

INVESTORS' RIGHTS AGREEMENT¹

THIS INVESTORS' RIGHTS AGREEMENT (this "Agreement"), is made as of the [] day of _____, 200_, by and among _____, a company organized under the laws of the State of Israel (the "Company"), [] and [] (each, a "Founder", and collectively, the "Founders")², and the individuals and entities identified in Schedule 1³ attached hereto (each, an "Investor", and collectively, the "Investors").

W I T N E S S E T H :

WHEREAS, the Investors are the holders of all of the issued and outstanding Series [] Preferred Shares, nominal value NIS _____ each, of the Company (the "Preferred Shares"), and the Founders are the holders of all of the issued and outstanding Ordinary Shares, nominal value NIS _____ each, of the Company (the "Ordinary Shares"); and

WHEREAS, the Investors, the Founders and the Company desire to set forth certain matters regarding the ownership of the shares of the Company.

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

1. Affirmative Covenants.

1.1 Delivery of Financial Statements. The Company shall deliver to each Investor, for so long as such Investor is the record holder of shares or other securities of the Company⁴:

1.1.1 As soon as practicable, but in any event within _____ ()⁵ days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company as of the end of such year, and statements of income and statements of cash flow of the Company for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, United States dollar-denominated, prepared in accordance with United States generally accepted accounting principles ("GAAP"), audited by a firm of Independent Certified Public Accountants in the State of Israel⁶ who are members of the Israeli Institute of Certified Public Accountants, and accompanied by an

¹ An Investors' Rights Agreement can cover many different subjects. Among the most typical are information rights and registration rights, which are presented in this form. In addition, in some transactions provisions from the Articles of Association are incorporated in the Investors' Rights Agreement by reference.

² Founders only need be joined as parties if they will be receiving specific rights under this Agreement.

³ The Investors for purposes of this Agreement should probably include investors from prior financing rounds, as well as those investing in the current round.

⁴ Often the right to receive information is conditioned on an investor holding a certain threshold percentage (typically the percentage held by the smallest institutional investor), in order to avoid burdensome administrative requirements on the Company.

⁵ This period typically ranges from 60 to 90 days.

⁶ Many financial investors require that the Company's auditors be one of the "Big 4" accounting firms.

opinion of such firm which opinion shall state that such balance sheet and statements of income and cash flow have been prepared in accordance with GAAP applied on a basis consistent with that of the preceding fiscal year, and present fairly and accurately the financial position of the Company as of their date, and that the audit by such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards;

1.1.2 As soon as practicable, but in any event within ____ (__)⁷ days after the end of each quarter of each fiscal year of the Company, an unaudited consolidated balance sheet of the Company as at the end of each such period and unaudited consolidated statements of (i) income and (ii) cash flow of the Company for such period and any other information as determined by the Company's Board of Directors (the "Board") and, in the case of the first, second and third quarterly periods, for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the figures for the corresponding period of the previous fiscal year, all in reasonable detail, United States dollar-denominated and certified, by the chief financial officer (or if none, by the chief executive officer) of the Company (the "CFO"), that such financial statements were prepared in accordance with GAAP applied on a basis consistent with that of preceding periods and, except as otherwise stated therein, fairly present the financial position of the Company as of their date subject to (x) there being no footnotes contained therein and (y) changes resulting from year-end audit adjustments, [and all reviewed by a firm of Independent Certified Public Accountants in the State of Israel who are members of the Israeli Institute of Certified Public Accountants];

1.1.3 As soon as practicable, but in any event within ____ (__) days⁸ after the end of each month, a report in a form agreed from time to time by the Board, which report shall include an unaudited consolidated balance sheet of the Company and unaudited estimated consolidated statements of income and statements of cash flow (including, opening cash, income, expenses and closing cash) as at the end of such month;

1.1.4 Annual Plan. The management of the Company shall establish annually an operating plan and budget for the Company (the "Annual Plan"), in consultation with the Board. The Annual Plan for the following year shall be submitted to the Board for its approval and shall be delivered to each Investor at least thirty (30) days prior to the first day of the year covered by such Annual Plan.

1.1.5 Promptly following the end of each quarter, an up-to-date capitalization table, certified by the CFO (or if none, by the chief executive officer) of the Company; and

1.1.6 Such other information reasonably requested by the Investors.

1.2 Additional Information. The Company will permit the authorized representatives of each Investor⁹ full and free access, at all reasonable times, and upon reasonable notice, to any of the properties of the Company or its Subsidiaries (as defined below), including its books and records, and to discuss its affairs, finances and accounts with the Company's officers and auditor, for any purpose whatsoever. In addition, the Company

⁷ This period typically ranges from 30 to 45 days.

⁸ This period typically ranges from 14 to 30 days.

⁹ As with section 1.1, this right is often limited to holders of above a certain threshold.

will deliver to each Investor: (a) immediately upon the happening of any event likely to have a significant impact upon the Company or its business, a written summary of such event and its implications; and (b) with reasonable promptness, such other information and data with respect to the Company or its Subsidiaries, as the Investors may from time to time reasonably request. This Section 1.2 shall not be in limitation of any rights which the Investors or the directors designated by the Investors may have under applicable law. In addition, and not as a limitation on any of the foregoing, the Company covenants that it will provide full disclosure and information regarding the Company's affairs at meetings of the Board, annual general meetings of the shareholders, and extraordinary general meetings of the shareholders. Notwithstanding anything to the contrary contained herein, the Company may withhold or restrict access to any information under Section 1.2 in the event that the Board, acting in good faith, reasonably determines that the disclosure of such information would be detrimental to the interests of the Company.

1.3 Accounting. The Company will maintain and cause each of its Subsidiaries to maintain a system of accounting established and administered in accordance with GAAP consistently applied, and will set aside on its books and cause each of its operating Subsidiaries to set aside on its books all such proper reserves as shall be required by GAAP. For purposes of this Agreement, "Subsidiary" and collectively "Subsidiaries" means any corporation or entity at least a majority of whose voting securities are at the time owned by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

1.4 Insurance and Indemnity.¹⁰

1.4.1 Within thirty (30) days of the date hereof, the Company shall obtain from financially sound and reputable insurers (and shall pay all premiums and maintain in full force and effect), term life insurance (with the Company named as beneficiary) on the life of _____ in the amount of [_____ **United States dollars (\$_,000,000)**].

1.4.2 Within thirty (30) days from the date hereof, the Company shall obtain from financially sound and reputable insurers (and shall pay all premiums and maintain in full force and effect), directors' and officers' liability insurance in a form and coverage satisfactory to the Investors, and thereafter, the Company shall at all times maintain such insurance coverage in effect.

1.5 Proprietary Information and Non-Competition Agreements. The Company and its Subsidiaries, as applicable, will not employ, or continue to employ, any person who will have access to confidential information with respect to the Company or its Subsidiaries and its operations unless such person has executed and delivered a Proprietary Information and Non-Competition Agreement to the satisfaction (as to substance and form) of the Board.

1.6 Confidentiality. The Investors agree that any information obtained pursuant to Sections 1.1 and 1.2 will not be disclosed without the prior written consent of the Company; provided that, in connection with periodic reports to their shareholders or partners, the Investors may, without first obtaining such written consent, make general statements, not

¹⁰ If covered as a covenant in the SPA, this clause may be omitted.

containing technical or other confidential information, regarding the nature and progress of the Company's business; and provided further, that the Investors may provide summary information regarding the Company's financial information in their reports to their respective shareholders or partners, but may not annex to such reports the full financial information to be provided hereunder by the Company; and provided further, however, that in the event that an Investor is required to annex financial information obtained pursuant to Sections 1.1 and 1.2 to such reports, such Investor shall be entitled to annex such financial information to such reports.

1.7 Termination of Financial Information Rights. The Company's obligation to deliver the financial statements and other information under Sections 1.1 and 1.2 shall terminate and shall be of no further force or effect upon the earlier of (i) the consummation of the closing of the Company's initial firmly underwritten public offering of its Ordinary Shares pursuant to an effective registration statement under the United States Securities Act of 1933, as amended (the "Securities Act"), or equivalent law of another jurisdiction (the "IPO") [PERHAPS THIS SHOULD BE QIPO]; and (ii) the consummation of any consolidation or merger of the Company with or into a third party, pursuant to which the Company's shareholders immediately prior to such transaction own less than fifty percent (50%) of the voting securities of the surviving entity immediately after the consummation of such transaction, or the consummation of a sale of all or substantially all of the Company's shares to any third party. Thereafter, the Company shall deliver to the Investors, and its assignees or transferees, such financial information as the Company from time to time provides to other holders of its shares and as required by applicable law.

2. Registration. The following provisions govern the registration of the Company's securities:

2.1 Definitions. As used herein, the following terms have the following meanings:

"Deemed Liquidation Event" shall have the same meaning as defined in Article [] of the Articles of Association of the Company, as amended from time to time.

"Holder" means any holder of outstanding Registrable Shares or shares convertible into Registrable Shares, who acquired such Registrable Shares or shares convertible into Registrable Shares in a transaction or series of transactions not involving any registered public offering.

"Form S-3" means Form S-3 or Form F-3 under the Securities Act, as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the Securities and Exchange Commission ("SEC") which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"Initiating Holders" means Holders of a majority¹¹ of the Registrable Shares, assuming for purposes of such determination the conversion of all shares convertible into Registrable Shares.

¹¹ The triggering threshold is negotiable, and generally ranges from a simple majority down to as low as 20%.

“Register”, “registered” and “registration” refer to a registration effected by filing a registration statement in compliance with the Securities Act and the declaration or ordering by the SEC of effectiveness of such registration statement, or the equivalent actions under the laws of another jurisdiction.

“Registration Statement” shall mean a registration statement filed by the Company with the SEC for a public offering and sale of securities of the Company (other than a registration statement on Form S-8 or Form S-4, or their successors, or any form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

“Registrable Shares” means all Ordinary Shares issuable upon conversion of the Preferred Shares, all Ordinary Shares issued by the Company in respect of such shares and all Ordinary Shares that the Investors may hereafter purchase pursuant to their preemptive rights, rights of first refusal or otherwise, or Ordinary Shares issued on conversion or exercise of other securities so purchased; provided, however, that any Ordinary Shares that could be distributed by the holder thereof (in accordance with applicable law) within three (3) months under Rule 144(k), shall not be deemed to be Registrable Shares.¹²

2.2 Incidental Registration. If the Company at any time following the closing of the IPO¹³ proposes to register any of its securities it shall give notice (other than (i) in a demand or shelf registration under Section 2.3 or Section 2.4, as applicable, of this Agreement, (ii) in a registration relating solely to employee, director and consultant benefit plans; (iii) in a registration relating solely to a Rule 145 transaction; or (iv) in a registration relating to a corporate reorganization or other transaction on Form S-4 or a foreign equivalent thereof) to the Holders of such intention. Upon the written request of any Holder [(and, after the first registration under this Section 2 in which Holders participate, also of the Founders)] given within twenty (20) days after receipt of any such notice, the Company shall include in such registration all of the Registrable Shares indicated in such request [(and, after the first registration under this Section 2 in which Holders participate, also shares so indicated by the Founders)], so as to permit the disposition of the shares so registered. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. Notwithstanding any other provision of this Section 2.2, if the managing underwriter advises the Company in writing that marketing factors require a limitation of the number of shares to be underwritten, then there shall be excluded from such registration and underwriting to the extent necessary to satisfy such limitation, first shares held by shareholders other than the Holders, then to the extent necessary, shares held by the Holders (pro rata to the respective number of Registrable Shares required by the Holders to be included in the registration); provided, however, that in any event all Registrable Shares must be included in such registration prior to any other shares of the Company (with the exception of shares to be issued by the Company to the public); provided, further, that after the IPO, the number of Registrable Shares shall in no event be less than [__%] of the securities registered in such offering.

¹² Typically, Founders are not granted registration rights, but in some instances it may be appropriate to grant them incidental registration rights under Section 2.2 (which would generally be subordinate to the Investors' rights).

¹³ In most cases, incidental rights do not apply in the IPO, but there are occasional exceptions.

2.3 Demand Registration. At any time following the closing of the IPO¹⁴ [and until the ____ anniversary thereafter], the Initiating Holders may request in writing that all or part of the Registrable Shares shall be registered for trading on the securities exchange on which the Company's stock is traded. Within twenty (20) days after receipt of any such request, the Company shall give written notice of such request to the other Holders and shall include in such registration all Registrable Shares held by all such Holders who wish to participate in such demand registration and provide the Company with written requests for inclusion therein within fifteen (15) days after the receipt of the Company's notice. Thereupon, the Company shall effect the registration of all Registrable Shares as to which it has received requests for registration for trading on the securities exchange specified in the request for registration; provided, however, that the Company shall not be required to effect any registration under this Section 2.3 within a period of one hundred and eighty (180) days following the effective date of a previous registration. Notwithstanding any other provision of this Section 3, if the managing underwriter advises the Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then there shall be excluded from such registration and underwriting to the extent necessary to satisfy such limitation, first shares held by shareholders other than the Holders, then shares which the Company may wish to register for its own account, and thereafter, to the extent necessary, shares held by the Holders (pro rata to the respective number of Registrable Shares required by the Holders to be included in the registration); provided, however, that in any event all Registrable Shares must be included in such registration prior to any other shares of the Company. The Company shall not register securities for sale for its own account in any registration requested pursuant to this Section 2.3 unless permitted to do so by the written consent of Holders who hold at least seventy-five percent (75%) of the Registrable Shares as to which registration has been requested. The Company may not cause any other registration of securities for sale for its own account (other than (i) a registration effected solely to implement an employee, director and consultant benefit plan, (ii) a registration on Form S-4 or a foreign equivalent thereof, or (iii) a registration relating solely to a Rule 145 transaction) to be initiated after a registration requested pursuant to Section 2.3 and to become effective less than one hundred twenty (120) days after the effective date of any registration requested pursuant to Section 2.3. [The Company shall not be required to effect more than two (2) registrations under this Section 2.3.] The aggregate net proceeds from the sale of any such Registrable Shares may not be less than [____ Unites States dollars (US\$____,)] (net of any underwriters' discounts, commissions or expenses). Such registration will count for this purpose only if (i) all Registrable Shares requested to be registered are registered and (ii) such registration is closed, or withdrawn at the request of the Initiating Holders (other than as a result of a material adverse change to the Company). The Company shall not be required to effect a registration pursuant to this Section 2.3 if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.3 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that, in the good faith judgment of the Board, it would be seriously detrimental to the Company or its shareholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than one hundred and twenty (120) days after receipt of the request of the Initiating Holders, provided that such right to delay a request shall be exercised by the Company not more than [once] in any twelve (12) month period. The Company shall not be required to effect a registration pursuant to this Section 2.3 in any particular jurisdiction in which the Company

¹⁴ The starting time period for initiating registration rights usually is after the IPO, but sometimes is a defined period of years following closing of the financing in order to give the Investors the ability potentially to force the Company to go public.

would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.4 Form S-3 Registration. In case the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3, and any related qualification or compliance, with respect to Registrable Shares [where the aggregate net proceeds from the sale of such Registrable Shares equals to at least _____ United States dollars (\$_____),] the Company shall within twenty (20) days after receipt of any such request give written notice of the proposed registration, and any related qualification or compliance, to all other Holders, and include in such registration all Registrable Shares held by all such Holders who wish to participate in such registration and provide the Company with written requests for inclusion therein within fifteen (15) days after the receipt of the Company's notice. Thereupon, the Company shall effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Shares as are specified in such request, together with all or such portion of the Registrable Shares of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.4, (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Shares and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than _____ United States dollars (\$_____); (iii) if the Company shall furnish to the Holders a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board it would be seriously detrimental to the Company or its stockholders for such Form S-3 registration statement to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than one hundred twenty (120) days after receipt of the request of the Holder or Holders under this Section 2.4; provided, however, that the Company shall not utilize this right more than [once] in any twelve (12) month period; (iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected [two (2)] registrations on Form S-3 for the Holders pursuant to this Section 2.4; (v) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date six (6) months immediately following the effective date of, any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Company is actively employing in good faith reasonable efforts to cause such registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith; (vi) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance; or (vii) the Holders have previously required the Company to file [six (6)] S-3 registrations.

2.5 Underwriting Agreement/Designation of Underwriter.

(a) The Company shall not be required under these Sections 2.2, 2.3 and 2.4 above to include any of the Holders' securities in such underwriting unless such Holder accepts the

terms of the underwriting agreement as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters pursuant to this Section 2.5) and enters into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company, and then only in such quantity, if any, as the underwriters determine in their discretion will not jeopardize the success of the offering by the Company.

(b) In the case of any registration effected pursuant to Section 2.3 or 2.4, the Initiating Holders that submitted the request for registration shall have the right to designate the managing underwriter(s) in any underwritten offering[, subject to the approval of the Company, which shall not be unreasonably withheld].

(c) In the case of any registration initiated by the Company, the Company shall have the right to designate the managing underwriter in any underwritten offering.

2.6 Expenses. All expenses incurred in connection with any registration under Section 2.2, Section 2.3 or Section 2.4 shall be borne by the Company; provided, however, that each of the Holders (and Founders) participating in such registration shall pay its pro rata portion of discounts or commissions payable to any underwriter.

2.7 Indemnities. In the event of any registered offering of Ordinary Shares pursuant to this Section 2:

2.7.1 the Company will indemnify and hold harmless, to the fullest extent permitted by law, any Holder and any underwriter for such Holder, and each person, if any, who controls the Holder (including its officers, directors, employees, agents and representatives (such as legal counsel and accountants), to the extent applicable) or such underwriter, from and against any and all losses, damages, claims, liabilities, joint or several, costs and expenses (including any amounts paid in any settlement effected with the Company's consent) to which the Holder (including its officers, directors, employees, agents and representatives (such as legal counsel and accountants), to the extent applicable) or any such underwriter or controlling person may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they are made, not misleading, and the Company will reimburse the Holder, such underwriter and each such controlling person of the Holder or the underwriter, promptly upon demand, for any reasonable legal or any other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; provided, however, that the Company will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing by a Holder, such underwriter or such controlling persons in writing specifically for inclusion therein; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; provided, further, that the indemnity agreement contained in this subsection 2.7.1 shall not apply to amounts paid in settlement of any such claim, loss,

damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the selling shareholder, the underwriter or any controlling person of the selling shareholder or the underwriter, and regardless of any sale in connection with such offering by the selling shareholder. Such indemnity shall survive the transfer of securities by a selling shareholder.

2.7.2 Each Holder participating in a registration hereunder will indemnify and hold harmless the Company (including its officers, directors, employees, agents and representatives (such as legal counsel and accountants), to the extent applicable), each other Holder participating in such registration, any underwriter for the Company, or for any such other Holder, and each person, if any, who controls the Company or such underwriter or such other Holder, from and against any and all losses, damages, claims, liabilities, costs or expenses (including any amounts paid in any settlement effected with the selling shareholder's consent) to which the Company (including its officers, directors, employees, agents and representatives (such as legal counsel and accountants), to the extent applicable) or any such controlling person and/or any such underwriter and/or such other Holder may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based on (i) any untrue or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, and each such Holder will reimburse the Company (including its officers, directors, employees, agents and representatives (such as legal counsel and accountants), to the extent applicable), each other Holder participating in such registration, any underwriter and each such controlling person of the Company or any underwriter, promptly upon demand, for any reasonable legal or other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was so made in strict conformity with written information furnished by such Holder specifically for inclusion therein. The foregoing indemnity agreement is subject to the condition that, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus at the time the registration statement becomes effective or in the Final Prospectus, such indemnity agreement shall not inure to the benefit of (i) the Company and (ii) any underwriter, if a copy of the Final Prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; provided, further, that the indemnity agreement contained in this subsection 2.7.2 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Holders, as the case may be, which consent shall not be unreasonably withheld; and provided, further, that in the event that the Company shall have amended or supplemented any preliminary prospectus and furnished such amendments or supplements to the Holders, the foregoing indemnity agreement with respect to such preliminary prospectus shall not inure to the benefit of any Holder, if such Holder did not send or give a copy of the amended or supplemented prospectus to the person asserting the losses, claims, damages or liabilities (the "Claiming Person") with respect to which the

indemnification is sought, provided however, that the amended or supplemented prospectus would have cured the defect giving rise to such loss, claim, damage or liability, and that the Company provided the amended or supplemented prospectus to the Holders prior to the written confirmation of the sale of the shares to the Claiming Person.] In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.7.3 Promptly after receipt by an indemnified party pursuant to the provisions of Sections 2.7.1 or 2.7.2 of notice of the commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of said Section 2.7.1 or 2.7.2, promptly notify the indemnifying party of the commencement thereof; but the omission to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, that if the defendants in any action include both the indemnified party and the indemnifying party and there is a conflict of interests which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select one separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said Sections 2.7.1 or 2.7.2 for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed counsel in accordance with the provision of the preceding sentence, (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action and within 15 days after written notice of the indemnified party's intention to employ separate counsel pursuant to the previous sentence, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.7.4 If recovery is not available under the foregoing indemnification provisions, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution to liabilities and expenses as more fully set forth in an underwriting agreement to be executed in connection with such registration. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.7.5 [In the event that any Founder participates in a registration under this Section 2, then the provisions of this Section 2.7 shall apply to him, *mutatis mutandis*.]

2.8 Registration Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Shares, the Company shall, as expeditiously as possible:

2.8.1 prepare and file with the SEC a Registration Statement with respect to such Registrable Shares requested to be included therein (subject to the limitations hereunder) and use its best efforts to cause such Registration Statement to become effective, and, upon the request of the holders of a majority of the Registrable Shares registered thereunder, keep such Registration Statement effective for a period of up to [nine (9) months] or, if sooner, until the distribution contemplated in the Registration Statement has been completed.

2.8.2 prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares covered by such Registration Statement.

2.8.3 furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Shares owned by them.

2.8.4 in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

2.8.5 notify each holder of Registrable Shares covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

2.8.6 cause all Registrable Shares registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

2.8.7 provide a transfer agent and registrar for all Registrable Shares registered pursuant hereunder and a CUSIP number for all such Registrable Shares, in each case not later than the effective date of such registration.

2.8.8 furnish, at the request of any Holder requesting registration of Registrable Shares pursuant to this Section 2, on the date that such Registrable Shares are delivered to the underwriters for sale in connection with a registration pursuant to this Section 2, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and

to the Holders requesting registration of Registrable Shares and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Shares.

2.9 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Shares to the public without registration, at all times after 90 days after any Registration Statement covering a public offering of securities of the Company under the Securities Act shall have become effective, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) use its best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the United States Securities Exchange Act of 1934, as amended, or any federal statute or code which is a successor thereto (the "Exchange Act"); and

(c) furnish to each holder of Registrable Shares forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of such Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as such holder may reasonably request in availing itself of any rule or regulation of the SEC allowing such holder to sell any Registrable Shares without registration.

2.10 Assignment of Registration Rights. Any of the Holders may assign its rights to cause the Company to register Shares pursuant to this Section 2 to a transferee of all or any part of its Registrable Shares, provided that such transfer is effected in compliance with the provisions of the Company's Articles of Association then in effect.¹⁵ The transferor shall, within twenty (20) days after such transfer, furnish the Company with written notice of the name and address of such transferee and the securities with respect to which such registration rights are being assigned, and the transferee's written agreement to be bound by this Section 2.

2.11 Limitation on Subsequent Registration Rights. The Company shall not grant to any person any registration rights without the consent of the holders of a majority of the Registrable Shares then outstanding, other than registration rights that are subordinate to or on parity with the registration rights contained herein.

2.12 "Market Stand-Off" Agreement. Each Investor hereby agrees that, if requested by the Company and the managing underwriter in the event of an offering by the Company of Ordinary Shares, for a period of no more than [180] days following the effective date of a Registration Statement for the IPO and [(90)] days in connection with other registrations, it shall not sell or otherwise transfer or dispose of any Registrable Shares, except Ordinary Shares included in such Registration Statement; provided, however, that:

¹⁵ Sometimes this is conditioned upon a certain threshold percentage or number of shares being transferred.

(a) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(b) all persons who hold ___ percent (_%) or greater of the Company's outstanding capital stock enter into a lock-up agreement similar to that set forth in this Section 2.13.

The Company may impose stop-transfer instructions with respect to the Registrable Shares of each Investor (and the securities of every other person subject to the foregoing restriction) until the end of such [180] or [90] day period, as applicable.

2.13 Foreign Offerings. The provisions of this Section 2 shall apply, *mutatis mutandis*, to any registration of the securities of the Company outside of the United States.

2.14 Termination of Registration Rights. Notwithstanding anything to the contrary herein, the Company's obligations under this Section 2 shall terminate and shall be of no further force or effect upon the earlier of (i) the [____] anniversary of the consummation of the IPO, or (ii) upon a Deemed Liquidation Event.

3. Miscellaneous

3.1 Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

3.2 Captions. The captions of Sections in this Agreement are intended solely for convenience, and will have no significance in the interpretation of this Agreement.

3.3 Governing Law; Jurisdiction. This Agreement shall be governed by and construed according to the laws of the State of Israel¹⁶, without regard to the conflict of laws provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved in the competent court for Tel Aviv-Jaffa district, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

3.4 Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto.

3.5 Entire Agreement; Amendment and Waiver. This Agreement and the Schedules hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Company and the holders of [__] percent of the Preferred Shares held by the parties

¹⁶ If a governing law other than that of the State of Israel is chosen, then the parties should ascertain whether any special requirements apply, such as legends on share certificates in order to make transfer restrictions enforceable.

hereto [Comment: Consider to provide that a specified percentage of the shareholders must agree – to avoid the situation where a minority shareholder prevents amendment.

3.6 Notices, etc.

For purposes of this Section, the term “Business Day” means a day on which the banks are open for business in the country of receipt of any notice.

(a) All notices and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given:

(i) in the case of hand delivery to the address set forth below, on the next Business Day after delivery;

(ii) in the case of delivery by an internationally recognized overnight courier to the address set forth below, freight prepaid, on the next Business Day after delivery and signed receipt by the recipient; and

(iii) in the case of a notice sent by facsimile transmission to the number and addressed as set forth below, on the next Business Day after delivery, if receipt of such facsimile transmission is confirmed.

(b) For all notices given pursuant to one of the methods listed in sub-clause (a) above, a copy of the notice should also be sent by email to the email address set forth below.

(c) Contact details:

if to the Investors: to the addresses set forth in Schedule 1

if to the Company: [_____] [_____] [_____] Facsimile: [_____]

if to the Founders: [_____] [_____] [_____] Facsimile: [_____]

[_____] [_____] [_____] Facsimile: [_____]

(d) A party may change or supplement the contact details for service of any notice pursuant to this Agreement, or designate additional addresses, facsimile numbers and email addresses for the purposes of this Section, by giving the other parties written notice of

the new contact details in the manner set forth above.

3.7 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

3.8 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

3.9 Cumulative Remedies. All remedies, either under this Agreement, at law, in equity or otherwise afforded to any of the parties, shall be cumulative and not alternative.

3.10 Aggregation of Shares. All Registrable Shares held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have signed this Investors' Rights Agreement as of the date first hereinabove set forth.

By: _____

“The Founders”:

“The Investors”:

By:

By:

By: _____
Name:
Title:

By:

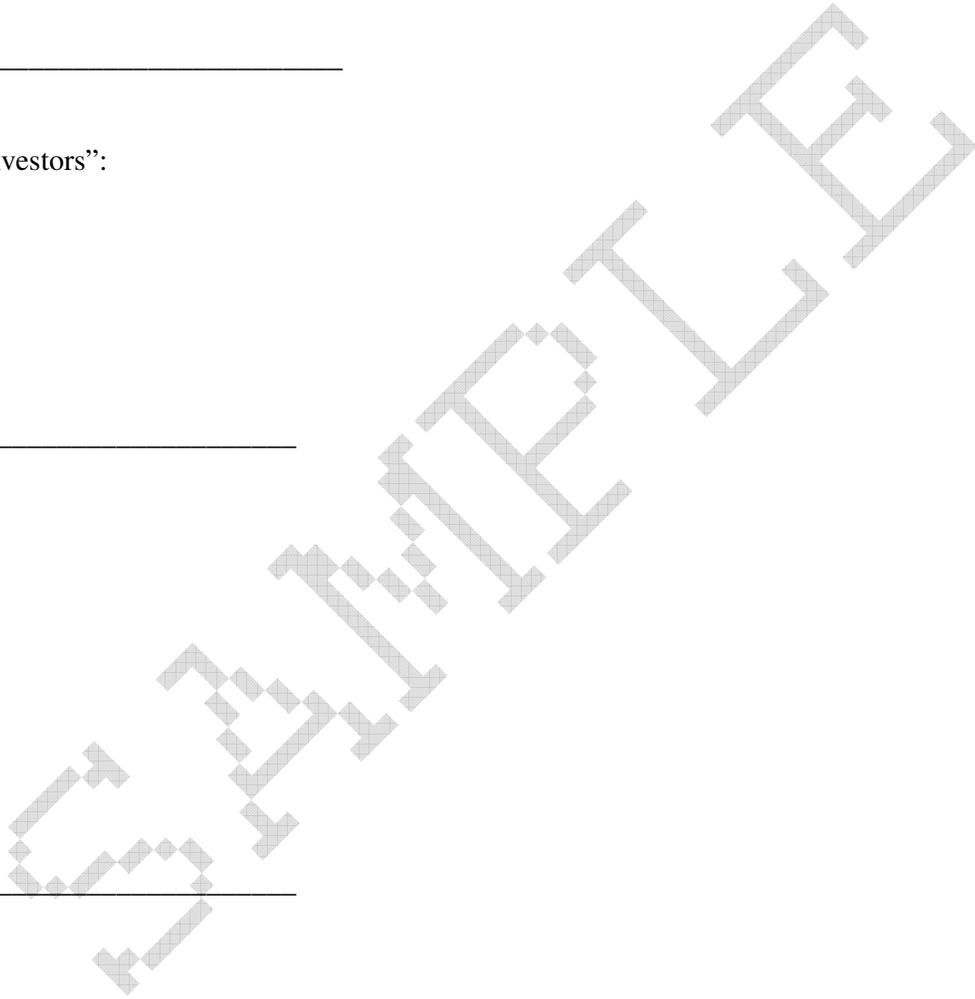
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By: _____

Name:

Title:

SAMPLE

SCHEDULE 1
THE INVESTORS

Name

SCHEDULE