company or any of the Company Subsidiaries, or that obligate the Company or any of the Company Subsidiaries to issue, any share capital of, or other equity or voting interest in, or any securities convertible into or exchangeable for shares of, or other equity or voting interest in, nor any deferred compensation rights, agreements, arrangements or commitments of any kind to which the Company is a party relating to the issuance of shares of, any Company Subsidiary, (iii)

obligations of the Company or any Company Subsidiary to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any share capital of, or other equity or voting interest (including any voting debt) in, any Company Subsidiary (the items in clauses (i), (ii) and (iii), together with the share capital of the Company Subsidiaries, being referred to collectively as "**Subsidiary Securities**"), or (iv) other obligations by the Company or any the Company Subsidiaries to make any payments based on the price or value of any shares of any Company Subsidiary. Neither the Company nor any of the Company Subsidiaries is a party to any Contract which obligates the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

(e) The Company has made available to Parent prior to the date hereof true and complete copies of the Subsidiary Charter Documents. The Company has delivered or made available to Parent prior to the date hereof accurate and complete copies of all the minutes and other records of the meetings and other proceedings (including any actions taken by written consent or otherwise without a meeting) of the equityholders of each of the Company Subsidiaries and the board of directors or equivalent body of each of the Company Subsidiaries, and all committees thereof, in each case, from and after January 1, 2012. None of such Company Subsidiaries is in default of such Subsidiary Charter Documents.

(f) Section 3.8(f) of the Company Disclosure Letter sets forth a true and complete list of all share capital, membership interests, partnership interests, Joint Venture Interests and other equity interests in any Person (other than a Subsidiary) owned, directly or indirectly, by the Company or any Company Subsidiary as of the date of this Agreement.

Section 3.9 Company Reports.

(a) Since January 1, 2012, the Company has filed all forms, reports and documents with the SEC that have been required to be filed by it under the Exchange Act or the Securities Act (all such forms, reports and any other documents, together with all documents filed or furnished on a voluntary basis with the SEC, including registration statements, and all exhibits and schedules thereto, the "**Company Reports**"). As of its filing date (or, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseded filing), (a) each Company Report complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be, each as in effect on the date such Company Report was filed or amended or superseded, and (b) each Company Report, other than a registration statement, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and each Company Report that is a registration statement did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein not misleading. None of the Company Subsidiaries is required to file or furnish any forms, reports or other documents with the SEC. No executive officer of the Company has failed to make the certifications required of him or her under the rules under the Exchange Act enacted pursuant to Section 302 or 906 of the Sarbanes-Oxley Act with respect to any Company Report. To the Knowledge of the Company, none of the Company Reports is the subject of ongoing SEC review

or investigation.

(b) The Company is a "foreign private issuer" as such term is defined in Rule 3b-4 under the Exchange Act.

Section 3.10 <u>Company Financial Statements</u>.

(a) The consolidated financial statements of the Company and the Company Subsidiaries included in the Company Reports filed with the SEC (the "**Financial Statements**") (i) have been prepared in accordance with GAAP consistently applied during the periods and at the dates involved (except as may be indicated in the notes thereto or as otherwise permitted), and (ii) fairly present in all material respects the consolidated financial position of the Company and the Company Subsidiaries as of the dates thereof and the consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited quarterly statements, to normal year-end adjustments). No financial statements of any Person other than the Company and the Company Subsidiaries are required by GAAP to be included in the consolidated financial statements of the Company. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. All disclosures contained in the Company Reports regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the SEC) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. The interactive data in eXtensible Business Reporting Language contained in the Company Reports fairly present the information called for in all material respects and have been prepared in accordance with the SEC's rules and guidelines applicable thereto.

(b) The Company and each of the Company Subsidiaries, to the extent applicable, maintain disclosure controls and procedures (as such terms are defined in Rule 13a-15 under the Exchange Act) that satisfy the requirements of Rule 13a-15 under the Exchange Act. Such disclosure controls and procedures are effective to provide reasonable assurance that all material information concerning the Company (including the Company Subsidiaries) is made known on a timely basis to the individuals responsible for the preparation of the Company Reports filed with the SEC.

(c) The Company maintains a system of internal accounting controls (as such term is defined in Rule 13a-15 under the Exchange Act) sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(d) Since January 1, 2012, the Company's principal executive officer and its principal financial officer have disclosed to the Company's auditors and the audit committee of the Company Board (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information of the

Company and the Company Subsidiaries on a consolidated basis and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company and the Company Subsidiaries' internal controls. As of the date of the most recent evaluation of internal controls over financial reporting with respect to the year ended December 31, 2014, there were (i) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(e) As of the date hereof, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to the Company Reports filed with the SEC. There are no internal investigations pending and, to the Knowledge of the Company, there are no SEC, ICL or Nasdaq inquiries or investigations or other governmental inquiries or investigations pending or threatened, in each case regarding the Company, or its executive officers or directors. The Company is in compliance in all material respects with (i) the applicable provisions of the Sarbanes-Oxley Act and (ii) the applicable listing and corporate governance rules and regulations of Nasdaq (subject to permissible exemptions for foreign private issuers).

(f) Neither the Company nor any of the Company Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among the Company and of the Company Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K of the SEC)), where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of the Company Subsidiaries in the Company's or such Company Subsidiary's published financial statements or any Company Reports filed with the SEC.

(g) No independent registered public accounting firm of the Company has resigned or been dismissed as independent registered public accounting firm of the Company as a result of or in connection with any disagreement with the Company on a matter of accounting principles or practices, financial statements disclosure or auditing scope or procedure.

(h) To the Knowledge of the Company, no employee of the Company or the Company Subsidiaries has provided or is providing information to any law enforcement agency regarding the possible commission of any crime or the violation of possible violation of any applicable legal requirements of the type described in Section 806 of the Sarbanes-Oxley Act. The Company has not, nor to the Knowledge of the Company, has any director, officer, employee, contractor, subcontractor or agent of the Company or the Company Subsidiaries has discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against an employee of the Company or the Company Subsidiaries in the terms and conditions of employment because of any lawful act of such employee described in Section 806 of the Sarbanes-Oxley Act.

(i) Neither the Company nor any director or executive officer of the Company has, and, to the Knowledge of the Company, no other officer, employee or accountant of the Company has, received any complaint, allegation, assertion or claim, in writing (or to the

Knowledge of the Company, orally) that the Company or any Company Subsidiary has engaged in improper, illegal or fraudulent accounting or auditing practices. To the Knowledge of the Company, no attorney representing the Company or any Company Subsidiary, whether or not employed by the Company or a Subsidiary, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the Company, any Company Subsidiary or their officers, directors, employees or agents to the chief executive officer, chief financial officer, or general counsel of the Company, or to the audit committee (or other committee consisting of solely non-employee directors) of the Company Board or the board of directors of any Company Subsidiary.

(j) The Company has provided or made available to Parent prior to the date hereof copies of all letters from the Company's auditors to the Company Board and/or audit committee thereof issued from or after January 1, 2012, together with copies of all responses thereto.

Section 3.11 No Undisclosed Liabilities. Neither the Company nor any of the Company Subsidiaries has any Liabilities (whether or not such Liabilities are of a nature required to be reflected or reserved against on a balance sheet prepared in accordance with GAAP or in the notes thereto), other than (a) Liabilities reflected or otherwise reserved against in the Company Balance Sheet or in the consolidated financial statements and notes thereto of the Company and the Company Subsidiaries included in the Company Reports filed prior to the date of this Agreement, (b) Liabilities arising under this Agreement or incurred in connection with the transactions contemplated by this Agreement, and (c) Liabilities incurred since the Company Balance Sheet Date in the ordinary course of business consistent with past practice.

Section 3.12 Absence of Certain Changes. Since the Company Balance Sheet Date through the date hereof (a) except for actions taken or not taken in connection with the transactions contemplated by this Agreement, the business of the Company and the Company Subsidiaries has been conducted, in all material respects, in the ordinary course consistent with past practice, (b) except as set forth in Section 3.12 of the Company Disclosure Letter, neither the Company nor any of the Company Subsidiaries has taken any action that, if taken after the date hereof, would constitute a breach of or require a consent under Section 5.1(b)(i), (iv), (v), (vi), (viii), (x), (xi), (xii), (xvi), or (xviii) (*Interim Conduct of Business*), and (c) there has not been or occurred, and no circumstances have existed or exist that constitute or would reasonably be expected to result in, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.13 Material Contracts.

(a) For all purposes of and under this Agreement, a "**Material Contract**" shall mean:

(i) (A) any "material contract" listed as an exhibit to the Company's annual report on Form 20-F for the year ending December 31, 2014 or (B) any "material contract" that is required to be filed by the Company as a material contract (as such term is defined in Item

601(b)(10) of Regulation S-K of the SEC), whether or not so filed;

(ii) any Contract with a natural person either as an employee or an independent contractor (in each case, under which the Company or any of the Company Subsidiaries has continuing obligations as of the date hereof) that carries an aggregate annual base salary in excess of $100,000 per annum (excluding Contracts for "at-will" relationships or that are terminable by the Company or the applicable Company Subsidiary at its discretion, by notice of not more than ninety (90) days for a cost of less than $100,000);

(iii) any severance, retention, termination, golden parachute, change-of-control or similar agreement with any current or former employee, director or officer of the Company or any of the Company Subsidiaries;

(iv) any Contract relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any of the Company's share capital or other securities or any options, warrants or other rights to purchase or otherwise acquire any Company Shares, Preferred Shares, other securities or options, warrants or other rights therefor, except for those Contracts conforming to the standard Contract under the Company Plan;

(v) collective bargaining agreement or similar material Contract with any labor organization, council, union or association;

(vi) Contract with (A) any current or former officer or director of the Company or any Company Subsidiary or any of their immediate family members (other than any Employee Plans), or (B) any Person who (i) to the Knowledge of the Company is a shareholder of the Company, or (ii) is a "substantial shareholder" of the Company (as defined in the ICL), in each case other than employment agreements which are terminable in accordance with their terms without Liability to the Company;

(vii) any customer, client, sales representative, distributor, franchise or supply Contract that involves bookings during the fiscal year 2014 through the first quarter of the fiscal year 2015 in excess of $1,000,000, in each case, other than purchase orders entered into in the ordinary course of business consistent with past practice;

(viii) any Contract providing for Governmental Grants including but not limited from the OCS;

(ix) any Contract with a Governmental Authority;

(x) any Contract to which the Company or any of the Company Subsidiaries is a party that (A) contains any covenant by the Company or any of the Company Subsidiaries that limits the freedom of the Company or any Company Subsidiary to compete in any line of business or with any other Person or in any geographic location, or (B) restricts the development, manufacture, marketing or distribution of the products and services of the Company or any of the Company Subsidiaries, including any Contract with any Person granting such Person the exclusive right in any territory to sell or distribute any product, or other Contract providing

"most favored nations" pricing terms for products;

(xi) any Contract entered into after December 31, 2011 (A) relating to the disposition, acquisition or lease (directly or indirectly) by the Company or any of the Company Subsidiaries of a material amount of assets other than in the ordinary course of business consistent with past practice, (B) pursuant to which the Company or any of the Company Subsidiaries will acquire or has acquired any material interest in any other Person or other business enterprise for an amount in excess, in the aggregate, of $3,000,000, or (C) for the acquisition or disposition of any business and such Contract contains any profit sharing arrangements or "earn-out" arrangements or other contingent payment obligations, or any indemnification obligations, in each case, under which obligations are continuing;

(xii) any Contract (including any so called take-or-pay or keepwell agreements) under which the Company or any of the Company Subsidiaries has directly or indirectly guaranteed Indebtedness, liabilities or obligations of any other Person (other than a Company Subsidiary) in excess of $500,000 (in each case other than endorsements for the purpose of collection in the ordinary course of business consistent with past practice);

(xiii) any Contract under which the Company or any of the Company Subsidiaries has, directly or indirectly, made any advance, loan, extension of credit or capital contribution to, or other investment in, any Person (other than the Company or any of the Company Subsidiaries) in excess of $200,000 (other than extensions of trade credit in the ordinary course of business consistent with past practice);

(xiv) any Contract granting any Person a right of first refusal or first negotiation or similar right with respect to any sale of the Company or a substantial portion of its shares or assets;

(xv) any Contract imposing "standstill" obligations on the Company or any of the Company Subsidiaries;

(xvi) any Contract that contains a license, lease, distribution, sale, resale or incorporation of any Intellectual Property (except for (A) Shrink-Wrap Licenses, and (B) licenses granted by the Company or any of the Company Subsidiaries in the ordinary course of business consistent with the past practice);

(xvii) any Contract that relates to the formation, creation, operation, management or control of any legal partnership, strategic alliance or any joint venture entity pursuant to which the Company has an obligation (contingent or otherwise) to make a material investment in or material extension of credit to any Person or any material Contract involving the sharing of revenues, profits or losses or proprietary information by the Company or any of the Company Subsidiaries with any unaffiliated third party;

(xviii) any Contract that involves or relates to Indebtedness or under which the Company or any of the Company Subsidiaries has issued any note, bond, debenture or other evidence of Indebtedness to, any Person (other than the Company or any of the Company Subsidiaries) or any other note, bond, debenture or other evidence of Indebtedness of the Company or any of the Company Subsidiaries (other than in favor of the Company or any of the Company

Subsidiaries) (whether incurred, assumed, guaranteed or secured by any asset) outside the ordinary course of business consistent with past practice, in each case, for a principal amount in excess of $200,000 (in one or a series of one or more related transactions);

(xix) any lease of personal or real property that involves anticipated expenditures by the Company or any Company Subsidiary of more than $325,000 in any twelve (12) month period;

(xx) any Contract that the Company or any Company Subsidiary is a party to that, by it terms, does not terminate or is not terminable by the Company or the Company Subsidiary without penalty within six (6) months after the date hereof;

(xxi) any Contract that, together with any related Contracts, provides for capital expenditures in excess of $250,000 for any single project or related series of projects;

(xxii) any Contract with any Material Customer or Material Supplier;

(xxiii) any Contract among any of the Company and the Company Subsidiaries; and

(xxiv) any Contract, or group of related Contracts with a Person (or group of affiliated Persons), the termination or breach of which would or would reasonably be expected to have a Company Material Adverse Effect and is not disclosed pursuant to clauses (i) through (xxiii) above.

(b) Section 3.13(b) of the Company Disclosure Letter contains a list of all Material Contracts (other than any Material Contract contemplated by clause (i)(A) of the definition thereof) to which the Company or any of the Company Subsidiaries is a party or by which it is bound as of the date of this Agreement. As of the date hereof, true and complete copies of all Material Contracts (including all modifications, amendments, supplements, waivers, and side letters) have been (i) publicly filed with the SEC or (ii) made available to Parent prior to the date hereof. There are no Material Contracts that are not in written form.

(c) Except as detailed in Section 3.13(c) of the Company Disclosure Letter, (i) each Material Contract is valid and binding on the Company (and/or each such Company Subsidiary party thereto) and, to the Knowledge of the Company, each other party thereto, and is in full force and effect, enforceable against the Company or each such Company Subsidiary party thereto, as the case may be, in accordance with its terms, except that such enforceability (x) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting or relating to creditors' rights generally, and (y) is subject to general principles of equity, (ii) neither the Company nor any of the Company Subsidiaries that is a party thereto, nor, to the Knowledge of the Company, any other party thereto, is in material breach of, or material default under, any such Material Contract, and no circumstances exist and no event has occurred that with notice or lapse of time or both would or would be reasonably expected to constitute such a material breach or material default thereunder by the Company or any of the Company Subsidiaries, or, to the Knowledge of the Company, any other party thereto or are reasonably expected to contravene, in any material respect, conflict in any material respect with, or result or give the Company or any of the Company Subsidiaries or any other Person the

right to declare a material default or exercise any material remedy under, or to materially accelerate the maturity, performance of or right under, or to cancel, terminate or materially modify, any Material Contract, and (iii) none of the Company and the Company Subsidiaries has received notice of any actual, alleged, possible or potential violation of, or failure to comply with, any material term or requirement of any Material Contract.

Section 3.14 Real Property.

(a) Neither the Company nor any of the Company Subsidiaries owns any real property.

(b) Section 3.14(b) of the Company Disclosure Letter contains a complete and accurate list of all of the existing leases, subleases or other agreements (collectively, the "**Leases**") under which the Company or any of the Company Subsidiaries uses or occupies or has the right to use or occupy, now or in the future, any real property (such property, the "**Leased Real Property**"). The Company has made available to Parent prior to the date hereof a complete and accurate copy of all Leases of Leased Real Property (including all modifications, amendments, supplements, waivers and side letters thereto). The Company and/or the Company Subsidiaries have and own valid leasehold interests in the Leased Real Property, free and clear of all Liens other than Permitted Liens. The Company Leased Real Property constitutes all interests in real property used, occupied or held for use in connection with the business of the Company and the Company Subsidiaries and which are necessary for the continued operation of the business of the Company and the Company Subsidiaries as the business is currently conducted and as currently proposed to be conducted.

(c) With respect to each of the Leases:

(i) the Company or the Company Subsidiaries possession, as applicable, and quiet enjoyment of the Leased Real Property relating to each lease has not been disturbed, and to the Knowledge of the Company, there are no disputes with respect to such lease;

(ii) no security deposit or portion thereof deposited with respect to such lease has been applied in respect of a breach or default under such Lease which has not been redeposited in full;

(iii) none of the Company or the Company Subsidiaries owes any brokerage commissions or finder's fees with respect to such Lease;

(iv) none of the Company or the Company Subsidiaries has collaterally assigned or granted any other security interest in such lease or any interest therein other than Permitted Liens; and

(v) the Company and the Company Subsidiaries have paid all sums due and observed and performed the covenants and obligations on the part of the tenant and the conditions contained in the Leases.

(d) Section 3.14(d) of the Company Disclosure Letter contains a complete and accurate list of all of the existing Leases granting to any Person, other than the Company or any of

the Company Subsidiaries, any right to use or occupy, now or in the future, any portion of the Leased Real Property.

(e) All of the Leases set forth in Section 3.14(b) or Section 3.14(d) of the Company Disclosure Letter are each in full force and effect and is valid and enforceable by and against the Company and/or a Company Subsidiary, as applicable, and the lessor in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles, whether in equity or at law) and neither the Company nor any of the Company Subsidiaries is in material breach of or material default under, or has received written notice of any material breach of or material default under, any such Lease, and, to the Knowledge of the Company, no event has occurred that with notice or lapse of time or both would or would reasonably be expected to constitute a material breach or material default thereunder by the Company or any of the Company Subsidiaries or any other party thereto.

(f) To the Knowledge of the Company, (i) each of the Company and the Company Subsidiaries has all material Permits necessary for the current use by it of each applicable Leased Real Property, (ii) no material default or violation by the Company or the Company Subsidiaries has occurred in the due observance of any such Permit and (iii) the current uses of each Leased Real Property comply with applicable Laws.

Section 3.15 Personal Property. The Company and the Company Subsidiaries are in possession of and have good title to, or valid leasehold interests in or valid rights under contract to use, tangible personal properties and assets that are material to the Company and the Company Subsidiaries, taken as a whole, free and clear of all Liens other than Permitted Liens.

Section 3.16 Intellectual Property.

(a) Section 3.16(a) of Company Disclosure Letter sets forth a complete and accurate list of all (A) Patents that are owned, solely or jointly, by the Company or any of its Affiliates; (B) Trademarks owned by the Company or any of its Affiliates that are the subject of a registration or a pending application for registration (for the avoidance of doubt, including Internet domain names); and (C) registered Copyrights and pending applications for registration of any Copyrights owned by the Company or any of its Affiliates (collectively, the "**Registered Intellectual Property**"). Each of the Company and its Affiliates has taken all steps reasonably necessary to maintain registrations of all Registered Intellectual Property, including by payment when due of all maintenance fees and annuities and the filing of all necessary renewals, statements and certifications, except for the abandonment, withdrawal and expiration of Registered Intellectual Property in the ordinary course of business consistent with past practice. Section 3.16(a) of Company Disclosure Letter lists the jurisdictions in which each such Registered Intellectual Property has been issued or registered or in which any application for such issuance and registration has been filed. The Registered Intellectual Property is valid, subsisting and enforceable and is not subject to any outstanding Legal Proceeding, order, judgment or decree materially adversely affecting the Company's or its Affiliates' use thereof or rights thereto.

(b) Section 3.16(b) of the Company Disclosure Letter sets forth a complete and accurate list of all identifiable Company Intellectual Property Rights not owned by the Company

or the Company Subsidiaries (collectively, the "**Third Party IP**").

(c) Section 3.16(c) of the Company Disclosure Letter sets forth a complete and accurate list of all Software Products. The Company and the Company Subsidiaries have licensed and sublicensed, and do license and sublicense, Software Products, but neither the Company nor the Company Subsidiaries have sold, and sell, Software Products. None of the Company Intellectual Property Rights are licensed to any Person on an exclusive basis.

(d) Except as set forth in Section 3.16(d) of the Company Disclosure Letter, no source code for any Software Product has been placed into escrow by or on behalf of any of the Company or the Company Subsidiaries. To the extent that any such source code has been placed into escrow, none of such source code has ever been released, nor is any such source code required to be released as of the date hereof or as a result of the consummation of the Merger, pursuant to or in accordance with the terms of the associated escrow Contract by the escrow agent to any person other than the Company or one of the Company Subsidiaries or the owner of such source. To the Knowledge of the Company, none of such source code has ever been released or provided by the escrow agent to any person other than the Company or one of Company Subsidiaries or the owner of such source code.

(e) Except as set forth in Section 3.16(e) of the Company Disclosure Letter, the Company and the Company Subsidiaries have taken commercially reasonable steps to ensure that all Software used by the Company and the Company Subsidiaries is free of any disabling codes or instructions, and any virus or other undocumented contaminant, that may permit or result in unauthorized access, modification, deletion, damage or disabling of any internal computer systems (including hardware, software, databases and embedded control systems) of the Company or any of the Company Subsidiaries. The Company and the Company Subsidiaries have taken commercially reasonable steps to safeguard such systems and restrict unauthorized access thereto. To the Knowledge of the Company, there have been no attempted or successful breaches of the Company's security measures.

(f) The Company and its Affiliates have taken commercially reasonable measures to protect the confidentiality of the Trade Secrets and any other non-public, proprietary information used in the businesses of the Company or any of its Affiliates that are owned by the Company or any of its Affiliates and the confidentiality of all Trade Secrets of any third party disclosed to the Company or any of its Affiliates, subject to written non-disclosure agreements with the Company or any of its Affiliates. Such Trade Secrets have not been disclosed to any Person, except pursuant to written non-disclosure agreements. No employee, contractor or agent of the Company or any of its Affiliates or any other Person is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement relating to the protection, ownership, development, use or transfer of Company Intellectual Property Rights or Company Technology or any other Intellectual Property or Technology owned by the Company or any of its Affiliates. Except as set forth in Section 3.16(f) of the Company Disclosure Letter, no rights in any Company Intellectual Property Rights, Company Software or Company Technology have been transferred or granted by the Company or any of its Affiliates to any other Person, except for non-exclusive licenses of Company or its Affiliates products (collectively, "**Company Products**") granted by the Company or the

Company's Affiliates in the ordinary course of business consistent with past practice.

(g) The Company or one of its Affiliates is the owner of, or has valid and continuing rights to use the Company Intellectual Property Rights, free and clear of all Liens. The Company has valid and continuing rights to make, sell, license or otherwise use the Company Technology in connection with the conduct of the business of the Company and the Company's Affiliates as presently conducted. There is no Intellectual Property or Technology other than Company Intellectual Property Rights and Company Technology that is material to or necessary for the operation of the businesses of the Company and the Company's Affiliates, or for the continued operation of the business of the Company and the Company's Affiliates as presently conducted, except for Intellectual Property or Technology pursuant to a Shrink-Wrap License that is readily available on reasonable terms through commercial distributors or in consumer retail stores for an annual license fee of less than US$50,000.

(h) None of the Company or the Company Subsidiaries is, and will not be as a result of consummation of the Merger, restricted in any material respect from transferring, assigning, enforcing, licensing, or using or otherwise exploiting any Company Intellectual Property Rights. Except as disclosed in Section 3.16(h) of the Company Disclosure Letter, all right, title, and interest in and to any and all Company Intellectual Property Rights that was created or developed with respect to, is based on, arises or results from, or pertains to or is directed by any customer input or request provided or disclosed to or shared with the Company or any of the Company Subsidiaries for or in connection with the creation or development of any of the Software Products and/or Company Technology, or any collaboration between such customer and the Company with respect to any of the Software Products or Company Technology or any aspects thereof, is owned exclusively by the Company or the Company Subsidiaries. Except as disclosed in Section 3.16(h) of the Company Disclosure Letter, neither the Company nor the Company Subsidiaries have transferred ownership of, or granted any rights with respect to, any Company Intellectual Property Rights arising or resulting from or directed or pertaining to any creations or developments made by or for the Company or the Company Subsidiaries for any customer, or any result thereof, to such customer (i) for which the Company or any Company Subsidiary do not have unrestricted rights to access, modify, use, and otherwise exploit such Intellectual Property ("**Customer Transferred IP**"), or (ii) that would permit such customer to grant rights under or with respect to such Intellectual Property to another person, which grant could reasonably be expected to have any material adverse impact on the Company's or the Company Subsidiaries' business, taken as a whole. None of the Company or the Company Subsidiaries incorporates or uses any Customer Transferred IP in any Software Products or Company Technology. None of the Company or the Company Subsidiaries is a party to, subject to, or bound by any Contract that gives any Third Party any option, right of first refusal or offer, or similar right with respect to the acquisition of, or license to or under, any Company Intellectual Property Rights.

(i) Neither this Agreement nor the consummation of the Merger will, directly or indirectly, result in the Company or any Company Subsidiary (i) providing, granting or otherwise conveying, or being required to provide, grant or otherwise convey, to any person any right with respect to any Company Intellectual Property Rights, (ii) being obligated to pay any royalties or other material amounts, or provide any discounts, to any person other than those, or in excess of those, payable or required in the absence of this Agreement or the consummation of the Merger or (iii) being obligated or required to release or disclose to any person any Trade Secrets

included in Company Intellectual Property Rights. None of the Company or any Company Subsidiary will lose any of its rights under, to, or with respect to (including to use or otherwise exploit) any of the Third Party IP that is material to the conduct of the businesses of the Company and the Company Subsidiaries, as a result of, nor will any such rights be adversely affected by, consummation of the Merger.

(j) The Company's or any of its Affiliates' use, practice or other commercial exploitation of the Company Intellectual Property Rights and Company Technology and the manufacturing, licensing, marketing, importation, offer for sale, sale or use of the Company Intellectual Property Rights and the Company Technology, and the operation and conduct of the Company's and its Affiliates' business, do not infringe, constitute an unauthorized use of, misappropriate, or otherwise violate the Intellectual Property Rights of a third Person.

(k) Except as set forth in Section 3.16(k) of the Company Disclosure Letter, neither the Company nor any of the Company's Affiliates is a party to or the subject of any pending or threatened Legal Proceeding, which involves a claim (i) against the Company or any of its Affiliates, of infringement, unauthorized use, misappropriation or violation of any Intellectual Property or Technology of any Person, or challenging the ownership, use, validity or enforceability of any Company Intellectual Property Rights or Company Technology or (ii) contesting, challenging, or seeking to deny or restrict the right of the Company or any of its Affiliates to use, distribute, sell, exercise, lease, license, transfer or dispose of any Company Intellectual Property Rights or Company Technology. Except as set forth in Section 3.16(k) of the Company Disclosure Letter, neither the Company nor any of its Affiliates is subject to or internally identified a specific potential claim against the Company or any of its Affiliates of infringement, unauthorized use, misappropriation or violation that the conduct of the Company's business infringes, uses without authorization, misappropriates, or otherwise violates the Intellectual Property Rights or Technology of a third Person or challenging the ownership, use, validity or enforceability of any Company Intellectual Property Rights or Company Technology. Except as set forth in Section 3.16(k) of the Company Disclosure Letter, the Company and its Affiliates are not subject to any Order that restricts or impairs the use of any Company Intellectual Property Rights owned by, or exclusively licensed to, the Company or any of its Affiliates.

(l) To the knowledge of the Company, except as set forth in Section 3.16(l) of the Company Disclosure Letter, no Person (including current and former employees of the Company or any of its Affiliates) is infringing, violating, misappropriating or otherwise misusing any Company Intellectual Property Rights owned by, or exclusively licensed to, the Company or any of its Affiliates or Company Technology in any material respect, and neither the Company nor any of its Affiliates has made in the last five (5) years preceding the date hereof any such claims against any Person (including current and former employees of the Company or any of its Affiliates).

(m) Except as set forth in Section 3.16(m) of the Company Disclosure Letter, each current and former employee, independent contractor or consultant who conceived, developed or created or participated in creating any part of any Company Intellectual Property Rights or Company Technology, has executed a written agreement with the Company or any of its Affiliates, as applicable, that subject to applicable Law (i) conveys to the Company or any of its Affiliates, as applicable, all right, title and interest in and to, or the right to use on a royalty-free

basis, all Intellectual Property developed by such Person in connection with such Person's engagement with the Company or any of its Affiliates, as applicable, (ii) has waived any and all right to any form of additional compensation (other than their salary or service/consultancy fee) for the assignment, conveyance and/or transfer of any Company Intellectual Property Rights or material Company Technology in accordance with Section 134 of the Israeli Patent Law – 1967, and (iii) obligates such employee, consultant or independent contractor to keep any confidential information of the Company and its Affiliates, including Trade Secrets, confidential.

(n) The Software Products that have been commercially released operate and perform materially in accordance with their respective warranty documentation and otherwise as required by the Company and the Company Subsidiaries in connection with their business. In the past three (3) years, there has been no failure or breakdown of any material Company Technology or Software Products that has resulted in a material disruption or material interruption in the operation of the business of the Company or any Company Subsidiary. Each of the Company and the Company Subsidiaries has implemented commercially reasonable backup and disaster recover technology and programs consistent with industry practices and Contracts to which it is a party.

(o) Except as set forth in Section 3.16(o) of the Company Disclosure Letter, (i) there are no Contracts or arrangements to which the Company or any of its Affiliates is a party under which any Governmental Authority acquires rights with respect to any Company Software or Company Intellectual Property Rights owned by the Company or any of its Affiliates, nor has any Governmental Authority acquired any rights outside of any such Contracts, arrangements or subcontract as the result of providing any funding to the Company or any of its Affiliates relating to the development of any Company Intellectual Property Rights, including any government rights and prerogatives as defined under the Israeli Patent Law-1967 (the "**IPL**") including rights under Section 55, Chapter 6 and Chapter 8 thereof, and (ii) there are no Contracts or arrangements to which the Company or any of its Affiliates is a party under which any Governmental Authority acquires rights with respect to any Company Software or Company Intellectual Property Rights exclusively licensed to, the Company or any of its Affiliates.

(p) No university, military, educational institution, research center, Governmental Authority, entity owned or controlled by any Governmental Authority, hospitals, medical centers or other similar institutions or organization (each, an "**R&D Sponsor**") has sponsored or provided funding to the Company or the Company's Affiliates for any material research and development conducted in connection with the business of the Company and the Company's Affiliates, or has any claim of right to, ownership of or other Lien on any material Company Intellectual Property Rights owned by the Company or any of its Affiliates or any material Company Technology. Neither the Company nor any of its Affiliates is a participant in any standards-setting activities or joined any standards setting or similar organization that would affect the proprietary nature of any Company Intellectual Property Rights owned by, or exclusively licensed to, the Company or any of its Affiliates or Company Technology or restrict the ability of the Company or any of the Company's Affiliates to enforce, license or exclude others from using any Company Intellectual Property Rights owned by, or, exclusively licensed to, the Company or any of its Affiliates' or Company Technology, in each case, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. None of the employees, consultants or independent contractors of the Company or any of its Affiliates) who is or was involved in, or who has or will have contributed to, the creation or development of

any of the Company Intellectual Property Rights owned by the Company or any of its Affiliates or material Company Technology has, during the time period in which such Person was engaged by the Company or any of its Affiliates, was an employee of any R&D Sponsor. Except as set forth in Section 3.16(p) of the Company Disclosure Letter, none of the Company Products or any products or Intellectual Property under development by Company or any of its Affiliates uses or incorporates any Intellectual Property that was developed by the Company or any of its Affiliates using funding provided by the OCS, nor does the OCS or any Governmental Authority have any ownership interest in or right to restrict the sale, licensing, distribution or transfer of such products. Section 3.16(p) of the Company Disclosure Letter sets forth the amount of each Government Grant received by the Company or any of its Affiliates from the OCS.

(q) Open Source Software. Section 3.16(q) of the Company Disclosure Letter identifies all Open Source Materials used in any Company Products or is distributed with or used in the development of Software Products or from which any Software Product is derived, describes the manner in which such Open Source Materials are used (such description shall include whether (and, if so, how) the Open Source Materials were modified and/or distributed by the Company or any of the Company Subsidiaries) and identifies the licenses under which such Open Source Materials were used. Section 3.16(q) of the Company Disclosure Letter identifies and describes the Software Products to which each such item of Open Source Materials applies. The Company and each of the Company Subsidiaries are in material compliance with the material terms and conditions of all licenses for the Open Source Materials. Neither the Company nor any of the Company Subsidiaries has (i) incorporated Open Source Materials into, or combined Open Source Materials with, the Software Products, (ii) distributed Open Source Materials in conjunction with any Software Products or (iii) used Open Source Materials, in such a way that, with respect to clauses (i), (ii) or (iii), creates obligations for the Company or any of the Company Subsidiaries with respect to any Company Intellectual Property Rights or grant to any third party any rights under any Company Intellectual Property Rights that require, as a condition of use, modification and/or distribution of Software Products that other software incorporated into, derived from or distributed with such Open Source Materials be (A) disclosed or distributed in source code form, (B) be licensed for the purpose of making derivative works or (C) be redistributable at no charge). No Software Product contains, is derived from, is distributed with, or is being or was developed using Open Source Materials that is licensed under any terms that otherwise impose any other material limitations, restriction or condition on the right or ability of the Company to use or distribute any Software Product or to enforce Company Intellectual Property Rights.

Section 3.17 Encryption and Other Restricted Technology; Export Compliance. Except as set forth in Section 3.17 of the Company Disclosure Letter, the business of the Company and the Company Subsidiaries as currently conducted does not involve the use or development of, or engagement in, or export or re-export of encryption technology, or, to the Knowledge of the Company, other technology whose development, commercialization, export, or re-export is restricted under the Laws of the United States of America or the State of Israel or any other country, and to conduct its business as currently conducted, none of the Company or the Company Subsidiaries is or has been under any obligation to obtain any approvals from the U.S. Bureau of Industry and Security or any licenses from the Israeli Ministry of Defense or any authorized body thereof pursuant to Section 2(a) of the Control of Products and Services Declaration (Engagement in Encryption), 5734-974, or other Laws of any country regulating the development, commercialization, or export of technology. The Company and the Company

Subsidiaries have conducted their export transactions in material compliance with all material applicable provisions of United States of America export control Laws and regulations, including the Export Administration Act and implementing Export Administration Regulations.

Section 3.18 Restrictions on Business Activities. Except for restrictions, if any, prescribed by the OCS and the Laws and letters of approvals related thereto or set forth pursuant to a Contract listed in Section 3.18 of the Company Disclosure Letter, there is no Contract, or Order to which the Company or any Company Subsidiary is a party or otherwise binding upon the Company or any Company Subsidiary that has or may reasonably be expected to have the effect of prohibiting, limiting, restricting, or impairing in a material respect any business practice of the Company or any Company Subsidiary, any acquisition or disposition of material property (tangible or intangible) by the Company or any Company Subsidiary, the conduct of business by the Company, as currently conducted, or otherwise limiting in a material respect the freedom of the Company or any Company Subsidiary to engage in any line of business or to compete with any Person.

Section 3.19 Product Claims.

(a) The Company has delivered to Parent an accurate form of the Company's customer agreements which contain typical customer warranties with respect to the Company's products and services and the products and services of any of the Company Subsidiaries. Except as disclosed in Section 3.19 of the Company Disclosure Letter, there have not been any material deviations from such warranties and none of the employees or agents of the Company or any of the Company Subsidiaries (i) is authorized to undertake obligations to any customer or to other third parties which expands such warranties, or (ii) to the Company's Knowledge, has made any oral warranty with respect to such products or services of the Company or any of the Company Subsidiaries.

Other than warranty claims for individual Software Products in the ordinary course of business, and except as disclosed in Section 3.19 of the Company Disclosure Letter, none of the Company or the Company Subsidiaries has received notice of any claim or complaint, from any Person, or indicating an intention on the part of any Person to bring any claim or complaint, and no claim or complaint has been made by any Person or is otherwise pending before any Governmental Authority, with respect to any Software Products (including with respect to any delay, defect, deficiency, or quality) or with respect to the breach of any Contract under which such Software Products have been licensed, supplied, made available, or otherwise provided. Each Software Product has been and is in conformity with all applicable contractual commitments, warranties, and specifications in all material respects, and with all applicable Laws and does not contain any disabling codes or virus, or material bugs or defects that cannot reasonably be corrected in the ordinary course of business.

Section 3.20 Privacy and Data Protection.

(a) Except as detailed in Section 3.20(a) of the Company Disclosure Letter, each of the Company and the Company Subsidiaries has, to the Knowledge of the Company, complied in all material respects with all applicable international, federal, state, provincial and local laws, rules, regulations, directives and governmental requirements relating in any way to the

privacy, confidentiality, data protection or security of Personal Data (collectively, "**Privacy Laws**"), including with respect to the privacy of Company employees and of users of the Company's and the Company Subsidiaries' products, services and websites. For purposes of this Section, "**Personal Data**" means any information relating to an identified or identifiable individual, whether such data is in individual or aggregate form and regardless of the media in which it is contained; and "**Process**" or "**Processing**" means any operation or set of operations performed upon Personal Data, whether or not by automatic means, such as creating, collecting, procuring, obtaining, accessing, recording, organizing, storing, adapting, altering, retrieving, consulting, using or disclosing, disseminating or destroying the data.

(b) Each of the Company and the Company Subsidiaries maintains a written information security program that includes appropriate administrative, technical, and physical safeguards designed to (a) ensure the security and confidentiality of Personal Data, (b) protect Personal Data against any anticipated threats or hazards to the security and integrity of Personal Data, and (c) protect against any actual or suspected unauthorized Processing, loss, disclosure or acquisition of or access to any Personal Data (hereinafter "**Data Security Incident**").

(c) Each of the Company and the Company Subsidiaries is in compliance with (a) all contracts to which the Company and the Company Subsidiaries is subject with respect to the Processing of Personal Data, (b) its published privacy policies and internal privacy policies, terms of use and guidelines, and (c) all applicable industry standards concerning privacy, data protection, confidentiality or information security.

(d) Since January 1, 2012, (a) there has been no material loss, damage, theft, breach or unauthorized or accidental access, acquisition, use, disclosure or other Data Security Incident involving Personal Data maintained by or on behalf of the Company or any Company Subsidiary, nor any material complaints or claims asserted by any person (including any government authority) regarding the Processing of Personal Data by the Company or any Company Subsidiary, and (b) there has been no material legal proceeding brought by any person that any product or service of the Company or any Company Subsidiary was the cause of, or a contributing cause of, or facilitated, any Data Security Incident involving Personal Data maintained by any other person, nor a material legal proceeding brought by any person that any of the Company or any Company Subsidiary was otherwise liable for any Data Security Incident. Each of the Company and the Company Subsidiaries has made all necessary disclosures to, and obtained any necessary consents from, users, customers, employees, contractors, and other persons as required by applicable Privacy Laws, and has filed any required registrations with the relevant data protection authorities.

Section 3.21 Tax Matters. Except for such matters that have not resulted in and would not reasonably be expected to result in, individually or in the aggregate, material liabilities to the Company and the Company Subsidiaries (taken as a whole):

(a) Except as detailed in Section 3.21(a) of the Company Disclosure Letter, the Company and each of the Company Subsidiaries (i) have timely filed (taking into account any extensions of time in which to file) all federal, state, local, provincial and foreign returns, estimates, claims for refund, information statements and reports or other similar documents with respect to Taxes (including amendments, schedules, or attachments thereto) relating to any and all Taxes

("**Tax Returns**") required to be filed with any Governmental Authority by any of them and all such filed Tax Returns are true, correct and complete and were prepared in compliance with all applicable Laws and (ii) have timely paid, or have adequately reserved (in accordance with GAAP) on the most recent financial statements contained in the Company Reports for the payment of, all Taxes required to be paid (in addition to any reserve for deferred Taxes to reflect timing differences between book and Tax items or carryforwards) for all Taxable periods and portions thereof through the Company Balance Sheet Date and since then, the Company and the Company Subsidiaries have not incurred any liability for Taxes (i) from extraordinary gains or losses within the meaning of GAAP, (ii) outside the ordinary course of business consistent with past practice, or (iii) otherwise inconsistent with past custom and practice.

(b) Except as detailed in Section 3.21(b) of the Company Disclosure Letter, no deficiencies for any Taxes have been asserted in writing or assessed in writing, or to the Knowledge of the Company, proposed, against the Company or any of the Company Subsidiaries that are not subject to adequate reserves on the consolidated financial statements of the Company and the Company Subsidiaries (in accordance with GAAP) as adjusted in the ordinary course of business consistent with past practice through the Effective Time, nor has the Company or any of the Company Subsidiaries executed any waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax. There are no Liens (other than Permitted Liens) on any of the assets of the Company or the Company Subsidiaries for Taxes.

(c) Except as detailed in Section 3.21(c) of the Company Disclosure Letter, no audit of any material Tax Return of the Company or any of the Company Subsidiaries is presently in progress, nor has the Company or any of the Company Subsidiaries been notified in writing of any request for such an audit.

(d) Except as detailed in Section 3.21(d) of the Company Disclosure Letter, neither the Company nor any of the Subsidiaries has performed or was part of any action or transaction that is classified as a "reportable transaction" under Section 131C(2)(g) of the Ordinance and the regulations promulgated thereunder.

(e) With respect to each transaction in which the Company or any of the Company Subsidiaries has participated that is a "reportable transaction" within the meaning of U.S. Treasury Regulation § 1.6011-4(b)(1) (or any similar provision of the Tax Laws of any other jurisdiction), such participation has been properly disclosed on IRS Form 8886 or as otherwise required under the Tax Laws of any other jurisdiction.

(f) Except as detailed in Section 3.21(f) of the Company Disclosure Letter, no extension of time within which to file any Tax Return required to be filed by the Company or any of the Company Subsidiaries is currently in effect.

(g) Except as detailed in Section 3.21(g) of the Company Disclosure Letter, no action, suit, investigation, claim or assessment is pending or to the Company's Knowledge threatened with respect to Taxes for which the Company or any of the Company Subsidiaries may be liable.

(h) No unresolved claim has been made by a Governmental Authority in a

jurisdiction where the Company or any of the Company Subsidiaries does not pay Taxes or file Tax Returns asserting that the Company or such Company Subsidiary, respectively, is or may be subject to Taxes assessed by such jurisdiction.

(i) Neither the Company nor any of the Company Subsidiaries is bound by any Tax indemnity, Tax sharing agreement or Tax allocation agreement or arrangement or any similar agreement with respect to Taxes, nor is there any other reason, as transferee or successor, by operation of Law or otherwise, that the Company or any of the Company Subsidiaries will have, as of the Closing Date, any liability for Taxes of any other entity.

(j) There are no Tax rulings, requests for rulings, private letter rulings, technical advice memoranda, similar agreement, or closing agreements relating to Taxes for which the Company or any of the Company Subsidiaries is reasonably expected to be liable that would reasonably be expected to affect the Company's or any of the Company Subsidiaries' liability for Taxes for any taxable period ending after the Closing Date.

(k) Neither the Company nor any of the Company Subsidiaries will be required to include or accelerate the recognition of any item in income, or exclude or defer any deduction or other tax benefit, in each case in any taxable period (or portion thereof) after Closing, as a result of any change in method of accounting, closing agreement, intercompany transaction, installment sale, or the receipt of any prepaid amount, in each case, prior to Closing.

(l) Except as detailed in Section 3.21(l) of the Company Disclosure Letter, all Taxes that the Company or any of the Company Subsidiaries is required by Law or Contract to withhold or to collect from each payment made to any employee, contractor, consultant, shareholder or other person have been duly withheld and collected and have been duly and timely paid to the appropriate Governmental Authority. The Company and the Company Subsidiaries have complied with all record keeping and reporting requirements in connection with amounts paid or owing to any employee, independent contractor, creditor or shareholder.

(m) Except as set forth on Section 3.21(m) of the Company Disclosure Letter, neither the Company, nor any of the Company Subsidiaries is or has been a member of any consolidated, unitary, combined or affiliated group within the meaning of Section 1504 of the Code (or any similar provision of Law relating to Taxes).

(n) None of the Company Subsidiaries that is organized outside of the State of Israel (i) is or has been an Israeli resident as defined in Section 1 of the Ordinance or (ii) has or has had any assets that principally comprise, directly or indirectly, assets located in Israel, in either case as determined in accordance with the Israeli Law relating to Taxes.

(o) The Company is a resident for Tax purposes of its country of incorporation, organization or formation, and is not subject to Tax in any jurisdiction other than its country of incorporation, organization or formation by virtue of having employees, a permanent establishment, any other place of business in such jurisdiction or by virtue of exercising management and control in such jurisdiction.

(p) Neither the Company nor any of the Company Subsidiaries is subject to any restrictions or limitations pursuant to Part E2 of the Ordinance or pursuant to any Tax ruling made

with reference to the provisions of such Part E2 or otherwise.

(q) Neither the Company nor any of the Company Subsidiaries has been at any time a "United States real property holding corporation" for purposes of Sections 897 and 1445 of the Code.

(r) During the last three (3) years, neither the Company nor any of the Company Subsidiaries has been a "distributing corporation" or a "controlled corporation" in a distribution intended to qualify under Section 355 of the Code (or any similar provision of Law relating to Taxes).

(s) Section 3.21(s) of the Company Disclosure Letter lists all Government Grants. Section 3.21(s) of the Company Disclosure Letter details all currently outstanding financial liabilities of the Company or any of the Company Subsidiaries under each of the Government Grants. The Company and the Company Subsidiaries are in compliance in all respects with the terms, conditions and requirements of their respective Government Grants and have duly fulfilled in all material respects all the undertakings relating thereto. To the Company's Knowledge: no Governmental Authority has any intention to revoke or materially modify any of the Government Grants.

(t) The Company has provided to Parent all documentation relating to any applicable Tax holidays or incentives (other than incentives generally available by operation of law without application or action by any Governmental Entity). Section 3.21(t) of the Company Disclosure Letter lists each Tax holidays or incentive to which the Company is entitled pursuant to applications made by the Company under the laws of the State of Israel, the period for which such Tax holiday or incentive applies, and the nature of such Tax holiday or incentive. The Company has complied in all respects with all requirements of Israeli Law to be entitled to benefit from those Tax holidays or incentives. The Company states that: (a) no claim or challenge has been made by any Governmental Authority with respect to the Company's entitlement to such incentives; and (b) subject to receipt of the approvals required herein, consummation of the transactions under this Agreement will not adversely affect the continued qualification for the incentives or the terms or duration thereof or require any recapture of any previously claimed incentive.

(u) All Company Options granted to individuals subject to Tax under Section 409A of the Code have an exercise price equal to not less than the fair market value (determined in accordance with Section 409A of the Code) of the underlying Company Shares on the date of grant and no Company Option has a feature for the deferral of compensation within the meaning of Section 409A of the Code.

(v) The Company has duly collected all amounts on account of any Israeli Value Added Tax ("**VAT**") required by the Israeli Laws to be collected by it, and have duly and timely remitted to the appropriate Governmental Authority any such amounts required by Israeli Law. The registration of the Company as part of a joint VAT file will not give rise to any additional VAT liability for other entities registered in such joint VAT file with respect to any period prior to the Effective Time. The Company has not deducted any input VAT, received refund VAT or claimed zero rate VAT that the Company was not so entitled to deduct, receive or claim, as

applicable.

(w) Any related party transactions subject to Section 85A of the Ordinance conducted by the Company have been on an arms-length basis in accordance with Section 85A of the Ordinance and the regulations promulgated thereunder.

(x) The Company has not received any "taxation decision" (*hachlatat misui*) from the ITA in the preceding five (5) tax years.

Section 3.22 Employee Plans.

(a) Section 3.22(a) of the Company Disclosure Letter sets forth a complete and accurate list of (i) each (A) "employee benefit plan" (as defined in Section 3(3) of ERISA), whether or not subject to ERISA and (B) other bonus, commissions, stock option, restricted stock unit, stock purchase or other equity-based, benefit, incentive compensation, profit sharing, savings, pension, retirement, disability, vacation (entitlement and accrual), sick days (entitlement and accrual), deferred compensation, severance, termination, retention, change of control, golden parachute, vacation, meal subsidies, dependent care, medical care, employee assistance program, education or tuition assistance, welfare, or post-employment welfare plan, program, agreement, contract, policy or arrangement and each other material employee benefit plan, program, agreement, contract, written and unwritten policy or binding arrangement (whether or not in writing) maintained or contributed to by the Company or any of the Company Subsidiaries or any other trade or business (whether or not incorporated) that is treated as a single employer with the Company or any of the Company Subsidiaries under Section 414(b), (c), (m) or (o) of the Code or Sections 4001(a) (14) or 4001(b) (1) of ERISA (an "**ERISA Affiliate**"), or with respect to which the Company or any ERISA Affiliate has any Liability (the "**Material Employee Plans**" and, together with any other material employment agreement with respect to which the Company or one of the Company Subsidiaries is a party, the "**Employee Plans**").

(b) Except as detailed in Section 3.22(b) of the Company Disclosure Letter, with respect to each Employee Plan, to the extent applicable, the Company has made available to Parent prior to the date hereof complete and accurate copies of (i) each Employee Plan; (ii) the three most recent annual reports on Form 5500 required to have been filed with the IRS for each Employee Plan, including all schedules thereto; (iii) the most recent determination letter or opinion letter, if any, issued by the IRS for any Employee Plan that is intended to qualify under Section 401(a) of the Code; (iv) the plan documents and summary plan descriptions, or a written description of the terms of any Employee Plan that is not in writing; (v) all material communications provided to Employee Plan participants; (vi) any notices to or from the IRS, the United States Department of Labor or the United States Pension Benefit Guaranty Corporation relating to any compliance issues in respect of any such Employee Plan; (vii) any related trust agreements, insurance contracts, insurance policies or other documents of any funding arrangements (viii) with respect to each Employee Plan that is maintained in any non-U.S. jurisdiction, to the extent applicable, (A) the most recent annual report or similar compliance documents required to be filed with any Governmental Authority with respect to such plan and (B) any document comparable to the determination letter reference under clause (iii) above issued by a Governmental Authority relating to the satisfaction of Law necessary to obtain the most favorable tax treatment; and (ix) all related custodial agreements, trust agreements, insurance

policies (including fiduciary liability insurance covering the fiduciaries of the Employee Plan), administrative services and similar agreements, and investment advisory or investment management agreements, if any.

(c) No Material Employee Plan is (i) a "defined benefit plan" (as defined in Section 3(35) of ERISA), whether or not subject to ERISA; (ii) a "multiemployer plan" (within the meaning of Section 4001(a)(3) of ERISA); (iii) a "multiple employer plan" (as defined in Section 4063 or 4064 of ERISA); or (iv) subject to Section 302 of ERISA, Section 412 of the Code or Title IV of ERISA. None of the Company, any of the Company Subsidiaries, any officer of the Company or any of the Company Subsidiaries or any of the Employee Plans which are subject to ERISA, any trusts created thereunder or any trustee or administrator thereof, has engaged in a non-exempt "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) or to the Knowledge of the Company, any other breach of fiduciary responsibility that would reasonably be expected to subject the Company, any ERISA Affiliate or any officer of the Company or any of the ERISA Affiliates to any material tax or penalty on prohibited transactions imposed by such Section 4975 of the Code or to any liability under Section 409 or 502 of ERISA.

(d) Each Material Employee Plan has been maintained, operated and administered in compliance in all material respects with its terms and with all applicable Law including the applicable provisions of ERISA and the Code. All contributions, premiums or other payments that are due have been paid on a timely basis with respect to each Employee Plan.

(e) There are no Legal Proceedings pending or, to the Knowledge of the Company, threatened on behalf of or against any Employee Plan, the assets of any trust under any Employee Plan, or the plan sponsor, plan administrator or any fiduciary or any Employee Plan with respect to the administration or operation of such plans, other than (i) routine claims for benefits that have been or are being handled through an administrative claims procedure; and (ii) Legal Proceedings that have not resulted in and would not reasonably be expected to result in, individually or in the aggregate, material liabilities to the Company and the Company Subsidiaries (taken as a whole).

(f) With respect to each Employee Plan that is a "welfare benefit plan" within the meaning of Section 3(1) of ERISA (i) no such Employee Plan provides (or could require the Company or any of the Company Subsidiaries to provide) post-employment welfare benefits to former employees of the Company or its ERISA Affiliates, other than pursuant to Section 4980B of the Code or any similar Law; (ii) no such Employee Plan is unfunded or funded through a "welfare benefits fund" (as such term is defined in Section 419(e) of the Code); (iii) each such Employee Plan that is a "group health plan" (as such term is defined in Section 5000(b)(1) of the Code), complies with the applicable requirements of Section 4980B(f) of the Code; and (iv) each such Employee Plan (including any such Employee Plan covering retirees or other former employees) may be amended or terminated without material liability to the Company and the Company Subsidiaries on or at any time after the Effective Time.

(g) Each Material Employee Plan that is intended to be "qualified" under Section 401 of the Code may rely on a prototype opinion letter or has received a favorable determination letter from the IRS to such effect (or there remains sufficient time for the Company

of the Company Subsidiaries to file an application for such determination letter from the IRS) and no such determination letter opinion has been revoked nor, to the Knowledge of the Company, no material fact, development or event has occurred or exists since the date of such determination or opinion letter that would reasonably be expected to adversely affect the qualified status of any such Material Employee Plan, nor has any such Material Employee Plan been amended since the date of its most recent determination or opinion letter or application therefor in any respect that would adversely affect its qualification or materially increase its costs since the beginning of the most recent plan year.

(h) Other than payments that may be made to the Persons listed in Section 3.22(h) of the Company Disclosure Letter (the "**Primary Company Executives**"), any amount or other entitlement that could be received (whether in cash or property or the vesting of property) as a result of the transactions contemplated hereby (alone or in conjunction with any other event, including any termination of employment) by any current or former employee, officer, director or other service provider of the Company or any of its Affiliates under any employment, severance or termination agreement, other compensation arrangement or Employee Plan or otherwise: (i) would not be characterized as an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code) and would not result in the imposition of an excise Tax under Section 4999 of the Code; and (ii) would not be subject to any deduction limitation under Section 162(m) of the Code. The Company is not a party to, nor is it otherwise obligated under, any contract, agreement, plan or arrangement that provides for the gross-up of any Tax, including any excise Tax imposed by Section 4999 or 409A of the Code. Each Employee Plan that is a "non-qualified deferred compensation plan" (as such term is defined in Section 409A(d)(1) of the Code and the applicable guidance issued thereunder), has been maintained, in form and operation in compliance with the requirements of Section 409A of the Code and applicable guidance issued thereunder.

(i) To the extent applicable, each International Employee Plan has been approved by the relevant taxation and other Governmental Authorities so as to enable: (i) the Company or any of the Company Subsidiaries and the participants and beneficiaries under the relevant International Employee Plan and (ii) in the case of any International Employee Plan under which resources are set aside in advance of the benefits being paid (a "**Funded International Employee Plan**"), the assets held for the purposes of the Funded International Employee Plans, to enjoy the most favorable taxation status possible and the Company is not aware of any ground on which such approval may cease to apply. Each Company Share Plan that is intended to qualify as a capital gains route plan under Section 102 ("**Section 102 Plan**") has received a favorable determination or approval letter or is otherwise approved by the ITA as such. All Company Options, if any, and Company RSUs granted and Company Shares issued under any Section 102 Plan have been granted or issued, as applicable, in compliance in all respects with the applicable requirements of Section 102 (including the relevant sub-section of Section 102) and the written requirements and guidance of the ITA, including, without limitation, the adoption of the applicable board and shareholders resolutions, the timely filing of the necessary documents with the ITA, the submission of the application to the ITA to approve a Section 102 Plan, the appointment of an authorized trustee to hold the Company Options, Company RSUs and, if applicable, Company Shares issued upon exercise of Company Options or vesting of Company RSUs, the execution by each holder of Section 102 Securities of an undertaking to comply with the provisions of Section 102, and the timely deposit of such securities or related documents with such trustee, pursuant to the terms of Section 102 and the guidance of the ITA published by the ITA on July 24, 2012 and

clarification dated November 6, 2012.

(j) Except as set forth in Section 3.22(j) of the Company Disclosure Letter, neither the execution or delivery by the Company of this Agreement and the Ancillary Agreements to which it is a party nor the consummation by the Company of the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party (alone, or in conjunction with any other event, including any termination of employment) will (i) result in any payment or benefit becoming due or payable, or required to be provided, to any current or former employee, officer, director or other service provider of the Company or any of the Company Subsidiaries; (ii) increase the amount or value of any benefit or compensation otherwise payable or required to be provided to any such current or former employee, officer, director or other service provider; (iii) result in the acceleration of the time of payment, vesting, forfeiture or funding of any such benefit or compensation; or (iv) result in any breach or violation of, or a default under, or limit the Company's right to amend, modify or terminate, any Employee Plan.

(k) Each Employee Plan that is a "nonqualified deferred compensation plan" (as defined under Section 409A(d)(1) of the Code) has been operated and administered in compliance with, and is in documentary compliance with, Section 409A of the Code and the applicable treasury regulations and other official guidance promulgated thereunder. No compensation payable by the Company or any of the Company Subsidiaries has been reportable as nonqualified deferred compensation in the gross income of any individual or entity, and subject to an additional tax, as a result of the operation of Section 409A of the Code.

(l) Except as required by applicable Law or the terms of any Employee Plans as in effect on the date hereof, neither the Company nor any of the Company Subsidiaries has any plan or commitment to amend in any material respect or establish any new Employee Plan or to continue or materially increase any benefits under any Employee Plan.

(m) With respect to each Employee Plan that is not subject to U.S. Law (a "**Non-U.S. Employee Plan**"):

(i) all employer and employee contributions to each Non-U.S. Employee Plan required by Law or by the terms of such Non-U.S. Employee Plan have been made, or, if applicable, accrued in accordance with normal accounting practices;

(ii) the fair market value of the assets of each funded Non-U.S. Employee Plan, the liability of each insurer for any Non-U.S. Employee Plan funded through insurance or the book reserve established for any Non-U.S. Employee Plan, together with any accrued contributions, is sufficient to procure or provide for the benefits determined on an ongoing basis accrued to the date of this Agreement with respect to all current and former participants under such Non-U.S. Employee Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Non-U.S. Employee Plan, and the transactions contemplated hereby shall not cause such assets or insurance obligations to be less than such benefit obligations;

(iii) each Non-U.S. Employee Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities and is

approved by any applicable taxation authorities to the extent such approval is available. Each Non-U.S. Employee Plan is now and always has been operated in compliance with all applicable non-United States Laws and the terms of the Non-U.S. Employee Plan;

(iv) no Non-U.S. Employee Plan has unfunded liabilities that will not be offset by insurance or that are not fully accrued on the financial statements of the Company; and

(v) there are no pending, or, to the Knowledge of the Company, threatened or anticipated actions in connection with any Non-U.S. Employee Plan and there has been no act or omission which has given or may give rise to fines, penalties, taxes or related charges under any applicable Law.

Section 3.23 Labor Matters.

(a) A separate instrument provided by the Company to Parent on or prior to the execution of this Agreement identifies all employees of each of the Company and the Company Subsidiaries (including any employee who is on a leave of absence of any nature), and correctly reflects, in all material respects, the following: current salary and any other forms of compensation payable to such employee, including compensation payable pursuant to bonus, deferred compensation or commission arrangements, overtime payment, full-time or part-time status, short-term or temporary basis, vacation entitlement and accrued vacation or paid time-off balance, travel pay or car maintenance or car entitlement, sick leave entitlement and accrual, and recuperation pay entitlement and accrual, pension entitlements and provident funds (including manager's insurance, pension fund, education fund and health fund), their respective contribution rates for each component (e.g., severance component, pension savings and disability insurance) and the salary basis for such contributions, severance entitlements (including whether such employee, to the extent employed in the State of Israel, is subject to a Section 14 arrangement under the Severance Pay Law, and, to the extent such employee is subject to such a Section 14 arrangement), an indication of whether such arrangement has been applied to such person from the commencement date of their employment and on the basis of their entire salary including other compensation (e.g., commission), main work location, notice period entitlement, share options, if any, or rights, such employee's employer, date of employment and position and whether or not such employee is fully available to perform the essential functions of his or her job with reasonable accommodation because of a qualified disability, or because of other leave and, if applicable, the type of leave (e.g., disability, workers compensation, family, maternity, parental or other leave protected by applicable Law) and the anticipated date of return to full service; provided that, to the extent applicable privacy or data protection Laws would prohibit the disclosure of certain Personal Data without the individual's consent, Section 3.23(a) of the Company Disclosure Letter shall specify such legal prohibition and shall provide such information in de-identified form in compliance with applicable Laws. Other than as listed on Section 3.23(a) of the Company Disclosure Letter, the Law and the respective employment Contracts, such employees are not entitled to additional material benefits. Other than in the ordinary course of business, no commitment, promise or undertaking has been made by the Company or any Company Subsidiary with respect to any change in the compensation payable to any such employee in the last sixty (60) days.

(b) To the Knowledge of the Company, no officer, Key Employee or group of employees of the Company or any Company Subsidiary intends to terminate his, her or their

employment with the Company or the applicable Company Subsidiary of the Company, nor has any such officer or Key Employee threatened or expressed in writing any intention to do so. To the Knowledge of the Company, no officer, director, employee, consultant or independent contractor of the Company, or any Company Subsidiary is in material violation of any term of any employment, consulting, independent contractor or any other contract relating to their relationship with the Company or any Company Subsidiary. To the Knowledge of the Company, no officer, director, employee, consultant or independent contractor of the Company, or any Company Subsidiary is in violation of any term of any non-disclosure, non-competition or inventions assignment relating to their relationship with the Company or any Company Subsidiary.

(c) (i) There are no controversies pending or threatened between any of the Company or the Company Subsidiaries, on the one hand, and any of their respective current or former employees or other service providers, on the other hand, which controversies, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect, (ii) to the Knowledge of the Company, except as listed on Section 3.23(c) of the Company Disclosure Letter (1) no employees of any of the Company or the Company Subsidiaries are represented by any labor union, labor organization, works council, worker center or other representative body in connection with their employment by or service to the Company or the Company Subsidiaries and (2) none of the Company or the Company Subsidiaries is a party to any collective bargaining agreement, works council agreement, work force agreement or labor union Contract applicable to persons employed by any of the Company or the Company Subsidiaries, nor, to the Knowledge of the Company, are there any activities or proceedings of any labor union, works council or worker center to organize any such employees, (iii) to the Knowledge of the Company, there are no grievances outstanding against any of the Company or the Company Subsidiaries under any such Contract, and (iv) there is no and there was no strike, slowdown, work stoppage or lockout, or, to the Knowledge of the Company, threat thereof, by or with respect to any employees of any of the Company or the Company Subsidiaries. No consent of any labor union is required to consummate the Merger or the transactions contemplated hereby. There is no obligation to inform, consult or obtain consent whether in advance or otherwise of any works council, employee representatives or other representative bodies in order to consummate the Merger or the transactions contemplated hereby. Except as disclosed in Section 3.23(c) of the Company Disclosure Letter, none of the Company or the Company Subsidiaries is a member of any employer's organization. No collective industrial agreements, industrial awards, or expansion orders (including of the Israeli Ministry of Labor) are applicable to the Company or any of the Company Subsidiaries other than such orders that are generally applicable to all employers in such country and except as disclosed in Section 3.23(c) of the Company Disclosure Letter, and to the Knowledge of the Company and except as listed in Section 3.23(c) of the Company Disclosure Letter, there are no customs or customary practices regarding employees that could be deemed to be binding on the Company or any of the Company Subsidiaries.

(d) Except as listed in Section 3.23(d) of the Company Disclosure Letter, each of the Company and the Company Subsidiaries has complied in all material respects with applicable Laws and Contracts relating to the employment of labor, employment practices, and terms and conditions of employment, correct classification of independent contractors and of employees as exempt and non-exempt, including applicable wage, hours and days of work, rest, leave of absence, vacation (entitlement and accrued), severance (entitlement and accrued), employment of women, privacy right, workers' compensation policy, long-term disability policy,

harassment, employment statute or regulation, non-discrimination, immigration, the Worker Adjustment and Retraining Notification Act and any similar national, state or local “mass layoff” or “plant closing” Law (“**WARN**”), health and safety and other Laws of any other jurisdiction in which the Company or any of the Company Subsidiaries has employed or employ any person. To the Knowledge of the Company, there is no charge, proceeding or claim with respect to a violation of any occupational safety or health standards that has been asserted or is now pending or threatened with respect to the Company. To the Knowledge of the Company, there is no charge of discrimination in employment or employment practices, for any reason, including age, gender, race, religion, or other legally protected category, which has been asserted or is now pending or threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Authority in any jurisdiction in which the Company or any of the Company Subsidiary has employed or employ any person (including, with respect to the employees who reside or work in Israel, the Prior Notice to the Employee Law, 2002, the Notice to Employee (Terms of Employment) Law, 2002, the Prevention of Sexual Harassment Law, 1998, the Hours of Work and Rest Law, 1951, the Annual Leave Law, 1951, the Salary Protection Law, 1958, Law for Increased Enforcement of Labor Laws, 2011 and the Employment by Human Resource Contractors Law, 1996).

(e) Notwithstanding and without limiting the foregoing clauses of this Section 3.23:

(i) The Company’s or any Company Subsidiaries’ obligations to provide statutory severance pay (including to its Israeli Employees pursuant to the Severance Pay Law, 5723-1963) are fully funded by the Company or the Company Subsidiaries (through insurance or otherwise), or a book reserve account has been established (in each case sufficient to procure or provide for the accrued benefit obligations in accordance with U.S. GAAP).

(ii) All amounts that the Company is legally or contractually required either (x) to deduct from its employees’ salaries or to transfer to such employees’ pension or provident, life insurance, incapacity insurance, continuing education fund or other similar funds or (y) to withhold from its employees’ salaries and benefits and to pay to any Governmental Authority as required by applicable Law (including the Ordinance and National Insurance Law, [Combined Version], 5754-1995, the National Health Insurance Law, 5754-1994 or otherwise) have, in each case, been duly deducted, transferred, withheld and paid in all material respects.

(iii) Neither the Company nor any Company Subsidiary has engaged any employees or independent contractors whose employment would require special licenses, permits or other authorization of a Governmental Authority.

(iv) There are no material unwritten policies, practices or customs of the Company or any Company Subsidiary which, by extension, could reasonably be expected to entitle employees to material benefits in addition to what they are entitled by Law or Contract (including, without limitation, unwritten customs or practices concerning bonuses, the payment of severance pay when it is not legally required, prior advance notice periods and accrued vacation days), other than those included in the Plans or in Section 3.23(e)(iv) of the Company Disclosure Letter.

(f) In its contracts with its independent contractors, consultants, sub-

contractors or freelancers, the Company has included provisions reasonably designed to protect its rights against possible claims for reclassification of any of the aforementioned as employees of the Company or the Company Subsidiaries or for entitlement to rights of an employee vis-à-vis the Company, including but not limited to, rights to base pay or overtime wages, severance pay, vacation, recuperation pay (*dmei havra'a*) and other employee-related statutory benefits.

(g) Except as listed in Section 3.23(g) of the Company Disclosure Letter, neither the Company nor the Company Subsidiaries engages any personnel through manpower agencies, or services companies without authorized license from the Israeli Labor Ministry or any other authorized license required under applicable Laws.

(h) The Company has set ways to monitor that the Company's and the Company Subsidiaries' employees are receiving all of the payments applicable by any Law, extension orders, or collective agreement.

Section 3.24 Permits. The Company and the Company Subsidiaries have, since January 1, 2012, complied, and are currently in compliance with, the terms of, and validly holds, all material permits, licenses, authorizations, consents, approvals and franchises from Governmental Authorities required to conduct their businesses as currently conducted ("**Permits**"). Except for matters that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) neither the Company nor any of the Company Subsidiaries has received written notice of any Legal Proceeding relating to (x) any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any such Permit or (y) any actual, proposed, possible or potential revocation, withdrawal, suspension, cancellation, termination, nonrenewal or modification of any such Permit; (ii) to the Company's Knowledge, no event has occurred and no circumstance exists that (with or without notice or lapse of time, or both) (x) constitute or would reasonably be expected to result, directly or indirectly, in a violation of, or a failure to comply with, any term or requirement of any such Permit or (y) would or would reasonably be expected to result, directly or indirectly, in the revocation, withdrawal, suspension, cancellation, termination, nonrenewal or modification of any of such Permits; and (iii) all applications required to have been filed for the renewal of each such Permit have been duly filed on a timely basis with the appropriate Governmental Authority, and all other filings required to have been made with respect to each such Permit have been duly made on a timely basis with the appropriate Governmental Authority.

Section 3.25 Compliance with Laws; FCPA Matters.

(a) The Company and each of the Company Subsidiaries are and have been at all times since January 1, 2012, in compliance in all material respects with all Law applicable to the Company and the Company Subsidiaries or their respective assets. Neither the Company nor any of the Company Subsidiaries has received any written communication since January 1, 2012 from a Governmental Authority or any other Person that alleges that the Company or any of the Company Subsidiaries is not in compliance in any material respect with any Law.

(b) Neither the Company, the Company Subsidiaries nor any of their respective directors, officers or employees, nor, to the Knowledge of the Company, any of its agents or distributors or any other Person acting on behalf of the Company or any of the Company

Subsidiaries has, in the course of their actions for or on behalf of the Company or the Company Subsidiaries, (i) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"), (ii) violated or is in violation of any applicable Law enacted in any jurisdiction in connection with or arising under the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions (the "**OECD Convention**"), (iii) made, offered to make, promised to make or authorized or ratified the payment or giving of, directly or indirectly, any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or gift of money or anything of value prohibited under any applicable Law addressing matters comparable to those addressed by the FCPA or the OECD Convention implementing legislation concerning such payments or gifts in any jurisdiction (any such payment, a "**Prohibited Payment**"), (iv) to the Knowledge of the Company, been subject to any investigation by any Governmental Authority with regard to any Prohibited Payment, or (v) violated or is in violation of any other Laws regarding use of funds for political activity or commercial bribery.

(c) None of the Company, any of the Company Subsidiaries or, to the Knowledge of the Company, any director, officer, agent, employee, affiliate or representative of the Company or any of the Company Subsidiaries is currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority.

Section 3.26 Environmental Matters. Except for such matters as have not had or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) The Company and the Company Subsidiaries are in compliance with all applicable Environmental Laws and neither the Company nor any of the Company Subsidiaries has been notified (in writing or otherwise) in the past three (3) years, whether from a Governmental Authority citizens group, employee or otherwise, regarding an actual or alleged noncompliance with or violation of any Environmental Law, or any liability or potential liability for investigation costs, cleanup costs, response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney fees under Environmental Law.

(b) Neither the Company nor any of the Company Subsidiaries has generated, used, handled, stored, disposed of or released any Hazardous Substance at any property that the Company or any of the Company Subsidiaries own, lease, control or operate in violation of any Environmental Law and in a manner which has given or would be reasonably expected to give rise to any liabilities or investigatory, corrective or remedial obligations pursuant to Environmental Laws.

(c) To the Knowledge of the Company, there are no circumstances that may prevent or interfere with the compliance of the Company or of any of the Company Subsidiaries with any Environmental Law in the future.

(d) Neither the Company nor any of the Company Subsidiaries is a party to or is the subject of any pending or to the Company's Knowledge threatened Legal Proceeding alleging any Liability or responsibility under or noncompliance with any Environmental Law.

Neither the Company nor any of the Company Subsidiaries is subject to any Order by any Governmental Authority imposing any material liability or obligation under any Environmental Law. To the Knowledge of the Company, no site or premises currently owned, leased, controlled or operated by the Company or any of the Company Subsidiaries is listed, or to the Knowledge of the Company, is currently proposed for listing, on the National Priorities List or the Comprehensive Environmental Response, Compensation, and Liability Information System, both as maintained under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA** "), or on any comparable state governmental lists. Neither the Company or any of the Company Subsidiaries has received written notification within the past three (3) years of any potential responsibility or liability of the Company or any of the Company Subsidiaries pursuant to the provisions of (i) CERCLA, (ii) any similar federal, state, local, foreign or other Environmental Law, or (iii) any Order issued pursuant to the provisions of any such Environmental Law.

(e) The Company and the Company Subsidiaries have obtained all Permits required by Environmental Law necessary to enable them to conduct their respective businesses as currently conducted and are in compliance with such Permits.

(f) The Company has furnished to Parent copies of all material environmental audits and risk and site assessments in the Company's possession, if any, relating to compliance with Environmental Laws, management of Hazardous Materials, or the environmental condition of properties presently or formerly owned, operated, or leased in connection with the business of the Company or any of the Company Subsidiaries.

Section 3.27 Litigation.

(a) Except as set forth in Section 3.27 of the Company Disclosure Letter (a) there is no Legal Proceeding pending or, to the Knowledge of the Company, threatened against the Company, any of the Company Subsidiaries or any of the respective properties of the Company or any of the Company Subsidiaries that (a) involves an amount in controversy in excess of $250,000 individually and $500,000 in the aggregate, (b) seeks or imposes injunctive relief on any material asset of the Company, (c) challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger, this Agreement, the Ancillary Agreement or any of the transactions contemplated by this Agreement or the Ancillary Agreement, or seeks to impose any legal constraint on or prohibition against or limit the Surviving Company's ability to operate the business of the Company and the Company Subsidiaries substantially as it was operated prior to the date of this Agreement, (d) individually or in the aggregate would reasonably be expected to have a Company Material Adverse Effect, or (e) to the Knowledge of the Company, no event has occurred, and no claim, dispute or other condition or circumstance exists, that will, or that would reasonably be expected to, give rise to or serve as a basis for the commencement of any such Legal Proceeding.

(b) With regard to any Legal Proceeding set forth in Section 3.27 of the Company Disclosure Letter, the Company has provided or made available to Parent prior to the date hereof with all pleadings and material written correspondence related to such Legal Proceeding, all insurance policies and material written correspondence with brokers and insurers related to such Legal Proceeding and other information material to an assessment of such Legal

Proceeding. Except as set forth in Section 3.27 of the Company Disclosure Letter, the Company has an insurance policy or policies that is expected to cover such Legal Proceedings and has complied with the requirements of such insurance policy or policies to obtain coverage with respect to such Legal Proceedings under such insurance policy or policies.

(c) There is no Order to which the Company or any Company Subsidiary, or any of the material assets owned or used by the Company or any Company Subsidiary, is subject. To the Knowledge of the Company, no officer or other Key Employee of the Company or any Company Subsidiary is subject to any Order, that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of the Company or any Company Subsidiary or to any material assets owned or used by the Company or any Company Subsidiary.

Section 3.28 Insurance.

(a) The Company has made available to Parent prior to the date hereof accurate and complete copies of all material insurance policies and all material self-insurance programs and arrangements relating to the business, assets, liabilities and operations of the Company and each of the Company Subsidiaries, and Section 3.28(a) of the Company Disclosure Letter sets forth a true and complete list of all casualty, directors and officers liability, general liability, product liability and all other types of insurance maintained with respect to the Company or any of the Company Subsidiaries, together with the most recent annual premiums paid by the Company and each of the Company Subsidiaries with respect to such insurance, deductibles, period, carriers, the liability limits for each such policy and identifies which insurance policies are "occurrence" or "claims made" and which Person is the policy holder.

(b) As of the date hereof, each of the Company and the Company Subsidiaries is, and continually since the later of January 1, 2012 and the date of acquisition by the Company has been, insured by insurers reasonably believed by the Company to be of recognized financial responsibility and solvency, against such losses and risks and in such amounts as are customary in the businesses in which they are engaged.

(c) With respect to each such insurance policy: (i) the policy is legal, valid, binding and enforceable in accordance with its terms and, except for policies that have expired under their terms in the ordinary course, is in full force and effect, (ii) neither the Company nor any Company Subsidiary is in material breach or default (including any such breach or default with respect to the payment of premiums or the giving of notice), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification, under the policy except for such breaches and defaults that have not constituted, and would not reasonably be expected to constitute, a Company Material Adverse Effect, and (iii) to the Knowledge of the Company, no insurer on the policy has been declared insolvent or placed in receivership, conservatorship or liquidation.

(d) At no time subsequent to January 1, 2012, has the Company or any of the Company Subsidiaries (i) been denied any insurance or indemnity bond coverage which it has requested, (ii) received notice or other communication from any of its insurance carriers regarding any actual or possible cancellation or invalidation of any insurance policy or (ii) received notice

from any of its insurance carriers that any insurance premiums currently in effect with respect to its existing insurance policies will be subject to increase in an amount materially disproportionate to the amount of the increases in the amount of coverage with respect thereto or that any current insurance coverage will not be available in the future, other than as a result of the Transactions, substantially on the same terms as are now in effect. Except as disclosed in Section 3.28(d) of the Company Disclosure Letter, there is no pending material claim by the Company or any Company Subsidiary under any insurance policy. All information provided to insurance carriers (in applications and otherwise) on behalf of the Company and each of the Company Subsidiaries is accurate and complete. The Company and each of the Company Subsidiaries have provided timely written notice to the appropriate insurance carrier(s) of each Legal Proceeding pending or threatened against the Company or any Company Subsidiary, and no such carrier has issued a denial of coverage or a reservation of rights with respect to any such Legal Proceeding, or informed the Company or any Company Subsidiary of its intent to do so.

Section 3.29 Related Party Transactions. Except for indemnification, compensation, employment or other similar arrangements between the Company or any of the Company Subsidiaries, on the one hand, and any current or former director, officer or employee thereof, on the other hand, and except as set forth in Section 3.29 of the Company Disclosure Letter, (a) there are no direct or indirect material transactions, agreements, arrangements or understandings between the Company or any of the Company Subsidiaries, on the one hand, and any current or former director or executive officer of the Company or any of his or her immediate family member, or any holder of five percent (5%) or more of the outstanding Company Shares (each, a "**Related Party**"), on the other hand, and (b) as of the date of this Agreement, no Related Party has made any material written claim against the Company or any of the Company Subsidiaries. Each material transaction between the Company or any of the Company Subsidiaries, on the one hand, and a Related Person, on the other hand, has been authorized by all necessary corporate action on the part of the Company or such Company Subsidiary, including in compliance with the ICL.

Section 3.30 Brokers. Other than Jefferies LLC, subject to that certain engagement letter dated November 6, 2014 a copy of which has been provided or made available to Parent prior to the date hereof, there is no financial advisor, investment banker, broker, finder, agent or other Person that has been retained by or is authorized to act on behalf of the Company or any of the Company Subsidiaries who is entitled to any financial advisor's, investment banking, brokerage, finder's or similar fee or commission from the Company or any of the Company Subsidiaries in connection with the transactions contemplated by this Agreement.

Section 3.31 Opinion of Financial Advisor. The Company Board has received the opinion of Jefferies LLC, financial advisor to the Company on or prior to the date of this Agreement, to the effect that, as of the date of such opinion and based upon and subject to the qualifications and assumptions set forth therein, from a financial point of view, the Merger Consideration to be paid to the holders of Company Shares is fair to such holders. It is agreed and understood that such opinion is solely for the benefit of the Company Board and may not be relied upon, referred to, quoted or disclosed by Parent or Merger Sub in any way or manner, except for (i) such references or disclosures, or quotations in connection with any proceedings brought by a third party in which Parent or the Surviving Corporation is involved in connection with this

Agreement, or (ii) as may be required pursuant to any Order.

Section 3.32 Anti-Takeover Statutes. Neither the Company nor any of the Company Subsidiaries is bound by or has in effect any "poison pill" or similar shareholder rights plan.

Section 3.33 Material Suppliers and Customers. Since January 1, 2012, there has not been any material and adverse change in the business relationship of the Company or any Company Subsidiary with any Material Customer or Material Supplier or any change or development that is reasonably likely to give rise to any such material adverse change, and none of the Company nor any Company Subsidiary has received any written or oral communication or notice from any such customer or supplier, and to the Knowledge of the Company, no event has occurred, nor exists any circumstance or condition that, with or without the giving of notice or lapse of time, or both, might form the basis of any such notice, to the effect that, or otherwise has knowledge that, any such customer or supplier (a) has changed, modified, amended or reduced, or is reasonably likely to change, modify, amend or reduce, in any material respect, its business relationship with the Company or any Company Subsidiary, or (b) will fail to perform, or is reasonably likely to fail to perform, in any material respect its obligations under any Contract with the Company or any Company Subsidiary.

Section 3.34 Accounts Receivable. All trade accounts receivable of the Company and the Company Subsidiaries represent valid obligations arising from bona fide sales actually made or services actually performed by the Company or the Company Subsidiaries. There is no contest, claim, defense or right of setoff, other than returns in the ordinary course of business, under any Contract with any account debtor of an account receivable relating to the amount or validity of such account receivable.

Section 3.35 Proxy Statement. Subject to Section 4.6 below, the information contained in or incorporated by reference in the Proxy Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which it is made, not misleading at the date it is first mailed to the Company's shareholders and at the time of the Company Shareholders Meeting and at the time of any amendment or supplement thereof. None of the representations and warranties of the Company contained in this Agreement or any Ancillary Agreement and none of the information contained in any schedule, certificate or other document delivered by the Company or that will be at any time delivered by the Company pursuant hereto or thereto (i) omits to state any material fact necessary in order to make such information, in the light of the circumstances under which such information will be provided, not false or misleading, or (ii) contains any statement that is inaccurate or misleading with respect to any material facts. The Proxy Statement shall contain (or incorporate by reference) all material information relating to the Company Shareholders' decision to adopt and approve this Agreement and the Merger that is required by applicable Law. Notwithstanding the foregoing, no representation or warranty is made by the Company with respect to information supplied in writing by Parent or Merger Sub or any of their Affiliates, directors, officers, employees, affiliates, agents or other representatives for

inclusion or incorporation by reference in any such document.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby represent and warrant to the Company as follows:

Section 4.1 Organization; Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the Laws of Luxembourg and has the requisite corporate power and authority to conduct its business as it is presently being conducted and to own, lease or operate its respective properties and assets. Merger Sub is a corporation duly organized and validly existing under the laws of the State of Israel and has the requisite corporate power and authority to conduct its business as it is presently being conducted and to own, lease or operate its respective properties and assets. Each of Parent and Merger Sub is in good standing (to the extent either such concept is recognized under applicable Law) in each jurisdiction where such good standing necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated hereby or the performance by Parent and Merger Sub of their respective covenants and obligations hereunder.

Section 4.2 Corporate Power; Enforceability. Each of Parent and Merger Sub has the requisite corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is, or is specified to be a party, to perform their respective covenants and obligations hereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Parent and Merger Sub of this Agreement and each Ancillary Agreement to which each is or is specified to be a party, the performance by Parent and Merger Sub of their respective covenants and obligations hereunder and thereunder and the consummation by Parent and Merger Sub of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other action on the part of Parent and Merger Sub, and no other corporate or other proceeding on the part of Parent or Merger Sub is necessary to authorize the execution and delivery by Parent and Merger Sub of this Agreement and each Ancillary Agreement to which each is or is specified to be a party, the performance by Parent and Merger Sub of their respective covenants and obligations hereunder or thereunder or the consummation by Parent and Merger Sub of the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by each of Parent and Merger Sub and at or before the Closing Parent and Merger Sub will have duly executed and delivered each Ancillary Agreement to which each is or is specified to be a party, and this Agreement constitutes, and each Ancillary Agreement to which each of Parent and Merger Sub is or is specified to be a party will after such execution and delivery constitute, assuming the due authorization, execution and delivery by the Company, a legal, valid and binding obligation of each of Parent and Merger Sub, enforceable against each in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws

affecting or relating to creditors' rights generally and to general equitable principles.

Section 4.3 Non-Contravention. The execution and delivery by Parent and Merger Sub of this Agreement, the performance by Parent and Merger Sub of their respective covenants and obligations hereunder and the consummation by Parent and Merger Sub of the transactions contemplated hereby do not and will not (a) violate or conflict with any provision of the articles of incorporation or bylaws or other organizational documents of Parent or the articles of association of Merger Sub, (b) violate, conflict with, or result in the breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent or Merger Sub is a party or by which Parent, Merger Sub or any of their properties or assets may be bound, (c) assuming the Approvals referred to in Section 3.6 are obtained or made, violate or conflict with any Law applicable to Parent or Merger Sub or by which any of their properties or assets are bound or (d) result in the creation of any Lien upon any of the properties or assets of Parent or Merger Sub, except in the case of each of clauses (b) and (d) above, for such violations, conflicts, defaults, terminations, accelerations or Liens which would not, individually or in the aggregate, prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated hereby or the performance by Parent and Merger Sub of their respective covenants and obligations hereunder.

Section 4.4 Required Governmental Approvals. No Approval of any Governmental Authority is required on the part of Parent, Merger Sub or any of their Affiliates in connection with the execution and delivery by Parent and Merger Sub of this Agreement, the performance by Parent and Merger Sub of their respective covenants and obligations hereunder and the consummation by Parent and Merger Sub of the transactions contemplated hereby, other than (a) the execution by Parent of an undertaking in customary form in favor of the OCS to comply with the applicable Israeli Encouragement of Industrial Research and Development Law, 1984, (b) the Approval under applicable Antitrust Laws, (c) the filing of the Merger Proposal and Merger Notice with the Israeli Companies Registrar and all such other notices or filings required under the ICL with respect to the consummation of the Merger and the issuance of the Certificate of Merger by the Israeli Companies Registrar, and (d) such other Approvals the failure of which to make or obtain would not, individually or in the aggregate, prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated hereby or the performance by Parent and Merger Sub of their respective covenants and obligations hereunder.

Section 4.5 Litigation. As of the date hereof, there is no Legal Proceeding pending or, to the knowledge of Parent, threatened in writing against or affecting Parent or Merger Sub or any of their Affiliates or any of their respective properties that would, individually or in the aggregate, prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated hereby or the performance by Parent and Merger Sub of their respective covenants and obligations hereunder. As of the date hereof, neither Parent nor Merger Sub is subject to any outstanding Order that would, individually or in the aggregate, prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated hereby or the

performance by Parent and Merger Sub of their respective covenants and obligations hereunder.

Section 4.6 **Proxy Statement.** The information supplied in writing by Parent, Merger Sub or any of their Representatives expressly for inclusion or incorporation by reference in the Proxy Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which it is made, not misleading at the date it is first mailed to the Company's shareholders and at the time of the Company Shareholders Meeting and at the time of any amendment or supplement thereof. Any document that is required to be filed or furnished by Parent, Merger Sub or any of their respective Affiliates with the SEC or any other Governmental Authority in connection with the transactions contemplated by this Agreement will, when filed with or furnished to the SEC or such other Governmental Authority, comply as to form in all material respects with applicable Law. Notwithstanding the foregoing, no representation or warranty is made by Parent or Merger Sub with respect to information supplied by the Company or any of its Affiliates, directors, officers, employees, affiliates, agents or other representatives for inclusion or incorporation by reference in any such document.

Section 4.7 **Ownership of Company Share Capital.** Neither Parent nor any of its subsidiaries owns (beneficially or otherwise) any Company Shares or Company Securities or Subsidiary Securities (or any other economic interest through derivative securities or otherwise in the Company or any Company Subsidiary). None of the Persons referred to in Section 320(c) of the ICL with respect to Parent or Merger Sub owns any Company Shares.

Section 4.8 **Brokers.** Other than Barclays Capital Inc., no agent, broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission from Parent or any of the Subsidiaries in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Merger Sub.

Section 4.9 **Operations of Merger Sub.** Merger Sub has been formed solely for the purpose of engaging in the transactions contemplated hereby and, prior to the Effective Time, Merger Sub will not have engaged in any other business activities and will have incurred no Liabilities or obligations other than as contemplated by this Agreement.

Section 4.10 **Parent and Merger Sub Board Approval.** The boards of directors of Parent and Merger Sub have each unanimously: (i) determined that the Merger is fair to, and in the best interest of, Merger Sub and its shareholders, (ii) approved this Agreement, the Merger and the other transactions contemplated herby, (iii) determined that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of Merger Sub to its creditors, and (iv) with respect to the board of directors of Merger Sub, resolved to recommend that the sole shareholder of Merger Sub approve this Agreement, the Merger and the other transactions contemplated hereby, pursuant to the terms hereof (which approval has been obtained simultaneously with the execution of this Agreement).

Section 4.11 **Adequacy of Funds.** Parent shall have at the Effective Time available funds necessary to consummate the Merger and to pay the Exchange Fund and the Option Consideration and all other payments due by Parent hereunder, as evidenced by the Commitment

Letter provided to the Company on or prior to the date hereof.

ARTICLE V

COVENANTS OF THE COMPANY

Section 5.1 Interim Conduct of Business.

(a) Except as expressly contemplated or required by this Agreement, required by applicable Law, as set forth in Section 5.1 of the Company Disclosure Letter, or as approved by Parent, at all times during the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article IX and the Effective Time, each of the Company and each of the Company Subsidiaries shall (A) carry on its business in the usual, regular and ordinary course of business consistent with past practice in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable Laws, (B) use its commercially reasonable efforts, consistent with past practices, to preserve substantially intact its business organization, keep available the services of the current officers, employees and consultants, if any, of the Company and the Company Subsidiaries, and preserve the current relationships of the Company and each of the Company Subsidiaries with customers, suppliers, distributors, licensors, licensees and other Persons with whom the Company or any of the Company Subsidiaries has significant business relations and (C) shall not take any action that would adversely affect or is reasonably likely to delay in any material respect the ability of either Parent or the Company to obtain any necessary approvals of any Governmental Authority or otherwise required for the transactions contemplated hereby.

(b) Except as expressly contemplated or required by this Agreement, required by applicable Law, as set forth in Section 5.1 of the Company Disclosure Letter, or as approved by Parent, at all times during the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article IX and the Effective Time, the Company shall not do any of the following and shall cause the Company Subsidiaries to not do any of the following:

(i) cause, permit or propose any amendment to the articles of association or memorandum of association of the Company or amend any organizational document of any Subsidiary of the Company;

(ii) issue, sell, pledge, dispose of, grant, transfer, encumber, authorize or deliver or agree or commit to issue, sell, pledge, dispose of, grant, transfer, encumber, authorize or deliver (whether through the issuance or granting of options, restricted stock units, warrants, commitments, subscriptions, rights to purchase or otherwise) any Company Securities or any Subsidiary Securities (including any right to receive a payment based on the price or value of any Company Securities or any Subsidiary Securities), except for the issuance and sale of Company Shares pursuant to Company Options or Company RSUs outstanding on the date of this Agreement upon the exercise or vesting (as applicable) thereof and in accordance with their present terms;

(iii) directly or indirectly acquire, repurchase, redeem or otherwise

acquire any Company Securities or Subsidiary Securities (including any right to receive a payment based on the price or value of any Company Securities or any Subsidiary Securities), except in connection with Tax withholdings and exercise price settlements upon the exercise of Company Options or vesting of Company RSUs outstanding on the date of this Agreement and in accordance with their present terms;

(iv) (A) split, combine, subdivide or reclassify any share capital, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its share capital (B) declare, set aside or pay any dividend or other distribution (whether in cash, shares or property or any combination thereof) in respect of any of its share capital, or make any other actual, constructive or deemed distribution in respect of the shares capital, except for cash dividends made by any direct or indirect Subsidiary of the Company to the Company or one of the Subsidiaries or (C) enter into, amend, or modify any shareholders rights agreement, rights plan, "poison pill," or other similar agreement or instrument;

(v) propose to adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of the Company Subsidiaries, or elect or appoint any new directors or executive officers of the Company, except for the transactions contemplated by this Agreement;

(vi) (A) incur, prepay, repurchase, assume or materially modify any Indebtedness or guarantee any Indebtedness of another Person or issue any debt securities or other rights to acquire any debt securities of the Company or any of the Company Subsidiaries, except for (1) debt incurred in the ordinary course of business consistent with past practice under letters of credit, lines of credit or other credit facilities or arrangements in effect on the date hereof a copy of which was made available to Parent prior to the date hereof or issuances or repayment of commercial paper in the ordinary course of business consistent with past practice, and (2) loans or advances between the Company and any direct or indirect Subsidiaries, or between any direct or indirect Subsidiaries, (B) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the Indebtedness of any other Person, except with respect to obligations of direct or indirect wholly-owned Subsidiaries of the Company incurred in the ordinary course consistent with past practice of such Subsidiary's business, (C) make any loans, advances or capital contributions to or investments in any other Person (other than the Company or any direct or indirect wholly-owned Subsidiaries), except for business expense advances in the ordinary course of business consistent with past practice to employees of the Company or any of the Company Subsidiaries of not more than $10,000 per employee, (D) mortgage or pledge any of its or the Subsidiaries' material assets, tangible or intangible or create exist any Lien thereupon (other than Permitted Liens or Liens granted in connection with the incurrence of any Indebtedness permitted under this Section 5.1(b)(vi));

(vii) except as may be required by applicable Law or the terms of any Employee Plan or Contract as in effect prior to the date hereof that has been provided or made available to the Parent prior to the date hereof and except for the grant of bonuses to certain employees of the Company and Company Subsidiaries, in an aggregate amount not to exceed $750,000 in accordance with Schedule 5.1(b)(viii), which shall be pre approved by the Parent, (A) enter into, adopt, amend in any material respect (including acceleration of vesting) or terminate any material bonus, profit sharing, incentive, compensation, severance, retention, termination,

change of control, option, restricted stock unit, appreciation right, performance unit, stock equivalent, share purchase agreement, pension, retirement, deferred compensation, employment, severance or other employee benefit agreement, trust, plan, fund or other arrangement for the compensation, benefit or welfare of any current or former employee, officer, director or other service provider of the Company or any of the Company Subsidiaries in any manner, (B) increase the compensation or benefits (including any severance, change of control, termination or similar compensation or benefits) payable or to become payable to any current or former employee, officer, director or other service provider of the Company or any of the Company Subsidiaries, pay or agree to pay any special bonus or special remuneration to any such employee, officer, director or other service provider, or pay or agree to pay any material benefit not required by any plan or arrangement as in effect as of the date hereof, make any loans to any of such employees, officers, directors or other service providers (other than advancement of business expenses in the ordinary course of business and consistent with past practices, of not more than $10,000 per employee), or make any change in its existing borrowing or lending arrangements for or on behalf of any such persons pursuant to an employee benefit plan or otherwise, in each case of (A) and (B) except as permitted by Section 5.1(b)(ii), (C) announce, implement, or effect any reduction in labor force, layoff, early retirement program, severance program or other program or effort concerning the termination of employment of its employees, other than routine employee terminations consistent with past practices, (D) adopt or enter into any collective bargaining agreement, works council agreement or other labor union Contract applicable to its employees, or (E) hire or engage any new employee, officer, director or other service provider of the Company or any of the Company Subsidiaries, or terminate the employment thereof, other than hiring or firing of employees or other service providers with total annual compensation not in excess of $75,000 per employee or other service provider, as applicable and $200,000 in the aggregate, and in the ordinary course of business consistent with past practice;

(viii) except as may be required as a result of a change in applicable Law or in GAAP after the date hereof, make any material change in any of the accounting principles or practices used by it (including any change in depreciation or amortization policies), or make any material change in internal accounting controls or disclosure controls and procedures;

(ix) (A) acquire or license any material amount of assets, or (B) make or agree to make any new capital expenditure or expenditures that, individually, is in excess of $50,000 or, in the aggregate, are in excess of $150,000, except for capital expenditures and acquisition of assets or licenses that are contemplated by the Company's 2015 budget made available to Parent prior to the date hereof;

(x) (A) acquire or agree to acquire (by merger, consolidation or acquisition of stock or assets or by any other manner) (1) any business or other Person or any material equity interest therein or (2) any assets that are material, individually or in the aggregate, to the Company and the Company Subsidiaries, (B) enter into any Contract (other than inter-company Contracts) with respect to a joint venture, strategic alliance or partnership that is material to the Company and the Company Subsidiaries, taken as a whole; or (C) other than in the ordinary course consistent with past practice, sell, lease (as lessor), license or otherwise dispose of or subject to any Lien any properties or assets of the Company or the Subsidiaries, which are material to the

Company and the Company Subsidiaries, taken as a whole;

(xi) prepare or file any income Tax Return or other material Tax Return in a manner inconsistent with past practice or, on any such Tax Return, take any material position inconsistent with past practice, make or change any Tax election, settle or otherwise compromise any material claim relating to Taxes, settle any material dispute relating to Taxes, adopt or change any accounting method in respect of Taxes, enter into any Tax indemnity, sharing, allocation agreement or closing agreement, or consent to any extension or waiver of the statute of limitations period applicable to any material Tax claim or assessment, request any ruling or similar guidance with respect to Taxes, other than as set forth in Section 5.8 (*Tax Rulings*);

(xii) (A) discharge, settle or satisfy any claims, liabilities, litigation or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise) in an amount in excess of $250,000 individually or $500,000 in the aggregate, other than the payment, discharge, settlement or satisfaction of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Company Reports, (B) cancel any material Indebtedness (individually or in the aggregate) or waive any claims or rights with a value in excess of $100,000, or (C) give any material discount, accommodation or other concession (other than in the ordinary course of business consistent with past practice) in order to accelerate or induce the collection of any receivable;

(xiii) except in the ordinary course of business consistent with past practice, (A) enter into any Contract that would constitute a Material Contract if entered into at any time prior to the date hereof, (B) modify or amend in any material respect any Material Contract, (C) terminate any Material Contract, or (iv) waive, release, or assign any material rights or claims under any Material Contract;

(xiv) apply for or accept (A) any Government Grant from the OCS or any other Governmental Authority, which Governmental Grant is extended to support the Company's research and development operations, or (B) any material Government Grants from any other Governmental Authority;

(xv) transfer, sell lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon, or allow to lapse or expire or otherwise dispose of any of the material assets, Company Intellectual Property Rights, product lines, or businesses of the Company or any Company Subsidiary, other than (A) pursuant to Contracts in effect as of, and disclosed to Parent prior to the date of this Agreement, or (B) in connection with the license of Software Products or the distribution, sale or license of other products or services, in each case, in the ordinary course of business consistent with past practice;

(xvi) enter into, engage in or amend any transaction or Contract with any Subsidiary, Related Party or any interested parties (*Ba'alay Inyan*);

(xvii) customize the source code of any Software Product for any customer or other third party for which customization of the Intellectual Property rights associated therewith is not retained by the Company;

(xviii) enter into any Contract that limits in any material respect either the

type of business in which the Company or a Subsidiary (or, after the Effective Time, Parent or its subsidiaries) may engage or the manner or locations in which it may so engage in any business, or would require the Company or the Subsidiaries to deal exclusively with a Person or related group of Persons;

(xix) cancel or fail to in good faith seek to renew any material insurance policies;

(xx) except as expressly permitted in this Agreement, take any action that would reasonably be expected to result in any of the conditions set forth in Article VIII not being satisfied or intended to prevent, or materially impair or materially delay the ability of the Company to consummate the Merger and the transactions contemplated hereby; or

(xxi) enter into a Contract, or otherwise resolve or agree, to take any of the actions prohibited by this Section 5.1(b).

(c) Notwithstanding the foregoing, nothing in this Agreement is intended to give Parent, directly or indirectly, the right to control or direct the business or operations of the Company or the Subsidiaries at any time prior to the Effective Time. Prior to the Effective Time, the Company and the Company Subsidiaries shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over their own business and operations.

Section 5.2 No Solicitation.

(a) The Company shall and shall cause the Company Subsidiaries and its and their respective Representatives to immediately cease any and all existing discussions, communications or negotiations with any Persons (other than Parent, Merger Sub and their Representatives) conducted heretofore with respect to any Acquisition Proposal. The Company shall promptly (but in no event later than two (2) Business Days after the date of this Agreement) revoke, terminate or withdraw access of any Person (other than Parent, Merger Sub and their Representatives) to any data room (virtual or actual) containing any non-public information with respect to the Company or the Company Subsidiaries in connection with any Acquisition Proposal.

(b) At all times during the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article IX and the Effective Time, the Company and the Company Subsidiaries shall not, and shall cause their respective Representatives not to, directly or indirectly, (i) solicit, initiate or cooperate with the making, submission or announcement of, or encourage, facilitate or assist the making of, any Acquisition Proposal, (ii) furnish to any Person (other than Parent, Merger Sub or any designees of Parent or Merger Sub) any non-public information relating to the Company or any of the Company Subsidiaries, or afford to any Person (other than Parent, Merger Sub or any designees of Parent or Merger Sub) access to the business, properties, assets, books, records or other non-public information, or to any personnel, of the Company or any of the Company Subsidiaries, in each such case that has made, submitted or announced, or would reasonably be expected to make, submit or announce, or with the intent to induce the making, submission or announcement of, or the intent to knowingly encourage, facilitate or assist the making, submission

or announcement of, an Acquisition Proposal, (iii) participate or engage in any discussions or negotiations with any Person with respect to an Acquisition Proposal or Acquisition Transaction, or (iv) resolve or publicly propose to take any of the actions referred to in clauses (i) through (v). The Company agrees that any violation of the restrictions set forth in Section 5.2 or Section 5.3 by the Company Subsidiaries or any of the Company's or any of the Company Subsidiaries' Representatives shall be deemed a breach of this Agreement by the Company.

(c) Notwithstanding anything to the contrary set forth in Section 5.2(b), prior to obtaining the Company Shareholder Approval, the Company may, directly or indirectly through the Company's Representatives, (i) participate or engage in discussions or negotiations with any Person that has made a *bona fide*, written Acquisition Proposal that did not result from a material violation of this Section 5.2 and that the Company Board (or any committee thereof) determines in good faith, after consultation with its financial advisor and outside legal counsel, constitutes, or would reasonably be expected to lead to, a Superior Proposal, and/or (ii) furnish to any Person that has made an Acquisition Proposal of the type described in clause (i), any non-public information relating to the Company or any of the Company Subsidiaries and/or afford to such Person access to the business, properties, assets, books, records or other non-public information, or to any personnel, of the Company or any of the Company Subsidiaries, in each case under this clause (ii) pursuant to a confidentiality agreement (which shall contain standstill covenants) that is no less favorable to the Company, than the Confidentiality Agreement; *provided, however*, that in the case of any action taken pursuant to the preceding clauses (i) or (ii), (A) the Company Board (or any committee thereof) shall have determined in good faith (after consultation with outside legal counsel) that the failure to take such action would reasonably be a breach its fiduciary duties to the Company and the Company Shareholders under applicable Law, (B) within twenty four (24) hours following such determination, the Company gives Parent written notice of the Company's intention to participate or engage in such discussions or negotiations with, or furnish non-public information access to, such Person, as applicable, and shall in no event hold such discussions or negotiations or begin providing such information or affording such access to such Person prior to providing such notice to Parent, and (C) as soon as reasonably practicable after furnishing any non-public information about the Company and the Company Subsidiaries to such Person (and in any event within twenty-four (24) hours thereafter), the Company furnishes such non-public information to Parent to the extent such information has not been previously furnished to Parent, and (D) shall not engage in such discussions or negotiations with such Person for a period of more than eighteen (18) days following the Board's determination according to subsection (A) above (the "**18-day Period**"), following which the Board shall be required to make the determination pursuant to, and follow the provisions of Section 5.3(d) below.

(d) The Company shall promptly (and in any event within twenty-four (24) hours from the time at which the Company becomes aware thereof) notify Parent orally and in writing if the Company becomes aware of the receipt by the Company, the Company Subsidiaries or any of their respective Representatives of (i) any Acquisition Proposal, (ii) any request for information that would reasonably be expected to lead to an Acquisition Proposal or (iii) any inquiry with respect to, or which would reasonably be expected to lead to, any Acquisition Proposal. Such notice shall include the terms and conditions of such Acquisition Proposal, request or inquiry, the identity of the Person or group making any such Acquisition Proposal, request or inquiry. The Company shall keep Parent informed of the status and terms of any such Acquisition Proposal, request or inquiry on a prompt basis, and in any event no later than twenty-four (24)

hours after the occurrence of any material changes to any such Acquisition Proposal (including any change to the terms and conditions thereof and of any withdrawal thereof).

(e) The Company shall not, and shall cause the Company Subsidiaries and its and their respective Representatives not to, enter into any Contract with any Person that would restrict the Company's ability to provide to Parent the information described in Section 5.2(d), and neither the Company nor any of the Company Subsidiaries is currently party to or bound by any Contract that prohibits the Company from providing the information described in Section 5.2(d) to Parent. The Company (A) shall not, and shall cause the Company Subsidiaries not to, terminate, waive, amend or modify, or grant permission under, any standstill, non-compete, non-solicitation or confidentiality provision in any Contract to which it or any of the Company Subsidiaries is or becomes a party relating to an Acquisition Proposal (other than any such Contract with Parent or Merger Sub), and (B) shall, at the reasonable request of the Parent, cause the Company Subsidiaries and its and their respective Representatives to, use reasonable commercial efforts to enforce such standstill, non-compete, non-solicitation and confidentiality provisions if the Company becomes aware of any material breach thereof by the party subject thereto.

(f) The Company shall promptly (but in no event later than five (5) Business Days after the date of this Agreement) (i) demand that each Person that has executed a confidentiality agreement in the preceding eighteen (18) months in connection with any Acquisition Proposal return or destroy all non-public information furnished to such Person or its Representatives by or on behalf of the Company or any of the Company Subsidiaries in accordance with the terms of the applicable confidentiality agreement, and (ii) revoke, terminate or withdraw access of any Person (other than Parent, Merger Sub and their Representatives) to any data room (virtual or actual) containing any non-public information with respect to the Company or the Company Subsidiaries in connection with any Acquisition Proposal.

Section 5.3 Company Board Recommendation.

(a) Except as expressly provided in this Section 5.3, the Company Board shall unanimously recommend that the holders of Company Shares approve this Agreement and the Merger (the "**Company Board Recommendation**").

(b) Except as expressly provided in this Section 5.3, neither the Company Board nor any committee thereof shall (i) withhold, withdraw, amend or modify in a manner adverse to Parent, or publicly propose to withhold, withdraw, amend or modify in a manner adverse to Parent, the Company Board Recommendation, (ii) approve, endorse or recommend or propose to approve, endorse or recommend, any Acquisition Proposal or Acquisition Transaction (any action referred to in the foregoing clauses (i) and (ii) being referred to as a "**Company Board Recommendation Change**"), or (iii) enter into any letter of intent, memorandum of nderstanding, agreement in principle, acquisition agreement, merger agreement or similar agreement, whether or not binding, relating to any Acquisition Proposal or Acquisition Transaction (other than a confidentiality entered into in accordance with Section 5.2(c) (an "**Alternative Acquisition Agreement**"). The Company shall provide Parent written notice at least twenty four 24) hours before any meeting of the Company Board or any committee thereof at which the Company Board or such committee might reasonably be expected to determine whether an

Acquisition Proposal constitutes a Superior Proposal.

(c) Notwithstanding anything to the contrary set forth in this Agreement, at any time prior to the receipt of the Company Shareholder Approval, the Company Board (or any committee thereof) may (x) effect a Company Board Recommendation Change with respect to a Superior Proposal and/or (y) terminate this Agreement pursuant to Section 9.1(e) in order to enter into a written definitive agreement with respect to a Superior Proposal, in each case, if (i) the Company receives a written, *bona fide* Acquisition Proposal (provided that the Person making such Acquisition Proposal is not in violation of such Person's standstill obligations to the Company (if any)); (ii) such Acquisition Proposal must not have resulted from a material breach by the Company of any terms of this Agreement (including Section 5.2 or this Section 5.3); (iii) the Company Board (or any committee thereof) concludes in good faith (after consultation with its outside legal counsel and financial advisors) that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal; (iv) the Company has notified Parent in writing that it intends to effect a Company Board Recommendation Change and/or terminate this Agreement in respect of such Superior Proposal, which notice shall describe in reasonable detail the reasons for such Company Board Recommendation Change and/or termination, identify the Person making such Superior Proposal and include a copy of any proposed Alternative Acquisition Agreement or other documentation with respect thereto (a "**Recommendation Change Notice**"); v) the Company shall have negotiated in good faith with Parent, if Parent so desires, during the five (5) Business-Day period immediately following the delivery by the Company to Parent of such Recommendation Change Notice in order to make adjustments to the terms of this Agreement; and (vi) at the conclusion of such five (5) Business-Day period, the Company Board (or any committee thereof) shall have determined in good faith (after consultation with its outside legal counsel and financial advisors), and after giving effect to any adjustments to the terms of this Agreement that may have been proposed by Parent, that such Acquisition Proposal continues to constitute a Superior Proposal (and it is hereby agreed that if, after taking into consideration such adjustments, the terms of such Acquisition Proposal are materially and economically similar to the terms of this Agreement, as adjusted, the Acquisition Proposal shall not be deemed a Superior Proposal), and that the failure to effect a Company Board Recommendation Change and/or terminate this Agreement pursuant to Section 9.1(e) with respect to such Superior Proposal would reasonably be expected to breach its fiduciary duties to the Company and the Company Shareholders under applicable Law; *provided, however*, that the Company shall not terminate this Agreement pursuant to the foregoing clause (y), and any purported termination pursuant to the foregoing clause (y) shall be void and of no force or effect, unless in advance of or substantially concurrently with such termination the Company (1) pays Parent the Termination Fee and expense reimbursement required by and pursuant to the terms of Section 9.3(c), and (2) immediately following such termination enters into a binding definitive contract for such Superior Proposal. In the event of any material revisions to the terms of any such Superior Proposal (including any change to the price or form of consideration or in financing), the Company shall be required to deliver a new Recommendation Change Notice to Parent and to again comply with the requirements of this Section 5.3(c) with respect to such new Recommendation Change Notice, except that the five (5) Business-Day period referred to in clause (v) shall be deemed a three (3) Business-Day period and commence on the date of such new notice.

(d) Nothing in this Agreement shall prohibit the Company Board from (i) taking and disclosing to the Company Shareholders a position contemplated by Rule 14e-2(a)

under the Exchange Act (or any communication under Israeli law with substantially similar content) or a position contemplated by Section 329 of the ICL, or complying with the provisions of Rule 14d-9 promulgated under the Exchange Act and (ii) making any disclosure to the Company Shareholders that the Company Board determines in good faith (after consultation with its outside legal counsel and financial advisors) that the failure to make such disclosure would breach its fiduciary duties under applicable Law; provided that, in either such case, any such statement or disclosure that constitutes a Company Board Recommendation Change will be subject to the terms and conditions of this Agreement, including the provisions of Article IX.

Section 5.4 Access. At all times during the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article IX and the Effective Time, the Company shall, and shall cause each of the Subsidiaries to, afford Parent and its Representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books and records and personnel of the Company and, during such period, the Company shall, and shall cause each of the Subsidiaries to, furnish promptly to Parent and its Representatives any information concerning its business, Taxes, properties or personnel as Parent may reasonably request, including (a) any report, schedule and other document filed or furnished by it with the SEC and any material communication (including "comment letters") received by the Company from the SEC in respect of such filings, and (b) internal monthly consolidated financial statements of the Company and the Company Subsidiaries, to the extent prepared in the ordinary course of business consistent with past practice; *provided*, *however*, that the Company may restrict or otherwise prohibit access to any documents or information to the extent (and only to the extent) that (i) any applicable Law requires the Company to restrict or otherwise prohibit access to such documents or information, (ii) access to such documents or information would give rise to a material risk of waiving any attorney-client privilege, work product doctrine or other applicable privilege applicable to such documents or information, or (iii) access to a Contract to which the Company or any of the Company Subsidiaries is a party or otherwise bound would violate or cause a default under, or give a third party the right to terminate or accelerate the rights under, such Contract; and *provided further*, that no information or knowledge obtained by Parent in any investigation conducted pursuant to the access contemplated by this Section 5.4 shall affect or be deemed to modify any representation or warranty of the Company set forth in this Agreement or otherwise impair the rights and remedies available to Parent and Merger Sub hereunder. In the event that the Company does not provide access or information in reliance on the first proviso in the preceding sentence, it shall use its reasonable commercial efforts to communicate the applicable information to Parent in a way that would not violate the applicable Law, Contract or obligation or to waive such a privilege. Subject to compliance with applicable Law, from the date hereof until the earlier of the termination of this Agreement and the Effective Time, the Company shall confer from time to time as reasonably requested by Parent with Parent or its Representatives to discuss any material changes or developments in the operational matters of the Company and the general status of the ongoing operations of the Company. Any investigation conducted pursuant to the access contemplated by this Section 5.4 shall be conducted in a manner that does not unreasonably interfere with the conduct of the business of the Company and the Company Subsidiaries or create a risk of damage or destruction to any property or assets of the Company or any of the Company Subsidiaries. Any access to the Company's properties shall be subject to the Company's reasonable security measures and insurance requirements and shall not include the right to perform invasive testing. The terms and conditions of the Confidentiality Agreement shall apply to any information obtained

by Parent or any of its Representatives or employees in connection with any investigation conducted pursuant to the access contemplated by this Section 5.4.

Section 5.5 Certain Litigation. Each Party shall promptly advise the other Parties of any Legal Proceedings commenced after the date hereof or threatened against such Party or any of its directors, officers (in their capacity as such) or controlled Affiliates by any Company Shareholders (on their own behalf or on behalf of the Company), before any Governmental Authority, relating to this Agreement, the Merger or the other transactions contemplated hereby, or that would otherwise prevent or materially impede, interfere with, hinder or delay the consummation of the Merger ("**Transaction Litigation**"), and shall keep the other Parties reasonably informed regarding any such Transaction Litigation. The Company shall promptly notify the other Parties of any Legal Proceeding that may be threatened or asserted in writing, brought, or commenced against the Company or any of the Company Subsidiaries, that would have been listed in 3.26 of the Company Disclosure Letter, if such Legal Proceeding, had arisen prior to the date hereof. Each Party shall give the other Parties the opportunity to consult with such Party regarding the defense or settlement of any such Transaction Litigation and shall consider such other Parties' views with respect to such Transaction Litigation; *provided* that Parent shall also have the right to participate in the defense of any such Transaction Litigation to the extent permissible under applicable Law and the Company shall fully cooperate with Parent with respect thereto. The Company agrees that it shall not settle, compromise or come to an arrangement regarding, or make an offer or agree to settle, compromise or come to an arrangement regarding, any Transaction Litigation commenced against the Company, any Company Subsidiary or any director or officer thereof without the prior written consent of Parent which shall not be unreasonably withheld or delayed. After receipt of the Company Shareholder Approval, the Company shall cooperate with Parent and, if requested by Parent, use its reasonable commercial efforts to settle, compromise or come to an arrangement regarding any unresolved Transaction Litigation in accordance with Parent's direction.

Section 5.6 Director Resignations. Prior to the Closing, except as otherwise may be agreed by Parent, the Company shall obtain resignation letters from each of the members of the Company Board and the board of directors of each of the Subsidiaries, in each case, with the resignation to be effective as of the Effective Time.

Section 5.7 Company Shareholders Meeting.

(a) As soon as reasonably practicable following the date of this Agreement, but in no event later than the third (3rd) Business Day after the date hereof, the Company shall (i) establish a record date for, duly call, give notice of and convene a special meeting of its shareholders (the "**Company Shareholders Meeting**") for the purpose of obtaining the Company Shareholder Approval and (ii) publish the notice of the Company Shareholder Meeting (with the proxy card (*Ktav Hatzbaa*) required under the ICL and the regulations promulgated thereunder). As soon as reasonably practicable following the date of this Agreement, but in no event later than the fifth (5th) Business Day after the date hereof, the Company shall prepare, file with and furnish to the SEC on Form 6-K a proxy statement, letter to stockholders, notice of meeting and form of proxy for the Company Shareholders Meeting (the "**Proxy Statement**"). The Company shall otherwise comply with the notice requirements applicable to the Company in respect of the Company Shareholders Meeting pursuant to the ICL and the Charter Documents. Unless this

Agreement is terminated pursuant to Article IX or as Parent and the Company may otherwise agree, the Company Shareholders Meeting shall be held no later than forty (40) days after the publication of the notice regarding the Company Shareholders Meeting. The Company shall include the Company Board Recommendation in the Proxy Statement. The Company will include a copy of any fairness opinion (and the information that formed the basis for rendering such opinion) obtained by the Company Board in connection with the approval by the Company Board of the Merger and the other transactions contemplated hereby in the Proxy Statement and a disclosure relating to any financial advisor rendering such opinions (including the amount of fees and other consideration that such financial advisors will receive upon consummation of or as a result of the Merger, and the conditions therefor). The Company shall use its reasonable commercial efforts to cause the Proxy Statement to be mailed to the shareholders of the Company as promptly as practicable following its filing date. The Company shall not include in the Proxy Statement any information with respect to Parent or its Affiliates, unless the form and content thereof shall have been consented to in writing by Parent prior to such inclusion and Parent agrees to provide any such information required to be so included under applicable Law. Prior to filing the Proxy Statement (or any amendment or modification thereto) with the SEC, the Company (x) shall provide Parent with a reasonable opportunity to review and comment on any drafts of the Proxy Statement and related correspondence and filings, (y) shall include in such drafts, correspondence and filings all comments reasonably proposed by Parent, and (z) to the extent practicable and not prohibited under applicable Law, the Company and its outside legal counsel shall permit Parent and its outside counsel to participate in all communications, if any, with the SEC or Nasdaq, or their respective staff, as applicable (including all meetings and telephone conferences) relating to this Agreement or any of the transactions contemplated hereby. If at any time prior to obtaining the Company Shareholder Approval any event shall occur, or fact or information shall be discovered, by either the Company, Parent or Merger Sub that should be set forth in an amendment of or a supplement to the Proxy Statement, such party shall inform the others thereof and the Company shall, in accordance with the procedures set forth in this Section 5.7(a) prepare such amendment or supplement as soon thereafter as is reasonably practicable and to the extent required by applicable Law, cause such amendment or supplement to be promptly distributed to the shareholders of the Company. In the event that Parent or any Person listed in Section 320(c) of the ICL casts any votes in respect of the Merger, Parent shall disclose to the Company its interest in the Company Shares so voted. At the Company Shareholders Meeting, Parent and Merger Sub shall cause any Company Shares owned by them (if any) to be voted in favor of the approval of the Merger and the other transactions contemplated by this Agreement.

(b) The Company shall, through the Company Board, use reasonable commercial efforts to solicit from the Company shareholders proxies in favor of the approval of this Agreement. Prior to the termination of this Agreement in accordance with its terms, the Company's obligation to call, give notice of, and hold the Company Shareholders Meeting in accordance with Section 5.7(b) shall not be limited or otherwise affected by the commencement, disclosure, announcement, or submission of any Acquisition Proposal. The Company agrees that, unless this Agreement has been terminated in accordance with Section 9.1, it shall not submit to the vote of the Company Shareholders any Acquisition Proposal or Acquisition Transaction prior to the vote of the Company Shareholders with respect to this Agreement and the Merger at the Company Shareholders Meeting. The Company shall, upon the reasonable request of Parent, advise Parent at least on a daily basis on each of the last ten (10) Business Days prior to the date

of the Company Shareholder Meeting (unless otherwise agreed to by Parent) as to the aggregate tally of proxies received by the Company with respect to the Company Shareholder Approval. Without the prior written consent of Parent, the Company Shareholder Approval shall be the only matter (other than procedural matters or the approval of certain compensation arrangements in connection with the Merger) which the Company shall propose to be acted on by the Company Shareholders at the Company Shareholder Meeting.

(c) The Company shall not permit the adjournment or postponement of the Company Shareholders Meeting without the prior written consent of Parent, unless otherwise ordered by any Government Authority or required pursuant to applicable Law or the Company's organizational documents; *provided, however*, that if Parent so requests, the Company shall adjourn or postpone the Company Shareholders Meeting for a period of up to fourteen (14) days. Once the Company has established a record date for the Company Shareholder Meeting, the Company shall not change such record date or establish a different record date for the Company Shareholder Meeting without the prior written consent of Parent, unless required to do so by applicable Law (including, in the event that the Company Shareholder Meeting is adjourned or postponed in accordance with this Section 5.7(c), by implementing such adjournment or postponement in such a way that the Company does not establish a new record date for the Company Shareholder Meeting, as so adjourned or postponed, to the extent permissible under applicable Law).

(d) One Business Day after the approval of the Merger by the Company's shareholders at the Company Shareholders Meeting, the Company shall (in accordance with Section 317(b) of the Israeli Companies Law) inform the Israeli Companies Registrar of the decision of the Company Shareholders Meeting with respect to the Merger.

Section 5.8 <u>Tax Rulings</u>.

(a) As soon as practicable after the date of this Agreement, and no later than five (5) Business Days after the date hereof, the Company shall instruct its Israeli counsel, advisors and/or accountants to prepare and file with the ITA an application for a ruling (which shall be confirmed by Parent prior to its submission) confirming, among other things, that (i) the cancellation and exchange of the Section 102 Options and Section 102 RSUs and conversion of the Section 102 Shares in accordance with the provisions of this Agreement shall not be regarded as a violation of the Section 102 Trust Period so long as the 102 Amount are deposited with the Section 102 Trustee until the end of the respective Section 102 Trust Period, and (ii) the deposit of the respective Option Consideration and Merger Consideration with the Paying Agent and the Section 102 Trustee shall not be subject to any withholding obligation (which ruling may be subject to customary conditions regularly associated with such a ruling) (the "**Options Tax Ruling**"). The Company shall include in the request for the Options Tax Ruling a request to exempt Parent, the Surviving Company, the Paying Agent and their respective agents from any withholding obligation. If the Option Tax Ruling is not granted prior to the Closing or in accordance with the instructions of the ITA, the Company shall seek to obtain prior to the Closing an interim tax ruling confirming, among other things, that Parent and any Person acting on its behalf (including the Paying Agent) shall be exempt from Israeli withholding tax in relation to any payments made with respect to any Company Securities (whether or not subject to Section 102) to the, Paying Agent, the Section 102 Trustee or the Company in connection with the Merger (the

“**Interim Option Tax Ruling**”). To the extent that prior to the Closing an Interim Option Tax Ruling shall have been obtained, then all references herein to the Option Tax Ruling shall be deemed to refer to such Interim Option Tax Ruling, until such time that a final definitive Option Tax Ruling is obtained.

(b) As soon as practicable following the date of this Agreement but in no event later than five (5) Business Days after the date hereof, the Company shall instruct its Israeli counsel, advisors and accountants to prepare and file with the ITA an application for a ruling (which shall be confirmed by Parent prior to its submission) that (i) with respect to holders of Company Shares that are non−Israeli residents (as defined in the Ordinance or as will be determined by the ITA), (A) exempting Parent, the Paying Agent, the Surviving Company and their respective agents from any obligation to withhold Israeli Tax at the source from any consideration payable or otherwise deliverable pursuant to this Agreement, including the Merger Consideration, or clarifying that no such obligation exists, or (B) clearly instructing Parent, the Paying Agent, the Surviving Company and their respective agents on how such withholding at the source is to be executed, and in particular, with respect to the classes or categories of holders of the Company Shares from which Tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify any such non-Israeli residents; and (ii) with respect to holders of Company Shares that are Israeli residents (as defined in the Ordinance or as will be determined by the ITA) (other than Section 102 Shares) (x) exempting Parent, the Paying Agent, the Surviving Company and their respective agents from any obligation to withhold Israeli Tax at the source from any consideration payable or otherwise deliverable pursuant to this Agreement, including the Merger Consideration, or clarifying that no such obligation exists, or (y) clearly instructing Parent, the Paying Agent, the Surviving Company and their respective agents on how such withholding at the source is to be executed, and in particular**,** with respect to the classes or categories of holders of the Company Shares from which Tax is to be withheld (if any), the rate or rates of withholding to be applied (the “**Withholding Tax Ruling**”). To the extent that prior to the Closing an interim Withholding Tax Ruling shall have been obtained, then all references herein to the Withholding Tax Ruling shall be deemed to refer to such interim ruling, until such time that a final definitive Withholding Tax Ruling is obtained.

(c) Without limiting the generality of Section 7.2, each of the Company and Parent shall cause their respective Israeli counsel, advisors and accountants to coordinate all activities, and to reasonably cooperate with each other, with respect to the preparation and filing of such application and in the preparation of any written or oral submissions that may be necessary, proper or advisable to obtain the Option Tax Ruling (including the Interim Option Tax Ruling) and the Withholding Tax Ruling. The final text of the Interim Option Tax Ruling, the Option Tax Ruling and the Withholding Tax Ruling shall be subject to the prior written confirmation of Parent or its counsel, which consent shall not be unreasonably withheld, conditioned or delayed. The Company and its Representatives shall not make any application to, or conduct any negotiation with, the ITA with respect to matters relating to the Interim Option Tax Ruling, the Options Tax Ruling and the Withholding Tax Ruling without prior coordination with Parent or its Representatives, and will enable Parent’s Representatives to participate in all discussions and meetings with the ITA relating thereto. To the extent that Parent’s Representatives elect not to participate in any such meeting or discussion, the Company’s Representatives shall provide Parent’s Representatives a report of the discussions and/or meetings held with the ITA. Subject to the terms and conditions hereof, the Company shall use commercially reasonable efforts to

promptly take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to obtain the Interim Options Tax Ruling, the Options Tax Ruling and the Withholding Tax Ruling, as promptly as practicable.

(d) The Parties hereto understand and acknowledge that the Option Tax Ruling and/or the Withholding Tax Ruling may not be obtained or may contain such provisions, terms and conditions as the ITA may prescribe, which may be different from those detailed in this Section 5.8. The Parties further understand and acknowledge that the benefits to holders of Company Securities contemplated in this Section 5.8 may not be granted, or may not be granted in full. If any of the Option Tax Ruling and the Withholding Tax Ruling (including any such interim rulings) are not obtained prior to Closing, the provisions of Section 2.8(f) shall govern the payment of any consideration to be paid by the Parent and/or the Merger Sub under this Agreement.

Section 5.9 Nasdaq Delisting of Company Shares; Transition Period SEC Reports.

(a) Prior to the Closing Date, the Company shall cooperate with Parent and use reasonable commercial efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Law and rules and policies of Nasdaq to enable the delisting of the Company Shares from Nasdaq and the deregistration of the Company Shares under the Exchange Act effective as of the close of business on the Closing Date.

(b) If (i) the Company is required or reasonably expected to be required to file with or furnish to the SEC any reports pursuant to the Exchange Act following the date hereof and prior to the Effective Time or (ii) the Surviving Company is required or reasonably expected to be required to file with or furnish to the SEC any reports pursuant to the Exchange Act within ten (10) Business Days after the Effective Time (other than any reports relating to this Agreement, the Merger or any of the transactions contemplated hereby), then the Company will use best reasonable commercial efforts to provide to Parent, at least ten (10) Business Days (with respect to the Company's annual report on Form 20-F) or three (3) Business Days (with respect to the Company's immediate reports on Form 6-K, unless a shorter period is required under applicable Law) prior to (i) the filing or furnishing date of such reports (with respect to such reports that are due prior to the Effective Time) or (ii) the Effective Time (with respect to such reports that are due within ten (10) Business Days after the Effective Time), a substantially final draft of each such report (each, a "**Transition Period SEC Report**"). The Company will give due consideration to all reasonable comments provided by Parent with respect to each Transition Period SEC Report to be filed with or furnished to the SEC prior to the Effective Time.

Section 5.10 Closing Deliverables. At the Closing, the Company shall deliver to Parent a certificate, dated as of the Closing Date and executed on behalf of the Company by its Chief Executive Officer, certifying (A) the Company's Articles of Association in effect, (B) the Company's Memorandum of Association in effect, (C) the Company's board resolutions approving the Merger, this Agreement and the Ancillary Agreements to which the Company is a party, (D) evidence of the receipt of the Company Shareholder Approval and (E) the incumbency of each of the Company's officers authorized to sign, on behalf of the Company, this Agreement and the Ancillary Agreements executed or to be executed and delivered by the Company pursuant

to this Agreement.

Section 5.11 Cooperation with Debt Financing. Prior to the Closing, the Company shall, and shall cause Company Subsidiaries to, reasonably cooperate with the arrangement by Parent of debt financing as may be reasonably requested by Parent, including: (i) participation in meetings, drafting sessions, rating agency presentations; (ii) furnishing Parent and its lenders with pertinent information regarding the Company and Company Subsidiaries as is customary in connection with debt financing for transactions of this type; and (iii) assisting Parent and its lenders in the preparation of (A) a customary bank information memorandum; and (B) materials for rating agency presentations; provided, that the Company shall not be required to pay any commitment or other similar fee or incur any other liability in connection with such cooperation; and provided, further, that the effectiveness of any documentation executed by the Company or any of the Company Subsidiaries with respect thereto shall be subject to the consummation of the Merger. Parent acknowledges and agrees that neither the Company nor any of its Affiliates or any of their respective directors, officers, employees, representatives and advisors (including legal, financial and accounting advisors) shall have any responsibility for, or incur any liability to any person under or in connection with, the arrangement of the debt financing that Parent may raise in connection with the transactions contemplated by this Agreement.

ARTICLE VI

COVENANTS OF PARENT AND MERGER SUB

Section 6.1 Directors' and Officers' Indemnification and Insurance.

(a) Parent agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company (the "**Indemnified Persons**, each, an "**Indemnified Person**") acting in such capacities as provided in their respective certificates of the Charter Documents and any indemnification or other agreements of the Company as in effect on the date of this Agreement (to the extent that copies have been made available to Parent prior to the date of this Agreement) shall be assumed by the Surviving Company in the Merger, without further action, at the Effective Time, and shall survive the Merger and shall continue in full force and effect in accordance with their terms; *provided* that such obligations shall be subject to any limitation imposed from time to time under applicable Law.

(b) Prior to the Effective Time the Company will purchase a directors' and officers' liability insurance policy (such policy, a "**D&O Insurance**") for seven (7) years after the Effective Time. Such D&O Insurance shall cover acts or omissions occurring prior to the Effective Time covering each such Indemnified Person whom are as of as of immediately prior to the Effective Time covered by the Company's officers' and directors' liability insurance policy, on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date of this Agreement; *provided, however*, that, in satisfying its obligation under this Section 6.1(b), the Company shall not, without the prior written consent of Parent, be permitted to pay an aggregate premium in excess of 250% (the "**Maximum Annual Premium")** of the amount per annum the Company paid in its last full fiscal year, which initial quote therefor the Company has disclosed to Parent prior to the date of this Agreement and Company shall seek at least two

additional quotes. Notwithstanding the foregoing, at any time Parent or the Surviving Company may, and if so directed by Parent prior to the Effective Time the Company shall (subject to the proviso set forth in the previous sentence), purchase a ''tail'' directors' and officers' liability insurance policy, covering the same persons and providing the same terms with respect to coverage and amount as aforesaid, and which by its terms shall provide coverage until the seventh (7th) annual anniversary of the Effective Time, and upon the purchase of such insurance Parent's and the Surviving Company's obligations pursuant to the first sentence of this Section 6.1(b) shall cease.

(c) The rights of each Indemnified Person under this Section 6.1 shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Person.

Section 6.2 Obligations of Merger Sub. Parent shall take all action necessary to cause Merger Sub and the Surviving Company to perform their respective obligations under this Agreement and to consummate the transactions contemplated hereby upon the terms and subject to the conditions set forth in this Agreement.

ARTICLE VII

ADDITIONAL COVENANTS OF ALL PARTIES

Section 7.1 Commercially Reasonable Efforts to Complete. Upon the terms and subject to the conditions set forth in this Agreement, each of Parent, Merger Sub and the Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Party or Parties in doing, all things reasonably necessary, proper or advisable under applicable Law or otherwise to consummate and make effective, in the most expeditious manner practicable (and in any event prior to the Outside Date), the transactions contemplated by this Agreement, including using commercial reasonable efforts to: (i) cause the conditions set forth in Article VIII to be satisfied (but not waived); (ii) obtain all Approvals from Governmental Authorities and third parties, that are necessary to consummate the Merger; (iii) obtain all necessary or appropriate consents, waivers and approvals, or give all necessary or appropriate notices, under any Material Contracts in connection with this Agreement and the consummation of the transactions contemplated hereby so as to maintain and preserve the benefits under such Material Contracts following the consummation of the transactions contemplated by this Agreement; and (iv) execute and deliver any additional instruments reasonably necessary to consummate the transactions contemplated hereby and to fully carry out the purposes of this Agreement or the Ancillary Agreements. Notwithstanding anything to the contrary herein (except as set forth in Section 9.3), the Company shall not be required prior to the Effective Time to pay any consent or other similar fee, "profit sharing" or other similar payment or other consideration (including increased rent or other similar payments or any amendments, supplements or other modifications to (or waivers of) the existing terms of any Contract), or the provision of additional security (including a guaranty) to obtain the

consent, waiver or approval of any Person under any Contract.

Section 7.2 Regulatory Filings.

(a) Without limiting the generality of Section 7.1, each of Parent and Merger Sub shall, on the one hand, and the Company, on the other hand, shall file pre-merger or post-merger notification filings, forms and submissions with each Governmental Authority that are required by any Antitrust Laws in connection with the consummation of the transactions contemplated by this Agreement as soon as reasonably practicable after the date of this Agreement and in any event before the expiration of any applicable legal deadline. Each of Parent and the Company shall (i) cooperate and coordinate with the other in the making of such filings, (ii) supply the other with any information that may be required in order to make such filings, (iii) supply any additional information that reasonably may be required or requested by any of the Governmental Authorities of any applicable jurisdiction in which any such filing is made under any other Antitrust Laws, and (iv) use reasonable commercial efforts to take all action necessary to cause the expiration or termination of the applicable waiting periods under Antitrust Laws applicable to the Merger as soon as practicable (and in any event, prior to the Outside Date), including by seeking early termination thereof, to the extent applicable, to not take any action with the effect of extending any review or waiting period under applicable Antitrust Laws, and to obtain any required Approvals under any Antitrust Laws applicable to the Merger as soon as reasonably practicable (and in any event, prior to the Outside Date), and to eliminate any impediment to the consummation of the Merger under any Antitrust Laws, including using reasonable commercial efforts to take all such action as reasonably may be necessary to resolve such objections, if any, as any Governmental Authority may assert under any applicable Antitrust Laws with respect to the Merger.

(b) Parent and/or its Affiliates shall execute and deliver an undertaking in customary form in favor of the OCS to comply with applicable Law (if and when required to do so).

(c) Each of Parent and Merger Sub shall, and shall cause their respective Affiliates to, if applicable, on the one hand, and the Company, on the other hand, shall promptly inform the other of any communication from any Governmental Authority regarding any of the transactions contemplated by this Agreement in connection with any filings or investigations with, by or before any Governmental Authority relating to this Agreement or the transactions contemplated hereby, including any Legal Proceedings initiated by a private party. If any party hereto or Affiliate thereof shall receive a request for additional information or documentary material from any Governmental Authority with respect to the transactions contemplated by this Agreement or with respect to any filings that have been made, then such party shall use its best reasonable commercial efforts to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. In connection with and without limiting the foregoing, to the extent reasonably practicable and unless prohibited by applicable Law or by the applicable Governmental Authority, the Parties agree to (i) give each other reasonable advance notice of all meetings with any Governmental Authority relating to the Merger, (ii) give each other an opportunity to participate in each of such meetings, (iii) keep the other party reasonably apprised with respect to any oral communications with any Governmental Authority regarding the Merger, (iv) cooperate in the filing of any analyses, presentations, memoranda, briefs, arguments, opinions or other written communications

explaining or defending the Merger, articulating any regulatory or competitive argument and/or responding to requests or objections made by any Governmental Authority, (v) provide each other with a reasonable advance opportunity to review and comment upon, and consider in good faith the views of the other with respect to, all written communications (including any analyses, presentations, memoranda, briefs, arguments and opinions) with a Governmental Authority regarding the Merger, (vi) provide each other (or counsel of each Party, as appropriate) with copies of all written communications to or from any Governmental Authority relating to the Merger, and (vii) cooperate and provide each other with a reasonable opportunity to participate in, and consider in good faith the views of the other with respect to, all material deliberations with respect to all efforts to satisfy the conditions set forth in Section 8.1(b). Any such disclosures, rights to participate or provisions of information by one party to the other may be made on a counsel-only basis to the extent required under applicable Law or as appropriate to protect confidential information.

(d) Each of Parent, Merger Sub and the Company shall cooperate with one another in good faith to (i) promptly determine whether any Approvals are required to be or should be made to, from or by any Governmental Authority under any applicable Antitrust Law in connection with the transactions contemplated hereby, and (ii) promptly make any filings, furnish information required in connection therewith and seek to obtain timely any such Approvals that the Parties determine are required to be or should be made or obtained in connection with the transactions contemplated hereby.

(e) From and after the date hereof and until all Approvals by Governmental Authorities required in connection with the Merger and the other transactions contemplated hereby have been obtained, each of the Company and Parent shall not, operate their respective businesses in such manner or take any action, that would reasonably be expected to increase in any material respect the risk of not obtaining any such Approval from a Governmental Authority.

(f) Nothing in this Agreement shall require Parent, the Surviving Company or any of their Affiliates to, and the Company and its Affiliates shall not (without Parent's prior written consent), sell, hold separate, license or otherwise dispose of any assets or conduct their business in a specified manner, or agree or propose to sell, hold separate, license or otherwise dispose of any assets or conduct their business in a specified manner, or permit or agree to the sale, holding separate, licensing or other disposition of, any assets of Parent, the Surviving Company or the Company or any of their Affiliates, whether as a condition to obtaining any Approval from, or to avoid potential Legal Proceeding by, a Governmental Authority or any other Person or for any other reason.

Section 7.3 Merger Proposal; Certificate of Merger.

(a) Subject to the ICL and the regulations promulgated thereunder, as promptly as practicable following the date hereof the Company and Merger Sub, as applicable, shall take the following actions within the timeframes set forth herein; *provided*, *however*, that any such actions or the timeframe for taking such action shall be subject to any amendment in the applicable provisions of the ICL and the regulations promulgated thereunder (and in case of an amendment thereto, such amendment shall automatically apply so as to amend this Section 7.3(a) accordingly): (a) cause a merger proposal (in the Hebrew language) in the form of **Exhibit A** (the "**Merger**

Proposal") to be executed in accordance with Section 316 of the ICL, (b) deliver the Merger Proposal to the Israeli Companies Registrar within three (3) days from the calling of the shareholders meetings, (c) the Company shall cause a copy of the Merger Proposal to be delivered to its secured creditors, if any, no later than three (3) days after the date on which the Merger Proposal is delivered to the Israeli Companies Registrar, (d) promptly after the Company shall have complied with the preceding sentence and with clauses (i) and (ii) of this Section 7.3(a), but in any event no more than three (3) days following the date on which such notice was sent to the creditors, the Company and Merger Sub shall inform the Israeli Companies Registrar, in accordance with Section 317(b) of the ICL, that notice was given to their respective creditors, if any, under Section 318 of the ICL (and regulations promulgated thereunder), (e) each of the Company and, if applicable, Merger Sub, shall: (i) publish a notice to its creditors, stating that a Merger Proposal was submitted to the Israeli Companies Registrar and that the creditors may review the Merger Proposal at the office of the Israeli Companies Registrar, Company's registered office or Merger Sub's registered offices, as applicable, and at such other locations as the Company or Merger Sub, as applicable, may determine, in (A) two daily Hebrew newspapers, on the day that the Merger Proposal is submitted to the Israeli Companies Registrar, (B) in a popular newspaper in New York as may be required by applicable Law; (ii) within four (4) business days from the date of submitting the Merger Proposal to the Israeli Companies Registrar, send a notice by registered mail to all of the "Substantial Creditors" (as such term is defined in the regulations promulgated under the ICL) that the Company or Merger Sub, as applicable, is aware of, in which it shall state that a Merger Proposal was submitted to the Israeli Companies Registrar and that the creditors may review the Merger Proposal at such additional locations, if such locations were determined in the notice referred to in the immediately preceding clause (i); and (iii) send to the Company's "employees committee" (*Va'ad Ovdim*) or display in a prominent place at the Company's premises a copy of the notice published in a daily Hebrew newspaper (as referred to in clause (i)(A) of this Section 7.3(a), no later than three (3) business days following the day on which the Merger Proposal was submitted to the Israeli Companies Registrar, (f) not later than three (3) days after the date on which the Company Shareholder Approval is received, the Company shall (in accordance with Section 317(b) of ICL and the regulations thereunder) inform the Israeli Companies Registrar of such approval, and (g) in accordance with the customary practice of the Israeli Companies Registrar, the Company and Merger Sub shall request, following coordination with Merger Sub, that the Israeli Companies Registrar declare the Merger effective and issue the Certificate of Merger upon such date as the Company and Merger Sub shall advise the Israeli Companies Registrar. For the avoidance of doubt, and notwithstanding any provision of this Agreement to the contrary, it is the intention of the Parties that the Merger shall be declared effective and the Certificate of Merger shall be issued on the Closing Date, as a condition to the Closing taking place. For purposes of this Section 7.3(a), "business day" shall have the meaning set forth in the Merger Regulations 5760-2000 promulgated under the ICL.

(b) The sole shareholder of Merger Sub has approved the Merger subject to the satisfaction or waiver (to the extent permitted hereunder) of all the conditions to Closing (other than those that by their nature may only be satisfied or waived at Closing). No later than three days after the date of such approval, Merger Sub shall (in accordance with Section 317(b) of the ICL and the regulations thereunder) inform the Israeli Companies Registrar of such approval.

Section 7.4 Anti-Takeover Statute. In the event that any Antitakeover Law is or becomes applicable to this Agreement or any of the transactions contemplated by this

Agreement, the Company, Parent and Merger Sub shall use their respective reasonable commercial efforts to ensure that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms and subject to the conditions set forth in this Agreement and otherwise to minimize the effect of such statute on this Agreement and the transactions contemplated hereby.

Section 7.5 Notification of Certain Matters.

(a) Subject to applicable Law and the instructions of any Governmental Authority, each of the Company and Parent shall keep the other reasonably apprised of the status of matters relating to completion of the transactions contemplated hereby, including (subject to any confidentiality obligations) promptly furnishing the other with copies of notices or other communications received by Parent or the Company, as the case may be, or any of their Subsidiaries or Representatives, from any Governmental Authority with respect to such transactions.

(b) The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (i) the Company or Parent, as the case may be, becoming aware that any representation or warranty made by it in this Agreement or any Ancillary Agreement is untrue or inaccurate in any material respect, (ii) the Company or Parent, as the case may be, shall become aware of the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which reasonably could be expected to cause any representation or warranty contained in this Agreement or any Ancillary to be untrue or inaccurate in any material respect, (iii) any failure of the Company, Parent or Merger Sub, as the case may be, to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder, (iv) any notice or other communication from any person alleging that the consent of such person is required in connection with any of the Transactions, and (v) any change to the number of Company Shares issued and outstanding as set forth in Section 3.7 which results from anything other than actions specifically permitted by this Agreement (including the exercise of Company Options); *provided, however*, that the delivery of any notice pursuant to this Section 7.5 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice, and *provided further*, that the terms and conditions of the Confidentiality Agreement shall apply to any information provided to Parent pursuant to this Section 7.5(b).

(c) The Company shall promptly advise Parent orally and in writing of any change or event that has or could reasonably be expected to have a Company Material Adverse Effect. The Company shall promptly advise Parent orally or in writing of any change or event that has or could reasonably be expected to cause any of the conditions to Closing set forth in Article VIII not to be satisfied by the Outside Date.

Section 7.6 Public Statements and Disclosure. None of the Company, on the one hand, or Parent and Merger Sub, on the other hand, shall issue any public release or make any public announcement concerning this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other (which consent shall not be unreasonably withheld, conditioned or delayed), unless: (i) the other Party shall have approved such press release or disclosure in writing; or (ii) such Party shall have determined in good faith, upon the advice of outside legal counsel, that such disclosure is required by applicable Legal Requirements

and, to the extent practicable, before such press release or disclosure is issued or made, such Party advises the other Party of, and consults with the other Party regarding, the text of such press release or disclosure. Notwithstanding the foregoing, without prior consent of the other party, each of Parent and the Company may disseminate material substantially similar to material included in a press release or other document previously approved for public distribution by the other party. Each party agrees to promptly make available to the other Parties copies of any written public communications made without prior consultation with the other Parties.

Section 7.7 Confidentiality. Parent, Merger Sub and the Company hereby acknowledge that Parent and the Company have previously executed a Confidentiality Agreement, made as of January 22, 2015 (the "**Confidentiality Agreement**"), which will continue in full force and effect in accordance with its terms.

Section 7.8 No Control of the Company's or Parent's Operations. Nothing contained in this Agreement shall give Parent or the Company, directly or indirectly, rights to control or direct the operations of the other prior to the Effective Time. Prior to the Effective Time, each of Parent and the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its operations.

ARTICLE VIII

CONDITIONS TO THE MERGER

Section 8.1 Conditions. The respective obligations of Parent, Merger Sub and the Company to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction or waiver (except with respect to the condition set forth in Section 8.1(a), which cannot be waived) by mutual written agreement of Parent and the Company, prior to the Effective Time, of each of the following conditions:

(a) Company Shareholder Approval. The Company Shareholder Approval shall have been obtained.

(b) Regulatory. Any waiting period (and any extension thereof) applicable to the Merger shall have expired or been terminated and any Approvals required to be obtained prior to the Closing under Antitrust Laws applicable to the Merger in the jurisdictions listed on Section 8.1(b) of the Company Disclosure Letter shall have been obtained or filed, as applicable.

(c) Israeli Statutory Waiting Periods. At least fifty (50) days shall have elapsed after the filing of the Merger Proposal with the Israeli Companies Registrar and at least thirty (30) days shall have elapsed after the approval of the Merger by the shareholders of each of the Company and Merger Sub.

(d) No Legal Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, issued, granted or promulgated any Law that is in effect and has the effect of making the Merger illegal or which has the effect of prohibiting or otherwise

preventing the consummation of the Merger.

(e) Certificate of Merger. The Company and Merger Sub shall have received the Certificate of Merger from the Israeli Companies Registrar.

Section 8.2 Conditions to the Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction or waiver prior to the Effective Time of each of the following conditions, any of which may be waived exclusively by Parent:

(a) Representations and Warranties. Each representation and warranty of the Company (i) set forth in Section 3.1 (*Organization; Good Standing and Qualification*) through Section 3.7 (*Company Capitalization.*) shall be true and correct in all respects, other than changes in the *Company Capitalization* representation and warranty resulting from vesting and or exercise of Company Options and Company RSUs according to their terms as set forth in Schedule Section 8.2(a), (ii) representations and warranties of the Company contained in this Agreement that are qualified or limited by a materiality, Company Material Adverse Effect or similar standard shall be true and correct in all respects, and (iii) all other representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects, in each case, as of the date hereof and as of the Effective Time as if made on and as of the Effective Time, except to the extent such representations and warranties by their terms speak as of a specific date, which representations and warranties will have been true and correct as of such date.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects each of the obligations that are to be performed by it under this Agreement at or prior to the Effective Time.

(c) Officer's Certificate of the Company. Parent and Merger Sub shall have received (i) a certificate of the Company, validly executed for and on behalf of the Company and in its name by a duly authorized officer thereof, certifying that the conditions set forth in Section 8.2(a), Section 8.2(b) and Section 8.2(d) have been satisfied, and (ii) the certificate and the relevant attached deliverables as set forth in Section 7.7.

(d) Company Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect following the execution and delivery of this Agreement.

(e) Governmental and Other Approvals. The approvals set forth in Section 3.5 and Section 3.6 of the Company Disclosure Letter have been obtained.

(f) No Litigation. There shall not be pending or threatened any Legal Proceeding in which a Governmental Authority or any Person is or is threatened to become a party or is otherwise involved: (i) challenging or seeking to restrain or prohibit the consummation of the Merger, (ii) relating to the Merger and seeking to obtain from the Company or any of the Company Subsidiaries, any damages or other relief that may be material, or (iii) that would materially and adversely affect the right of Parent, the Surviving Company or any subsidiary of Parent to (x) own

the assets and operate the business of the Company and the Company Subsidiaries, taken as a whole or (y) prohibit or limit the exercise by Parent of any material right pertaining to ownership of the share capital of the Surviving Company.

Section 8.3 Conditions to the Company's Obligations to Effect the Merger. The obligations of the Company to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction or waiver prior to the Effective Time of each of the following conditions, any of which may be waived exclusively by the Company:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub contained in this Agreement that are qualified or limited by a materiality, Material Adverse Effect or other similar standard shall be true and correct in all respects, and all other representations and warranties of the Parent and Merger Sub contained in this Agreement shall be true and correct in all material respects, in each case, as of the date hereof and as of the Effective Time as if made on and as of the Effective Time, except to the extent such representations and warranties by their terms speak as of a specific date, which representations and warranties will have been true and correct as of such date.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects the obligations that are to be performed by Parent and Merger Sub under this Agreement at or prior to the Effective Time.

(c) Officer's Certificate of Parent and Merger Sub. The Company shall have received a certificate of Parent and Merger Sub, validly executed for and on behalf of Parent and Merger Sub and in their respective names by a duly authorized officer thereof, certifying that the conditions set forth in Section 8.3(a) and Section 8.3(b) have been satisfied.

(d) OCS Undertaking. Parent shall have executed the standard form of the OCS undertaking and delivered it to the OCS.

(e) HSR Act and Other Antitrust Filings. The waiting period applicable to the consummation of the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired or been terminated, if required.

(f) Deposit of Merger Consideration. Parent shall deposit with the Paying Agent the cash required to pay the Merger Consideration and the Option Consideration.

(g) Certificate of Merger. The Company and Merger Sub shall have received the Certificate of Merger from the Companies Registrar.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.1 Termination. This Agreement may be validly terminated only as

follows (it being understood and hereby agreed that this Agreement may not be terminated for any other reason or on any other basis):

(a) at any time prior to the Effective Time (notwithstanding the prior receipt of the Company Shareholder Approval), by mutual written agreement of Parent and the Company; or

(b) by either the Company or Parent, at any time prior to the Effective Time (notwithstanding the prior receipt of the Company Shareholder Approval), in the event that any Governmental Authority of competent jurisdiction shall have formally issued a permanent, final and non-appealable Order or enacted, granted or promulgated any Law or took any other action with the effect of permanently enjoining, restraining or otherwise prohibiting or preventing the Merger; *provided, however*, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to a Party if such Order, Law or other action was primarily due to the failure of such Party to perform any of its obligations under this Agreement or under any Ancillary Agreement or the breach of any of the provisions set forth in Article III, ARTICLE V or Article VII; or

(c) by either the Company or Parent, at any time prior to the Effective Time (notwithstanding the prior receipt of the Company Shareholder Approval), in the event that the Effective Time shall not have occurred on or before 120 days following signing (such date referred to herein as the "**Outside Date**"); *provided, however,* that the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available to any Party whose actions or omissions have been a principal cause of, or primarily resulted in, the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of this Agreement; or

(d) by either the Company or Parent, at any time prior to the Effective Time, in the event that the Company shall have failed to obtain the Company Shareholder Approval after the final adjournment of the Company Shareholders Meeting at which a vote is taken on the Merger; or

(e) by the Company, at any time prior to the receipt of the Company Shareholder Approval, in order to immediately enter into a written definitive agreement with respect to a Superior Proposal in accordance with Section 5.3(c), provided that the Company pays Parent the Termination Fee pursuant to Section 5.3(c), in advance of or substantially concurrently with such termination; or

(f) by Parent, at any time prior to the Effective Time (notwithstanding the prior receipt of the Company Shareholder Approval), in the event that (i) Parent and Merger Sub have not breached any of their respective representations, warranties or covenants under this Agreement in any material respect, and (ii) the Company shall have breached any of its representations, warranties, covenants or agreements under this Agreement such that the conditions set forth in Section 8.2(a) or Section 8.2(b) would not be satisfied and shall have failed to cure, or cannot cure, such breach within twenty (20) Business Days after the Company has received written notice of such breach from Parent (it being understood that Parent shall not be permitted to terminate this Agreement pursuant to this Section 9.1(e) in respect of the breach set forth in any such written notice (A) at any time during such twenty (20) Business Day period, or (B) at any time after such twenty (20) Business Day period if the Company shall have cured such breach during such twenty

(20) Business Day period); or

(g) by Parent in the event that the Company Board (or a committee thereof) shall have failed to reaffirm publicly the Company Board Recommendation (or, following receipt of the Company Shareholder Approval, to reaffirm its determination that the transactions contemplated by this Agreement are fair to, and in the best interests of, the Company and its shareholders) within three (3) Business Days after Parent so requests in writing (which request may be made at any time following public disclosure of an Acquisition Proposal (whether or not a Superior Proposal); *provided* that Parent may not make more than two (2) such requests in the aggregate following the disclosure of any Acquisition Proposal and *provided, further,* that the Parent may not make any such request during the 18-Day Period; or

(h) by Parent, at any time prior to the Effective Time, if there shall have occurred a Company Material Adverse Effect after the date hereof; or

(i) by the Company, at any time prior to the Effective Time (notwithstanding the prior receipt of the Company Shareholder Approval), in the event that (i) the Company has not breached any of its representations, warranties or covenants under this Agreement in any material respect and (ii) Parent or Merger Sub shall have breached any of its representations, warranties or covenants under this Agreement such that the conditions set forth in Section 8.3(a) or Section 8.3(b) would not be satisfied and shall have failed to cure, or cannot cure, such breach within twenty (20) Business Days after Parent has received written notice of such breach from the Company (it being understood that the Company shall not be permitted to terminate this Agreement pursuant to this Section 9.1(i) in respect of the breach set forth in any such written notice (A) at any time during such twenty (20) Business Day period, and (B) at any time after such twenty (20) Business Day period if Parent and Merger Sub shall have cured such breach during such twenty (20) Business Day period). In the event that the Parent fails to deposit the Exchange Fund and the Option Consideration when due, such amount shall accrue interest for the period commencing on the date such amount became past due, at a rate equal to the rate of interest publicly announced by Citibank N.A. from time to time during such period, as such bank's prime lending rate.

Section 9.2 Notice of Termination; Effect of Termination. Any proper and valid termination of this Agreement pursuant to Section 9.1 shall be effective immediately upon the delivery of written notice of the terminating party to the other Party or Parties, as applicable, setting forth the particular subsection of Section 9.1 pursuant to which this Agreement is being terminated. In the event of the termination of this Agreement pursuant to Section 9.1, this Agreement shall be of no further force or effect without liability of any Party or Parties, as applicable (or any director, officer, employee, affiliate, agent or other representative of such Party or Parties) to the other party or parties hereto, as applicable, except (a) for the terms of Section 7.6, Section 7.7, this Section 9.2, Section 9.3 and Article X, each of which shall survive the termination of this Agreement, and (b) nothing in this Agreement shall relieve any Party or Parties hereto, as applicable, from liability for any fraud or willful breach of any representation, warranty, covenant, agreement, obligation or other provision of this Agreement. For purposes of this Agreement, "willful breach" shall mean any act or failure to act by a Party in circumstances where the officers or directors of such Party had actual knowledge that the taking of such act or the failure to take such act would cause a breach of this Agreement. In addition to the foregoing, no termination of

this Agreement shall affect the obligations of the Parties set forth in the Confidentiality Agreement, all of which obligations shall survive termination of this Agreement in accordance with their terms.

Section 9.3 Fees and Expenses.

(a) General.

(i) Except as set forth in Section 9.3(c), each Party shall bear its own fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby, whether or not the Merger is consummated.

(b) Termination Payments:

(i) Company Payments. The Company shall pay to Parent $21,930,000 (the "**Termination Fee**"), less any amount paid pursuant to Section 9.3(b)(iv)) in the event that (A) this Agreement is terminated by Parent or the Company pursuant to Section 9.1(d), and (B) within twelve (12) months following such termination of this Agreement, the Company enters into a definitive agreement to effect, or consummates, a Qualifying Transaction, regardless of whether the Qualifying Transaction is the Acquisition Proposal or Acquisition Transaction, *provided, however,* that in such case the Termination Fee shall be paid upon and subject to the consummation of such Qualified Transaction by wire transfer of immediately available funds to an account or accounts designated in writing by Parent, within two (2) Business Days after demand by Parent. As used in this Section 9.3(b)(i), "**Qualifying Transaction**" means any Acquisition Transaction, except that the references to "20%" in the definition of Acquisition Transaction shall be deemed to be references to "50%".

(ii) In the event that this Agreement is terminated by the Company pursuant to Section 9.1(e) or Section 9.1(g), the Company shall pay the Termination Fee by wire transfer of immediately available funds to an account or accounts designated in writing by Parent prior to or substantially concurrently with, and as a condition to the effectiveness of, such termination.

(iii) In the event that this Agreement is terminated by Parent pursuant to Section 9.1(f), in the event that the breach by the Company of any of its representations, warranties, covenants or agreements would reasonably be expected to give rise to, individually or in the aggregate, a Company Material Adverse Effect, the Company shall pay to Parent $13,158,000, by wire transfer of immediately available funds to an account or accounts designated in writing by Parent, within two (2) Business Days after demand by Parent.

(iv) In the event that this Agreement is terminated by Parent or the Company pursuant to Section 9.1(d), the Company shall pay to Parent $6,579,000, by wire transfer of immediately available funds to an account or accounts designated in writing by Parent, within two (2) Business Days after such termination of this Agreement.

(v) In the event that the Company fails to pay any amount required pursuant to this Section 9.3(a) when due, such amount shall accrue interest for the period commencing on the date such amount became past due, at a rate equal to the rate of interest publicly announced by Citibank N.A. from time to time during such period, as such bank's prime lending

rate. In addition, if the Company fails to pay such amount when due, the Company shall also pay to Parent all of Parent's costs and expenses (including reasonable attorneys' fees) in connection with successful efforts to collect such amounts. The Company acknowledges that the provisions of Section 9.3(b)(i) are an integral part of the transactions contemplated hereby and that, without these agreements, Parent would not enter into this Agreement.

(c) Expenses. Except as otherwise provided herein, all Expenses shall be borne by the Party incurring such Expenses, it being understood and agreed that Expenses associated with the printing, filing and mailing of the Proxy Statement and any amendments or supplements thereto and the solicitation of the Company Shareholder Approval shall be borne by the Company and the Company shall pay all of the administrative filing fees required to be paid in connection with any filing made under any applicable Antitrust Laws in connection with the transactions contemplated hereby.

(d) The payment of the Termination Fee shall be the exclusive remedy of the Parent and Merger Sub subject to the provisions of and the exclusions in Section 9.2. It is clarified that in no circumstances shall the Termination Fee be paid on more than one occurrence (it being further clarified that the making of the payment set forth in Section 9.1(b)(i) in addition to the payment set forth Section 9.1(b)(iv) shall not be deemed as more than one payment of Termination Fee).

Section 9.4 Amendment. Subject to applicable Law and subject to the other provisions of this Agreement, this Agreement may be amended by the Parties at any time by execution of an instrument in writing signed on behalf of each of Parent, Merger Sub and the Company; *provided, however,* that in the event that the Company has received the Company Shareholder Approval, no amendment shall be made to this Agreement that requires the approval of the Company Shareholders under applicable Law without obtaining the Company Shareholder Approval of such amendment.

Section 9.5 Extension; Waiver. At any time and from time to time prior to the Effective Time, any Party or Parties may, to the extent legally allowed and except as otherwise set forth herein, (a) extend the time for the performance of any of the obligations or other acts of the other Party or Parties, as applicable, (b) waive any inaccuracies in the representations and warranties made to such Party or Parties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such Party or Parties hereto contained herein. Any agreement on the part of a Party or Parties hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party or Parties, as applicable. Any delay in exercising any right under this Agreement shall not constitute a waiver of such right.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Survival of Representations, Warranties and Covenants. The representations and warranties of the Company, Parent and Merger Sub contained in this Agreement shall terminate at the Effective Time, and only the covenants that by their terms survive the Effective Time shall so survive the Effective Time in accordance with their respective terms.

Section 10.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly delivered and received hereunder (i) seven (7) Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid, (ii) two (2) Business Day after being sent for next Business Day delivery, fees prepaid, via a reputable international overnight courier service, or (iii) immediately upon delivery by email, by hand or by facsimile (with a written or electronic confirmation of receipt), in each case to the intended recipient as set forth below:

(a) if to Parent or Merger Sub to:

Francisco Partners
One Letterman Drive
Building C, Suite 410
San Francisco, CA 94129
Attention: Matt Spelzer
Facsimile: +44 207 907 8650
email: Spetzler@franciscopartners.com

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

Meitar Liquornik Geva Leshem Tal
16 Abba Hillel Silver Rd.
Ramat-Gan 5250608, Israel
Attention: Maya Liquornik
Facsimile: +972-3-610-3111
email: maya@meitar.com

(b) if to the Company, to:

ClickSoftware Technologies Ltd.
Attention: David Goldstein, Adv.
VP, General Counsel
Facsimile: +972-3-542-6640
email: david.goldstein@clicksoftware.com

with copies (which shall not constitute notice) to:

Amit, Pollak, Matalon & Co
Nitba Tower, 19th Floor
17 Yitzhak Sadeh St.
Tel Aviv 6777517, Israel
Attention: Ian Rostowsky, Adv.
Facsimile: 972 3 568 9001
email: ian_ro@apm-law.com

Section 10.3 Assignment. No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties, except that each of Merger Sub and Parent may assign, in its sole discretion and without the consent of the Company, any or all of its rights, interests and obligations hereunder to any Affiliate thereof (each, an "**Assignee**"). Any such Assignee may thereafter assign, in its sole discretion and without the consent of the Company, any or all of its rights, interests and obligations hereunder to one or more additional Assignees; *provided, however*, that in connection with any assignment to an Assignee, Parent and Merger Sub shall remain liable for the performance by Parent and Merger Sub of their obligations hereunder. Subject to the preceding sentence, this Agreement shall (i) be binding upon the Parties and their respective successors and permitted assigns and (ii) shall inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 10.4 Entire Agreement. This Agreement and the documents and instruments and other agreements among the Parties as contemplated by or referred to herein, including the Company Disclosure Letter and the Annexes hereto, constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof; *provided, however,* the Confidentiality Agreement shall not be superseded, shall survive any termination of this Agreement and shall continue in full force and effect until the earlier to occur of (a) the Effective Time and (b) the date on which the Confidentiality Agreement expires in accordance with its terms or is validly terminated by the parties thereto.

Section 10.5 Third Party Beneficiaries. This Agreement is not intended to, and shall not, confer upon any other Person any rights or remedies hereunder, except (a) as set forth in or contemplated by the terms and provisions of Section 6.1, and (b) from and after the Effective Time, the rights of holders of Company Shares and other Company Securities to receive the amounts to which they are entitled pursuant to Article II.

Section 10.6 Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the Parties. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will

achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

Section 10.7 Remedies.

(a) Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

(b) The Parties hereby agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by the Company, on the one hand, or Parent and/or Merger Sub, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Company, on the one hand, and Parent and Merger Sub, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement by the other (as applicable), and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each party hereby irrevocably and unconditionally waives any requirement for the securing or posting of any bond in connection with any such remedy.

Section 10.8 Governing Law. This Agreement and any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, the negotiation, execution, existence, validity, enforceability or performance of this Agreement, or for the breach or alleged breach hereof (whether in contract, in tort or otherwise) shall be governed by and construed and enforced in accordance with the Laws of the State of Israel, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Israel or otherwise) that would cause the application of the Laws of any other jurisdiction.

Section 10.9 Consent to Jurisdiction.

(a) Each of the Parties (i) agrees that any actions or proceedings arising in connection with any dispute, controversy or claim arising under, relating to or in connection with this Agreement or the transactions contemplated hereby (including any dispute or controversy regarding the existence, validity, enforceability or breach of this Agreement), whether in contract, in tort or otherwise, shall be brought, tried and determined only and exclusively in any court of competent jurisdiction located in Tel-Aviv-Jaffa, Israel; (ii) irrevocably and unconditionally consents and submits itself and its properties and assets to the jurisdiction of any court located in Tel-Aviv-Jaffa, Israel in the event of any such action or proceeding; (iii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court; (iv) waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; and (v) agrees that it will not bring any action relating to this Agreement or the transactions contemplated hereby in any court other

than the aforesaid courts. Each of Parent, Merger Sub and the Company agrees that a final judgment in any action or proceeding in such courts as provided above shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

(b) Each of the Parties irrevocably consents to the service of the summons and complaint and any other process in any action or proceeding relating to the transactions contemplated by this Agreement, for and on behalf of itself or any of its properties or assets, in accordance with Section 10.2 or in such other manner as may be permitted by applicable Law, and nothing in this Section 10.9 shall affect the right of any party to serve legal process in any other manner permitted by applicable Law.

Section 10.10 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other party, it being understood that all Parties need not sign the same counterpart. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery (including, without limitation, in .pdf or other scan format) shall be sufficient to bind the Parties to the terms and conditions of this Agreement.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their respective duly authorized officers to be effective as of the date first above written.

OPTIMIZER TOPCO S.A.R.L

By: /s/ Matt Spetzler

By: Francisco Partners IV, L.P
In the name and on behalf of Optimizer Topco S.a.r.l. in process of incorporation and represented by its general partner Francisco Partners GP IV, L.P., itself represented by its general partner Francisco Partners GP IV Management Limited

Name: /s/ Matt Spetzler

Title: Managing Director

OPTIMIZER MERGER HOLDINGS LTD.

By: /s/ Matt Spetzler
Name: Matt Spetzler

Title: Director

CLICKSOFTWARE TECHNOLOGIES LTD.

By: /s/ Moshe BenBassat
Name: Moshe BenBassat
Title: Chief Executive Officer