

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all your shares in SimiGon Ltd., please send this document and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SIMIGON LTD.**

(Registered in Israel under company number 51-268551-2)

**NOTICE OF ANNUAL GENERAL MEETING**

Notice of the annual general meeting to be held at the offices of the Company's subsidiary at 111 S. Maitland Avenue, Suite 210, Maitland, Florida 32751, USA, on Friday, September 08, 2017 commencing at 9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) is set out on page 3 of this circular. Copies of this document and related materials will be available to the public from its date until the date of the annual general meeting at the Company's offices, the offices of finnCap at 60 New Broad Street London EC2M 1JJ England, on the Company's website [www.simigon.com](http://www.simigon.com), or by contacting the Company at the contact information as detailed below.

## **SIMIGON LTD.**

(Incorporated and registered in Israel under company no 51-268551-2)

Registered Office:  
1 Sapir St.  
Herzlia, Israel  
Tel: +972 (0)9-9561777  
[amiv@simigon.com](mailto:amiv@simigon.com)

August 04, 2017

Dear Shareholder:

### **Annual General Meeting: Friday, September 08, 2017**

You are cordially invited to attend the annual general meeting of shareholders (the "**Meeting**") of SimiGon Ltd. (the "**Company**") to be held at 9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Friday, September 08, 2017 at 111 S. Maitland Avenue, Suite 210, Maitland, Florida 32751, USA.

The business to be conducted at the Meeting will be to consider and, if thought fit, pass the following resolutions:

1. To re-appoint Kost Forer Gabbay & Kesierer, a member firm of Ernst & Young, as auditors of the Company for the year ending December 31, 2017 and to authorize the Board of Directors, upon recommendation of the Company's Audit Committee, to fix the remuneration of the auditors in accordance with the volume and nature of their services.
2. To approve the re-election of Eitan Cohen, a director of the Company, who retires in accordance with the Company's articles of association (the "**Articles**") and, being eligible, offers himself for re-election, to hold office according to the Articles and to approve his compensation.
3. To approve that, following the consultation with the Company's Nomad and pursuant to sections 270(1) and (4) of the Israeli Companies Law 5759-1999 (the "**Companies Law**") and subject to, and in accordance with the Company's Articles, the Company be generally and unconditionally authorised to make one or more irrevocable, non-discretionary market purchases of its own ordinary shares of 0.01 NIS each in the capital of the Company ("**Ordinary Shares**") (the "**Repurchase Programme**"). All purchases will be made by way of on-market purchases for the purposes of the rules of the London Stock Exchange through a certified broker, in accordance with the authority conferred by the Articles, the AIM Rules for Companies, this General Meeting and all other applicable rules and regulations, and will be made subject to the following limitations:
  - i. the absolute maximum value of Ordinary Shares acquired pursuant to the Repurchase Programme shall not, in aggregate, exceed GBP £800,000;
  - ii. there will be no minimum price which may be paid for an Ordinary Share;
  - iii. the maximum price which may be paid for an Ordinary Share is 110 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List) for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
  - iv. the minimum and maximum prices per Ordinary Share referred to in sub-paragraphs (ii) and (iii) of this resolution are in each case exclusive of any expenses payable by the Company;

- v. any Ordinary Shares purchased under the Repurchase Programme will be held in treasury and will be notified to a Regulatory Information Service in accordance with the AIM Rules for Companies; and
  - vi. the authority conferred by this resolution shall expire at the end of the General Meeting in 2018.
4. To approve the adoption of the 2016 US Stock Option Plan for options granted to US employees, substantially in the form attached as **Annex A**.
  5. To approve the conversion of the 2016 annual cash bonuses approved by the Company's Board of Directors on April 14, 2016 in accordance to the Company's Compensation Policy Plan to Mr. Ami Vizer the Company's Chief Executive Officer and an executive director in a total amount of US \$21,934 and to Mr. Efi Manea the Company's Chief Financial Officer and an executive director in a total amount of US \$5,699, into 125,338 and 32,564 Ordinary Shares of 0.01 par value of the Company, respectively, such shares to be issued under the Company's Employees' Share Option Plans.
  6. To consider the financial statements of the Company, the auditor's report and the Report of Directors for the fiscal year ended December 31, 2016. *No vote will be required regarding this item.*

### **General Corporate Provisions Regarding the Meeting**

**Requisite Majority.** The requisite majority for approving Proposals 1, 2 and 4 is a majority of more than fifty per cent. (50%) of the voting power represented at the meeting in person or by proxy and voting on the relevant resolutions, not including abstentions. The requisite majority for approving Proposals 3 and 5 is the affirmative vote of at least a majority of the votes of shareholders present and voting at the Meeting in person or by proxy, provided, that either (i) at least a majority of the total votes of shareholders who are not Controlling Shareholders (see definition below) of the Company and who do not have a personal interest in the resolution (for the purposes of Proposal 3, other than a personal interest that is not related to a connection to a Controlling Shareholder), present at the Meeting in person or by proxy are voted in favour of the resolution (votes abstaining shall not be taken into account in counting the above-referenced shareholders' votes); or (ii) the total number of shares of the shareholders who are not Controlling Shareholders and who do not have a personal interest in the resolution that are voted against such proposal does not exceed two per cent. (2%) of the total voting rights in the Company.

Pursuant to the Israeli Companies Law a "**personal interest**" for this purpose is defined as: (1) a shareholder's personal interest in the approval of an act or a transaction of the Company, including (i) the personal interest of his or her relative (which includes for these purposes any members of his/her (or his/her spouse's) immediate family or the spouses of any such members of his or her (or his/her spouse's) immediate family); and (ii) a personal interest of a body corporate in which a shareholder or any of his/her aforementioned relatives serves as a director or the chief executive officer, owns at least five per cent (5%) of its issued share capital or its voting rights or has the right to appoint a director or chief executive officer, but excluding: (a) a personal interest arising solely from the fact of holding shares in the Company or in a body corporate; and (b) a personal interest that is not a result of connections with a Controlling Shareholder. "Controlling Shareholder" for the purpose of the preceding paragraph means the ability to direct the acts of the Company, other than such ability resulting only from serving as a director or other office holder of the Company. Any person holding twenty-five per cent. (25%) or more of the voting power of the Company or the right to appoint directors or the Chief Executive Officer is presumed to have control of the Company.

1. **Record Date.** Shareholders of record at the close of business on Wednesday August 09, 2017 (the "**Record Date**") will be entitled to a notice of and to vote at the Meeting and any adjourned meeting.
2. **Quorum.** The presence, in person or by proxy, of at least two persons entitled to vote upon the business to be transacted at the Meeting, is necessary to constitute a quorum at the Meeting.

3. **Voting by Non-Registered Shareholders.** If a shareholder wants to vote in person at the Meeting, but whose shares are not registered in the Company's shareholder register in such shareholder's name, the shareholder must request a legal proxy from the broker, bank or other nominee that holds the shares and must present such legal proxy prior to or at the Meeting.
4. **Adjournment.** If within half an hour from the time set for the meeting a quorum is not present, the meeting shall stand adjourned to same day of following week at the same time, at 111 S. Maitland Avenue, Suite 210, Maitland, Florida 32751, USA. At such adjourned meeting, if a quorum is not present, in person or by proxy, any one (1) shareholder present in person or by proxy shall constitute a quorum.  
This notice shall serve as notice of such adjourned meeting if no quorum is present at the original date and time and no further notice of the adjourned meeting will be given to shareholders.
5. **Directors' Remuneration Report.** As the Company is not a UK company, it is not required to produce a separate directors' remuneration report for approval by the shareholders in accordance with the Directors' Remuneration Report Regulations 2002.

### **Form of proxy/Form of Instruction**

You will find enclosed with this document a form of proxy (unless you are a holder of depositary interests in the Company, in which case you will receive a form of instruction) for use at the Meeting.

If you are a shareholder of the Company, whether or not you intend to be present at the meeting, you are requested to complete and return a form of proxy (in accordance with the instructions set out in that document) to the Company's Registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and in any event so as to be received by the Company's transfer agent by no later than 48 hours before the time fixed for the meeting or any adjourned meeting (9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Wednesday September 06, 2017). Completion and return of a form of proxy will not prevent you from attending the meeting and voting in person, if you so wish.

A shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his or her behalf, provided that only one proxy may be appointed by a shareholder in respect of a particular share held by him/her. A proxy need not be a shareholder of the Company.

A company or other corporate body being a holder of Ordinary Shares of the Company may, by resolution of its directors or any other managing body thereof, authorize any person to be its representative at any meeting of the Company. Any person so authorized shall be entitled to exercise on behalf of such shareholder all the power which the latter could have exercised if it were an individual shareholder. Upon the request of the chairman of the meeting, written evidence of such authorization (in form acceptable to the chairman) shall be delivered to him.

If two or more persons are registered as joint holders of any Ordinary Share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

If you are a holder of depositary interests representing ordinary shares in the Company, please complete and return the form of instruction (in accordance with the instructions set out in that document) to vote on the holder's behalf at the meeting or, if the meeting is adjourned, at the adjourned meeting, to the Company's Depositary, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and in any event so as to be received by the Company's Depositary by no later than 72 hours before the time fixed for the meeting or any adjourned meeting (9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Tuesday September 05, 2017).

To the extent any shareholder would like to state his/her/its position with respect to any of proposals described in this notice, in addition to any right such shareholder may have under applicable law, pursuant to regulations under the Israeli Companies Law 5759 – 1999, such shareholder may do so by delivery of a notice to the Company’s offices located at 1 Sapir Street, Herzlia 46733 Israel, not later than August 10, 2017. The Board of Directors may respond to your notice.

**Proposal 1**

The Audit Committee has recommended the reappointment of Kost Forer Gabbay & Kesierer, a member firm of Ernst & Young (“**E&Y**”), as the Company’s independent registered public accounting firm for the year ending December 31, 2017. E&Y have served as the Company’s independent registered public accounting firm since 2001 and audited the Company's books and accounts for the year ended December 31, 2016.

The following table provides information regarding the type of services and related fees to E&Y for all services, including audit services, for the year ended December 31, 2016:

<b>Type of Service During Year 2016</b>	<b>Fees in USD</b>
Audit and Review services	\$42,500
Interim Review services	\$15,000
Tax Reporting services	\$10,000
Other Professional services	\$21,900
<b>Total</b>	<b>\$89,400</b>

It is proposed that the following resolution be adopted at the Meeting:

“**RESOLVED**, to approve the appointment of Kost Forer Gabbay & Kesierer, a member firm of Ernst & Young, as auditors of the Company for the year ending December 31, 2017 and to authorize the Board of Directors, upon recommendation of the Company's Audit Committee, to fix the remuneration of the auditors in accordance with the volume and nature of their services.”

**Proposal 2**

Certain information concerning the nominee:

**Mr. Eitan Cohen** is a Co-Founder and Chief Executive Officer of ASIC Depot OOD an EDA and Semiconductor design centre. Eitan previously held positions as CEO and Country manager for Semiconductor and EDA companies, in which he led to the award of multi-million dollar deals with tier-one companies and managed business development activities with potential partners worldwide.

It is proposed that the following resolution be adopted at the Meeting:

“**RESOLVED**, to re-elect Mr. Eitan Cohen as member of the Board of Directors of the Company to hold office according to the Company's Articles of Association and that his current compensation arrangement will remain in force.”

**Proposal 3**

To approve that, following the consultation with the Company’s Nomad and pursuant to sections 270(1) and (4) of the Israeli Companies Law 5759-1999 (the “**Companies Law**”) and subject to, and in accordance with the Company’s Articles, the Company be generally and unconditionally authorised to make one or more irrevocable, non-discretionary market purchases of its own ordinary shares of 0.01 NIS each in the capital of the Company (“**Ordinary Shares**”) (the “**Repurchase Programme**”).

All purchases will be made by way of on-market purchases for the purposes of the rules of the London Stock Exchange through a certified broker, in accordance with the authority conferred by the Articles, the AIM Rules for Companies, this General Meeting and all other applicable rules and regulations, and will be made subject to the following limitations:

- vii. the absolute maximum value of Ordinary Shares acquired pursuant to the Repurchase Programme shall not, in aggregate, exceed GBP £800,000;
- viii. there will be no minimum price which may be paid for an Ordinary Share;
- ix. the maximum price which may be paid for an Ordinary Share is 110 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List) for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
- x. the minimum and maximum prices per Ordinary Share referred to in sub-paragraphs (ii) and (iii) of this resolution are in each case exclusive of any expenses payable by the Company;
- xi. any Ordinary Shares purchased under the Repurchase Programme will be held in treasury and will be notified to a Regulatory Information Service in accordance with the AIM Rules for Companies; and
- xii. the authority conferred by this resolution shall expire at the end of the General Meeting in 2018.

It is proposed that the following resolution be adopted at the Meeting:

**"RESOLVED**, to approve pursuant to sections 270(1) and (4) of the Companies Law and subject to, and in accordance with the Articles, the Company be generally authorised to be generally and unconditionally authorised to make one or more irrevocable, non-discretionary market purchases of its own Ordinary Shares up to a total value of £800,000 (the "**Repurchase Programme**"). Any Ordinary Shares repurchased on behalf of the Company will be held in treasury (dormant shares) and will be notified to a Regulatory Information Service in accordance with the AIM Rules for Companies.

The Repurchase Programme will last until the end of the Company's General Meeting in 2018 and will be conducted within pre-set parameters."

#### **Proposal 4**

On December 2006 the Company adopted a Stock Option Plan for its US employees ("**2006 US Stock Option Plan**"). The purpose of the Plan was to attract, retain and motivate the Company's employees located in US, provide competitive remuneration packages and to align their interests with the interests of SimiGon and also stimulates Company loyalty in the future. The 2006 US Stock Option Plan terminated in December 2016 and the Company's Board of Directors approved a new plan in December 2016. According to United States tax laws, in order to maximise tax benefits to grantees under the option plan, the plan must be approved by the Company's shareholders. The form of the new plan is substantially similar to the 2006 US Stock Option Plan.

It is proposed that the following resolution be adopted at the Meeting:

**"RESOLVED**, to approve, following the expiration of the 2006 US Stock Option Plan, the adoption of 2016 US Stock Option Plan for its US employees, substantially in the form attached as **Annex A.**"

#### **Proposal 5**

With respect to fiscal year 2016 and in accordance to the Company's Compensation Policy Plan mentioned below, on April 16, 2016, the Company's Board of Directors approved the grant of annual cash bonuses to Mr. Ami Vizer, the Company's Chief Executive Officer who is also an executive director of the Company and to Mr. Efraim Manea, an executive director of the Company and its CFO; respectively. The granted bonuses are subject to revenues, net profit and share price criteria and milestones.

It is proposed that the following resolution be adopted at the Meeting:

**"RESOLVED**, to approve the conversion of the 2016 annual cash bonuses approved by the Company's Board of Directors on April 14, 2016 in accordance to the Company's Compensation Policy Plan to Mr. Ami Vizer the Company's Chief Executive Officer and an executive director in a total amount of US \$21,934 and to Mr. Efi Manea the Company's Chief Financial Officer and an executive director in a total amount of US \$5,699, into the allotment of 125,338 and 32,564 Ordinary Shares of 0.01 par value of the Company, respectively, such shares to be issued under the Company's Employees' Share Option Plans".

### **Compensation of Officers**

The compensation for the Company's executive officers is derived from employment agreements and each executive officer's personal contribution to the Company's management, operations and its success, and is determined in accordance with the Company's Executive Compensation Policy (the "**Compensation Policy**"), which was initially approved by the Company's shareholders at its annual general meeting of shareholders on December 30, 2013 and re-approved by the Company's shareholders at its annual general meeting of shareholders on December 29, 2016

The Company has disclosed in its annual financial reports information regarding compensation actually received by its Chief Executive Officer and executive director Mr. Amos Vizer. Information about his remuneration for year ended December 31, 2016 is included on notes 17(f) (1), 10(d) and 10(e) under the Company's annual financial report for the fiscal year ended December 31, 2016 (the "**2016 Annual Report**").

Further to the information already provided in the 2016 Annual Report regarding compensation received by the Company's executive officers and in accordance to the Companies Law and regulations promulgated thereunder, below is information regarding compensation actually received by the remaining four most highly paid executive officers during the year ended December 31, 2016:

Total salary of Mr. Alon Shavit, Vice President Business Development, amounted to US \$139,000 , Social Benefits of US \$37,000 and Other Compensation of US \$19,000.

Total salary of Mr. Efraim Manea, CFO and executive director, amounted to US \$116,000, Social Benefits of US \$25,000 and bonuses of US \$9,000.

Total salary of Mr. Koby Ben Yakar, Vice President Product, amounted to US \$101,000, Social Benefits of US \$29,000 and bonuses of US \$25,000.

Total salary of Mr. Piechowicz Hagay, Vice President Research and Development, amounted to US \$109,000, Social Benefits of US \$24,000, and Value of Options Granted of US \$200 (\*\*).

Total salary by Mr. Roger Torres, Vice President Programs, amounted to US \$122,000, Social Benefits of US \$22,000, Other Compensation of \$1,000 (\*) and Value of Options Granted of US \$200 (\*\*).

Total salary of Mr. Jeff Annis, Vice President Sales & Marketing, amounted to US \$120,000 and Social Benefits of US \$16,000.

(\*) "Social Benefits" include payments to the National Insurance Institute, advanced education funds, managers' insurance and pension funds; work disability insurance; health insurance; life insurance; and recuperation pay as mandated by Israeli law.

(\*\*) "Other Compensation" includes automobile-related expenses and telephone.

(\*\*\*) "Value of Options Granted" Consists of amounts recognized as share-based compensation expense in the Company's statement of comprehensive income for the year ended December 31, 2016.

**Directors' Recommendation**

The Directors believe that the adoption of each of the resolutions to be proposed at the Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of each resolution as they intend to do in respect of their own beneficial holdings.

Sincerely Yours,

Amos Vizer  
Director, President and CEO  
By Order of the Board of Directors

## **Annex A**

**-This document was review and updated only with respect to tax issues under the US tax code-**

**SIMIGON Ltd.**

**THE 2016 U.S. SHARE OPTION PLAN**

This plan, as amended from time to time, shall be known as the SimiGon Ltd. 2016 U.S. Share Option Plan (the "**Plan**").

## **1. PURPOSE OF THE PLAN**

The Plan is intended to provide an incentive to retain, in the employ of the Company and its Subsidiaries (which now exists or hereafter is organized or acquired by the Company or its Subsidiaries), persons of training, experience and ability, to attract new employees, directors, consultants, service providers and any other entity which the Board shall decide their services are considered valuable to the Company, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company, pursuant to the Plan approved by the Board.

## **2. DEFINITIONS**

For purposes of interpreting the Plan and related documents (including the Option Agreement and its appendixes), the following definitions shall apply:

- 2.1 **"Board"** means the Board of Directors of the Company.
- 2.2 **"Cause"** means, (i) conviction of any felony involving moral turpitude or affecting the Company or its Subsidiaries; (ii) any refusal to carry out a reasonable directive of the chief executive officer, the Board or the Optionee's direct supervisor which involves the business of the Company or any of its Subsidiaries and was capable of being lawfully performed; (iii) embezzlement of funds of the Company or any of its Subsidiaries; (iv) any breach of the Optionee's fiduciary duties or duties of care to the Company or to any of its Subsidiaries; including without limitation disclosure of confidential information of the Company or of any Subsidiary; and (v) any conduct (other than conduct in good faith) including without limitation, any act or omission, reasonably determined by the Board to be materially detrimental to the Company or any of its Subsidiaries; and/or (vi) if and as such term is or may be defined under the Optionee's employment agreement, service agreement or any other engagement agreement with the Company or any of its Subsidiaries; and/or (vii) should circumstances arise as a result of which the Optionees' employment with the Company and/or any of its Subsidiaries is or may be terminated without severance pay.  
For the avoidance of any doubt, it is hereby clarified that in any event of conflict between the definition of the term "Cause" in this Plan and the definition of the term "Cause" in a certain employment agreement, the definition in this Plan shall prevail in connection with the Option, with the Option Agreement and with this Plan.
- 2.3 **"Chairman"** means the Chairman of the Committee.
- 2.4 **"Code"** means the United States Internal Revenue Code of 1986, as now in effect or as hereafter amended.
- 2.5 **"Committee"** means a share option compensation committee appointed by the Board, which shall consist of no fewer than two members of the Board.
- 2.6 **"Company"** means SimiGon Ltd., an Israeli Company.
- 2.7 **"Date of Grant"** means the date the applicable Option was approved by the Board or the Committee, unless otherwise determined by the Board or the Committee.
- 2.8 **"Employee"** means a person who is an employee for the purposes of Section 422 of the Code.
- 2.9 **"Exchange Act"** means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

- 2.10 **"Expiration Date"** means the date upon which an Option shall expire, as set forth in section 8.2 of the Plan.
- 2.11 **"Fair Market Value"** means as of any date, the value of a Share determined as follows:
- (i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the AIM, a market operated by the London Stock Exchange, plc., the NASDAQ National Market system, or the NASDAQ SmallCap Market of the NASDAQ Stock Market, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in <http://www.londonstockexchange.co.uk/en-gb/>, in the Wall Street Journal, or such other source as the Board deems reliable;
- (ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination, or;
- (iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board, after consultation with the Company's independent auditors, outside legal and/or other experts as the Board may deem advisable, provided that, (i) for Options that are ISOs, the Board shall make such determination in accordance with Section 422 of the Code and all applicable U.S. Tax Regulations and other applicable guidance promulgated pursuant thereto; (ii) for Options that are not ISOs, the value that is determined by the Board as of the day of determination to be the Fair Market Value pursuant to applicable U.S. Tax Regulations and other applicable guidance promulgated pursuant to Section 409A of the Code.
- 2.12 **"ISO"** means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted U.S. federal tax statute, as amended from time to time.
- 2.13 **"Non-Employee"** - any other person who is not an Employee.
- 2.14 **"NQSO (Non Qualified Stock Option)"** means an option that does not meet the requirements of, and is not governed by, the rules of Sections 421 through 424 of the Code.
- 2.15 **"Option"** means an option to purchase one or more Shares of the Company pursuant to the Plan.
- 2.16 **"Optionee"** means a person who receives or holds an Option under the Plan.
- 2.17 **"Option Agreement"** means a document to be signed between the Company and an Optionee that sets out and informs the Optionee with respect to the terms and conditions of the grant of an Option.
- 2.18 **"Parent"** - any company (other than the Company), which now exists or is hereafter organized, (i) in an unbroken chain of companies ending with the Company if, at the time of granting an Option, each of the companies (other than the Company), owns stock possessing fifty percent (50%) or more of total combined voting power of all classes of stock in one of the other companies in such chain, (ii) if applicable and for the purposes of ISO, that is a "parent corporation" of the Company, as defined in Section 424(e) of the Code.
- 2.19 **"Plan"** means this SimiGon Ltd. 2016 U.S. Share Option Plan.
- 2.20 **"Purchase Price"** means the price for each Share subject to an Option.

- 2.21 **"Securities Act"** means the United States Securities Act of 1933, as now in effect or as hereafter amended.
- 2.21 **"Share(s)"** means the Ordinary Share, NIS 0.01, par value each, of the Company.
- 2.22 **"Subsidiary"** means any company (other than the Company), which now exists or is hereafter organized or acquired by the Company, (i) in an unbroken chain of companies beginning with the Company if, at the time of granting an option, each of the companies other than the last company in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain, (ii) if applicable and for the purposes of ISO, that is a "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.
- 2.23 **"Successor Company"** means any entity the Company is merged to or is acquired by, in which the Company is not the surviving entity.
- 2.24 **"Ten Percent Shareholder"** means an Optionee who, at the time the Option is granted to the Optionee, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any Parent or Subsidiary, within the meaning of Section 422(b)(6) of the Code.
- 2.25 **"Transaction"** means (i) merger, acquisition or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of all or substantially all of the assets or Shares of the Company.
- 2.26 **"U.S. Tax Regulations"** - any U.S. Treasury Regulation promulgated (or, to the extent applicable, proposed) pursuant to an applicable provision of the Code.
- 2.27 **"Vested Option"** means any Option which has already been vested according to the Vesting Dates.
- 2.28 **"Vesting Dates"** means, as determined by the Board or by the Committee, the date as of which the Optionee shall be entitled to exercise the Options or part of the Options as set forth in section 9 of the Plan and in the Optionee's Option Agreement.

### **3. ADMINISTRATION OF THE PLAN**

- 3.1 The Board shall have the power to administer the Plan either directly or upon the recommendation of the Committee, all as provided by applicable law, and in the Company's Articles of Association. Notwithstanding the above, the Board shall automatically have residual authority if no Committee shall be constituted, or if such Committee shall cease to operate for any reason.
- 3.2 The Committee shall select one of its members as its Chairman and shall hold its meetings at such times and places as the Chairman shall determine. The Committee shall keep records of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.
- 3.3 Any member of such Committee shall be eligible to receive Options under the Plan while serving on the Committee, unless otherwise specified herein. No person shall be eligible to be a member of the Committee if that person's membership would prevent the Plan from complying with exemptions from Section 16 set forth in Rule 16b-3 promulgated under the Exchange Act, if applicable to the Company. At such time as any class of equity securities of the Company is registered pursuant to Section 12 of the Exchange Act, the Committee shall consist of at least two (2) individuals, each of whom is a Non-Employee Director as that term is defined in Rule 16b-3.

- 3.4 The Board and/or the Committee, if applicable, subject to the approval of the Board to the extent required under applicable law, and subject further to applicable laws shall have the full power and authority to: (i) designate Optionees; (ii) determine the terms and provisions of the respective Option Agreements including, but not limited to, the number of Options to be granted to each Optionee, the number of Shares to be covered by each Option, provisions concerning the time and the extent to which the Options may be exercised and the nature and duration of restrictions as to the transferability or restrictions constituting substantial risk of forfeiture and to cancel or suspend awards, as necessary; (iii) to determine the Fair Market Value of the Shares covered by each Option; (iv) to designate Options as ISOs and NQSOs; (v) alter any restrictions and conditions of any Options or Shares subject to any Options (vi) interpret the provisions and supervise the administration of the Plan; (vii) accelerate the right of an Optionee to exercise in whole or in part, any previously granted Option; (viii) determine the Purchase Price of the Option; (ix) prescribe, amend and rescind rules and regulations relating to the Plan; and (x) make all other determinations deemed necessary or advisable for the administration of the Plan.
- 3.5 The Board or the Committee shall have the authority to grant, in their discretion, to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having a purchase price equal to, lower than or higher than the Purchase Price of the original Option so surrendered and cancelled, and containing such other terms and conditions or to change the Purchase Price as the Board or the Committee may prescribe in accordance with the provisions of the Plan.
- 3.6 Subject to the Company's Articles of Association, all decisions and selections made by the Board or the Committee pursuant to the provisions of the Plan shall be made by a majority of their members except that no member of the Board or the Committee shall vote on, or be counted for quorum purposes, with respect to any proposed action of the Board or the Committee relating to any Option to be granted to that member.
- Any decision reduced to writing shall be executed in accordance with the provisions of the Company's Articles of Association, as the same may be in effect from time to time.
- 3.7 The interpretation and construction by the Board or the Committee of any provision of the Plan or of any Option Agreement thereunder shall be final and conclusive unless otherwise determined by the Board.
- 3.8 Subject to the Company's Articles of Association the Company's decision, and to all approvals legally required, including, but not limited to the provisions of any applicable law, each member of the Board or the Committee shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the member may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

#### **4. DESIGNATION OF PARTICIPANTS**

- 4.1 The persons eligible for participation in the Plan as Optionees shall include any Employees and/or Non-Employees of the Company or of any Subsidiary. The grant of an Option hereunder shall neither entitle the Optionee to participate, nor disqualify the Optionee from participating in, any other grant of Options pursuant to the Plan or any other option or share plan of the Company or any of its affiliates.
- 4.2 ISOs may only be granted to Employees of the Company or to Employees of a Parent or any Subsidiary, determined as of the Date of Grant.

- 4.3 NQSOs may be granted to Optionees who are Employees and Non-Employees of the Company or any Parent or any Subsidiary or affiliate thereof, provided that the Shares underlying such Options constitute "service recipient stock" under Section 409A of the Code or that such Options comply with the payment requirements of Section 409A of the Code.
- 4.4 Anything in the Plan to the contrary notwithstanding, all grants of Options to directors shall be authorized and implemented in accordance with the provisions of any applicable law, as in effect from time to time.

## **5. SHARES RESERVED FOR THE PLAN; RESTRICTION THEREON**

- 5.1 The Company has reserved 2,703,231 million authorized but unissued Shares for the purposes of the Plan and for the purposes of any other share option plan which have previously been or may be adopted by the Company out of which 1,000,000 shall be reserved for the purpose of granting ISO and/or NQSO under the Plan and all be subject to adjustment as set forth in section 7 below. Any Shares reserved for the purpose of the Plan which remain unissued and which are not subject to outstanding Options at the termination of the Plan shall cease to be reserved for the purpose of the Plan, but until termination of the Plan the Company shall at all times reserve sufficient number of Shares to meet the requirements of the Plan. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, the Shares subject to such Option may again be subjected to an Option under the Plan or under the Company's other share option plans.
- 5.2 Each Option granted pursuant to the Plan, shall be evidenced by a written Option Agreement between the Company and the Optionee, in such form as the Board or the Committee shall from time to time approve. Each Option Agreement shall state, among other matters, the number of Shares to which the Option relates, the type of Option granted thereunder (whether an ISO or NQSO), the Vesting Dates, the Purchase Price per Share, the Expiration Date and such other terms and conditions as the Committee or the Board in their discretion may prescribe, provided that they are consistent with this Plan.
- 5.3 To the extent the aggregate Fair Market Value (determined at the time of grant) of the Company's Share with respect to which ISO are exercisable for the first time by any Optionee during any calendar year under all plans of the Company and its affiliates exceeds USD 100, 000 (one hundred thousand USD), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as NQSO. If the Code is amended to provide for a different limitation from that set forth in this Section 5.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an ISO in part and as a NQSO in part by reason of the limitation set forth in this Section 5.3, the Optionee may designate which portion of such Option the Optionee is exercising. In the absence of such designation, the Optionee shall be deemed to have exercised the ISO portion of the Option first. Separate certificates representing each such portion may be issued upon the exercise of the Option.

## **6. PURCHASE PRICE**

- 6.1 The Purchase Price of each Share subject to an Option shall be determined by the Board or the Committee in their sole and absolute discretion in accordance with applicable law, subject to any guidelines as may be determined by the Board from time to time. Each Option Agreement will contain the Purchase Price determined for each Optionee.

6.2 Without derogating from the above and in addition thereto, the Purchase Price of each Share subject to an Option shall be payable upon the exercise of an Option in the following acceptable forms of payment:

- (i) cash or check or wire transfer;
- (ii) as determined by the Board or the Committee by a "cashless" exercise manner by surrendering of a sufficient number of other shares already owned by the Optionee;
- (iii) at the discretion of the Board or the Committee, exercise of part or all of vested Options through a "Net Exercise" method so that the Optionee will be entitled to receive pursuant to the exercise of the Options only the number of Shares representing the benefit component in the Options, based on the following formula, in exchange to paying only the par value of the Share. For the avoidance of doubt, according to this exercise method, the Optionee will not actually pay the Purchase Price which is used only for calculating the benefit component.

$$X = \frac{Y(A - B)}{A - N}$$

Y = the number of vested exercisable Options that the Grantee wishes to exercise into Shares;

A = the Fair Market Value (as defined below) of the Share at the date of exercise;

B = the Purchase Price;

N = the par value of the Share

- (iii) at the discretion of the Board or the Committee, any combination of the methods of payment permitted by any paragraph of this Section 6.2.

6.3 In the case of an ISO, the Purchase Price shall be determined subject to the following:

6.3.1 in case of an ISO granted to a Ten Percent Shareholder, the Purchase Price shall be no less than one hundred and ten percent (110%) of the Fair Market Value per Share on the Date of Grant.

6.3.2 in case of an ISO granted to any other Employee of the Company or any Subsidiary, the Purchase Price shall be no less than one hundred percent (100%) of the Fair Market Value per Share on the Date of Grant.

6.4 In the case of a NQSO, the Purchase Price shall be no less than one hundred percent (100%) of the Fair Market Value per Share on the Date of Grant, and shall be subject to such terms and conditions as required under Section 409A of the Code and the applicable U.S. Tax Regulations and any applicable guidance thereunder in order to exempt such Option (to the maximum extent possible) from the requirements of Section 409A of the Code.

6.5 The Purchase Price shall be denominated in the currency of the primary economic environment of either the Company or the Optionee (that is the functional currency of the Company or the currency in which the Optionee is paid) as determined by the Company unless otherwise determined by the Board or the Committee.

## 7. ADJUSTMENTS

Upon the occurrence of any of the following described events, Optionee's rights to purchase Shares under the Plan shall be adjusted as hereafter provided:

- 7.1 In the event of a Transaction the unexercised Options then outstanding under the Plan shall be assumed or substituted for an appropriate number of shares of each class of shares or other securities of the Successor Company (or a parent or subsidiary of the Successor Company) as were distributed to the shareholders of the Company in connection and with respect to the Transaction. In the case of such assumption and/or substitution of Options, appropriate adjustments shall be made to the Purchase Price so as to reflect such action and all other terms and conditions of the Option Agreements shall remain unchanged, including but not limited to the vesting schedule, all subject to the determination of the Committee or the Board, which determination shall be in their sole discretion and final. The Company shall notify the Optionee of the Transaction in such form and method as it deems applicable at least ten (10) days prior to the effective date of such Transaction.
- 7.2 Notwithstanding the above and subject to any applicable law, the Board or the Committee shall have full power and authority to determine that in certain Option Agreements there shall be a clause instructing that, if in any such Transaction as described in Section 7.1 above, the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute for the Options, the Vesting Dates shall be accelerated so that any unvested Option or any portion thereof shall be immediately vested as of the date which is ten (10) days prior to the effective date of the Transaction and the Board shall notify the Optionee that the Options are fully exercisable for a period of ten (10) days from the date of such notice, and the Options shall terminate upon the expiration of such period without any payment or other compensation to the Optionee.
- 7.3 For the purposes of Section 7.1 above, an Option shall be considered assumed or substituted if, following the Transaction, the Option confers the right to purchase or receive, for each Share underlying an Option immediately prior to the Transaction, the consideration (whether shares, options, cash, or other securities or property) received in the Transaction by holders of shares held on the effective date of the Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Transaction is not solely ordinary share (or their equivalent) of the Successor Company or its parent or subsidiary, the Board or the Committee may, with the consent of the Successor Company, provide for the consideration to be received upon the exercise of the Option to be solely ordinary share (or their equivalent) of the Successor Company or its parent or subsidiary equal in Fair Market Value to the per Share consideration received by holders of a majority of the outstanding shares in the Transaction; and provided further that the Board or the Committee may determine, in their discretion, that in lieu of such assumption or substitution of Options for options of the Successor Company or its parent or subsidiary, such Options will be substituted for any other type of asset or property including cash which is fair under the circumstances.
- 7.4 The Board or the Committee shall have full power and authority to determine that in certain Option Agreements there shall be a clause instructing that, if the Company is voluntarily liquidated or dissolved while unexercised Options remain outstanding under the Plan, the Company shall immediately notify all unexercised Option holders of such liquidation, and the Option holders shall then have ten (10) days to exercise any unexercised Vested Option held by them at that time, in accordance with the exercise procedure set forth herein. Upon the expiration of such ten (10) days period, all remaining outstanding Options will terminate immediately.

- 7.5 If the outstanding shares of the Company shall at any time be changed or exchanged by declaration of a share dividend (bonus shares), share split, combination or exchange of shares, recapitalization, spin-off or any other like event by or of the Company, and as often as the same shall occur, to the extent necessary to prevent the enlargement or diminution of the rights of Optionees, the Board or the Committee shall make appropriate equitable adjustments to the number or kind of shares subject to an outstanding Options and the exercise price applicable to an outstanding Option, provided, however, that no adjustment shall be made by reason of the distribution of subscription rights (rights offering) on outstanding shares. Upon the occurrence of any of the foregoing, the class and aggregate number of Shares issuable pursuant to the Plan (as set forth in section 5 hereof), in respect of which Options have not yet been exercised, shall be appropriately adjusted, all as will be determined by the Board or the Committee whose determination shall be final.
- 7.6 Without derogating from the above, the Optionee shall be entitled to a dividend equivalent right in cash such that, at the time of a dividend distribution, the Optionee will receive cash payments in the amounts equal to all or any portion of the dividends that would be paid on the Shares. Also it should be noted that in the event of any extraordinary dividend or other distribution (other than ordinary cash dividend) of assets to shareholders or any transaction or event of a corporate change of control.
- 7.7 Notwithstanding anything mentioned in Section 7.5 above, any changes or amendments to ISOs pursuant to Section 7.5 above shall, unless the Company determines otherwise, only be effective to the extent such changes or adjustments do not cause "modification" (within the meaning of Section 424(h)(3) of the Code) of such ISOs or adversely affect the tax status of such ISOs.
- 7.8 It is to be clarified that any adjustment under Section 7.5 above shall be made in a manner that does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. With respect to Options subject to Section 409A of the Code, any adjustments thereunder shall conform to the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Board may, in its discretion, decline to adjust any Option made to the Optionees, if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Optionees or to the Company.
- 7.9 Notwithstanding anything to the contrary mentioned above, subject to this Section 7, the Optionee shall not be entitled to receive portion of shares, and the number of shares allocated to the Optionee pursuant to any adjustments made pursuant to this Section 7, shall be rounded as to nearest whole number of share and the provisions of this Plan shall apply accordingly.

## **8. TERM AND EXERCISE OF OPTIONS**

- 8.1 Options shall be exercised by the Optionee by giving written notice to the Company and/or to any third party designated by the Company (the "Representative"), in such form and method as may be determined by the Company, which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the payment of the Purchase Price for the number of Shares with respect to which the Option is being exercised, at the Company's or the Representative's principal office. The notice shall specify the number of Shares with respect to which the Option is being exercised.
- 8.2 Each Option shall be exercisable following the Vesting Dates, subject to the provisions of the Plan and the number of Options granted; provided, however, that no Options shall be exercisable after the earlier of: (i) the date set forth in the Option Agreement; (ii) the expiration of any extended period in any of the events set forth in Section 8.5 below; (iii) in the event of the grant of ISOs, the expiration of ten (10) years from the Date of Grant; (iv) in the event of the grant of ISOs to Ten Percent Shareholders, the expiration of five (5) years from the Date of Grant.

- 8.3 The Options may be exercised by the Optionee in whole at any time or in part from time to time, to the extent that the Options become vested and exercisable, prior to the Expiration Date, and provided that, subject to the provisions of section 8.5 below, the Optionee is employed by or a providing services to the Company or any of its Subsidiaries, at all times during the period beginning with the granting of the Option and ending upon the date of exercise.
- 8.4 Subject to the provisions of section 8.5 below, in the event of Termination of Optionee's Employment or Services with the Company or any of its Subsidiaries, all Options granted to such Optionee will immediately expire. For the avoidance of doubt, in case of such termination of Employment or Service, the unvested portion of the Optionee's Option shall not vest and shall not become exercisable and the Optionee shall have no claim against the Company and/or its Subsidiaries that his/her Options were prevented from continuing to vest as of such Termination.

Notwithstanding anything to the contrary mentioned above, an Optionee shall not cease to be an Employee only due to the transfer of such Employee's employment among the Company and its Subsidiaries.

- 8.5 Notwithstanding anything to the contrary hereinabove and unless otherwise determined in the Optionee's Option Agreement, an Option may be exercised after the date of termination of Optionee's employment or services with the Company or any Subsidiary during an additional period of time beyond the date of such termination, but only with respect to the number of Vested Options at the time of such termination according to the Vesting Dates, if:
- (i) termination is without Cause, in which event any Vested Options still in force and unexpired may be exercised within a period of ninety (90) days after the Termination Date; or
  - (ii) termination is the result of death or disability of the Optionee, in which event the Vested Options still in force and unexpired may be exercised within a period of twelve (12) months after the Termination Date; or
  - (iii) prior to the date of such termination, the Board or the Committee shall authorize an extension of the terms of all or part of the Vested Options beyond the date of such termination for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

For the purpose of this Section 8.5 and Section 8.4 above, "Termination of Optionee's Employment or Services" and/or "Termination Date" shall be considered the notice of termination of employment or service.

For avoidance of any doubt, if termination of employment or service is for Cause, any outstanding unexercised Option (whether vested or non-vested), will immediately expire and terminate, and the Optionee shall not have any right in connection to such outstanding Options.

- 8.6 Any form of Option Agreement authorized by the Plan may contain such other provisions as the Board or the Committee may, from time to time, deem advisable.
- 8.7 To avoid doubt, the Optionees shall not have any of the rights or privileges of shareholders of the Company in respect of any Shares purchasable upon the exercise of any Option, until registration of the Optionee as holder of such Shares in the Company's register of shareholders upon exercise of the Option in accordance with the provisions of the Plan.

- 8.8 The Options and any underlying Shares are extraordinary, one-time benefits granted to the Optionee and are not and shall not be deemed a salary component for any purpose whatsoever, including in connection with calculating severance compensation under applicable law.
- 8.9 Neither the Optionee nor any other person, as the case may be, shall have any claim to be granted any Options, and there is no obligation by the Company for uniformity of treatment of Optionees or their beneficiaries (if applicable). The terms and conditions of the Options granted under this Plan and any of the Board's determinations and interpretations with respect thereto need not be the same with respect to each Optionee (whether or not such Optionee are similarly situated).

## **9. VESTING OF OPTIONS**

- 9.1 Subject to the provisions of the Plan, each Option shall vest following the Vesting Dates and for the number of Shares as shall be provided in the Option Agreement. However, no Option shall be exercisable after the Expiration Date.
- 9.2 An Option may be subject to such other terms and conditions on the time or times when it may be exercised, as the Board or the Committee may deem appropriate. The vesting provisions of individual Options may vary.

## **10. PURCHASE FOR INVESTMENT**

The Company's obligation to issue or allocate Shares upon exercise of an Option granted under the Plan is expressly conditioned upon: (a) the Company's completion of any registration or other qualifications of such Shares under all applicable law, rules, ruling or regulations or (b) representations and undertakings by the Optionee (or his legal representative, heir or legatee, in the event of the Optionee's death) to assure that the sale of the Shares complies with any registration exemption requirements which the Company in its sole discretion shall deem necessary or advisable. Such required representations and undertakings may include representations and agreements that such Optionee (or his legal representative, heir, or legatee): (a) is purchasing such Shares for investment and not with any present intention of selling or otherwise disposing thereof; and (b) agrees to have placed upon the face and reverse of any certificates evidencing such Shares a legend setting forth (i) any representations and undertakings which such Optionee has given to the Company or a reference thereto and (ii) that, prior to effecting any sale or other disposition of any such Shares, the Optionee must furnish to the Company an opinion of counsel, satisfactory to the Company, that such sale or disposition will not violate the applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee.

## **11. DIVIDENDS**

With respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Options) allocated or issued upon the exercise of Options purchased by the Optionee and held by the Optionee, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, subject to the provisions of the Company's Articles of Association (and all amendments thereto) and subject to any applicable taxation on distribution of dividends.

## **12. RESTRICTIONS ON ASSIGNABILITY AND SALE OF OPTIONS**

No Option or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect thereto may be given to any third party whatsoever, other than by will or by laws of decent and distribution, or as specifically otherwise allowed under the Plan and applicable law, and during the lifetime of the Optionee, each and all of such Optionee's rights to purchase Shares hereunder shall be exercisable only by the Optionee.

Any such action made directly or indirectly, in contradiction to the aforementioned, for an immediate validation or for a future one, shall be void.

### **13.EFFECTIVE DATE AND DURATION OF THE PLAN**

- 13.1 The Plan shall be effective as of the day it was adopted by the Board (the: "Effective Date") and shall terminate at the end of ten (10) years from such day of adoption. (the: "**Termination Date**"). No Options may be granted under the Plan after the Termination Date.
- 13.2 The Company shall obtain the approval of the Company's shareholders for the adoption of this Plan or for any amendment to this Plan, if shareholders' approval is necessary or desirable to comply with any applicable law including without limitation the U.S. securities law or the securities laws of other jurisdiction applicable to Options granted to Optionees under this Plan, or if shareholders' approval is required by any authority or by any governmental agencies or national securities exchanges including without limitation the U.S. Securities and Exchange Commission.
- 13.3 Without derogating from section 13.2 above and in addition thereto, and solely with respect to grants of ISO, the Plan shall be approved by the shareholders of the Company, which approval shall be received within twelve (12) months following the Effective Date of the Plan. All and any grants of ISOs to Optionees under the Plan as of the Effective Date shall be subject to the said shareholders' approval. Failure to obtain such approval by the shareholders within such period shall not in any way derogate from the valid and binding effect of any grant of an Option, except that any Options previously granted under this Plan may not qualify as ISO but, rather, shall constitute NQSO. Upon approval of this Plan by the shareholders of the Company as set forth above, all ISOs granted under this Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved this Plan on the Effective Date.

### **14.AMENDMENTS OR TERMINATION**

- 14.1 The Board may at any time, subject to the provisions of Section 13.2 above, Section 14.3 below and all applicable law, amend, alter, suspend or terminate the Plan, provided, however, that (i) the Board may not extend the term of the Plan specified in Section 13.1 above and; (ii) no amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee with respect to options granted prior to such amendment, alteration, suspension or termination of the Plan, unless mutually agreed otherwise between the Optionee and the Company, which agreement must be in writing and signed by the Optionee and the Company.

Earlier termination of the Plan prior to the Termination Date shall not affect the Board's or the Committee's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

- 14.2 Without derogating from the above, no amendment of this Plan shall be effective unless approved by the shareholders of the Company within twelve (12) months before or after the adoption of the amendment by the Board if such approval is required, including but not limited to, any amendment that will:
  - I. increase the number of Shares reserved under the Plan, except as provided in Section 5 of the Plan; or
  - II. modify the requirement as to eligibility for participation in the Plan to the extent that such modification requires shareholders' approval in order for the Plan to comply with Section 422 of the Code; or

- III. modify the Plan in any other way if such modification requires shareholders' approval in order for the Plan to satisfy the requirements of Section 422 of the Code.

## **15. GOVERNMENT REGULATIONS**

The Plan, and the granting and exercise of Options hereunder, and the obligation of the Company to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules, and regulations, whether of the United States or the State of Israel or any other state having jurisdiction over the Company and the Optionee, including the registration of the Shares under the United States Securities Act, and to such approvals by any governmental agencies or national securities exchanges as may be required. Nothing herein shall be deemed to require the Company to register the Shares under the securities laws of any jurisdiction.

## **16. CONTINUANCE OF EMPLOYMENT**

Neither the Plan nor the Option Agreement with the Optionee shall impose any obligation on the Company or a Subsidiary thereof, to continue any Optionee in its employ or service, and nothing in the Plan or in any Option granted pursuant thereto shall confer upon any Optionee any right to continue in the employ or service of the Company or a Subsidiary thereof or restrict the right of the Company or a Subsidiary thereof to terminate such employment or service at any time.

## **17. GOVERNING LAW & JURISDICTION**

The Plan shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to the Plan.

## **18. TAX CONSEQUENCES**

Any tax consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act (of the Company and/or its Parent and/or its Subsidiaries, or the Optionee) hereunder shall be borne solely by the Optionee. The Company and/or its Parent or Subsidiaries shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee shall agree to indemnify the Company and/or its Parent or Subsidiaries and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee.

The Company shall not be required to release any Share certificate to an Optionee until all required payments have been fully made.

## **19. NON-EXCLUSIVITY OF THE PLAN**

The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangements or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of Options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

For the avoidance of doubt, prior grant of options to Optionees of the Company under their employment agreements, and not in the framework of any previous option plan, shall not be deemed an approved incentive arrangement for the purpose of this section.

## **20.MULTIPLE AGREEMENTS**

The terms of each Option may differ from other Options granted under the Plan at the same time, or at any other time. The Board may also grant more than one Option to a given Optionee during the term of the Plan, either in addition to, or in substitution for, one or more Options previously granted to that Optionee.

## **21.CONVERSION OF ISOs INTO NQSOs; TERMINATION OF ISOs**

- 21.1 The Plan shall be administered to comply with Sections 422 (with respect to Options intended to be ISOs) and 409A of the Code, unless otherwise specifically agreed to by the affected Optionee. Without limiting the foregoing, the Board or the Committee shall not take any action, including without limitation action authorized under Sections 3.4, 3.6, 7, 8.5 of the Plan, without the consent of the affected Optionees, if such action would have the purpose or effect of (i) modifying, extending or renewing any ISOs (as the terms "modify," "extend" or "renew" are referred to in Section 424(h) of the Code) held by such Optionees or; (ii) causing any Options held by any Optionees to become subject to (or to lose their exemption from) the provisions of Section 409A of the Code.
- 21.2 The Board, at the written request of any Optionee, may in its discretion after verifying the implications of applicable tax law including the provisions of Section 409A of the Code and the regulations promulgated thereunder as now in effect or as hereafter amended, take such actions as may be necessary to convert such Optionee's ISOs (or any portions thereof) that have not been exercised on the date of conversion into NQSOs at any time prior to the expiration of such ISOs, regardless of whether the Optionee is an Employee of the Company or a Parent or a Subsidiary at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period. At the time of such conversion, the Board (with the consent of the Optionee) may impose such conditions on the exercise of the resulting NQSOs as the Board in its discretion may determine, provided that such conditions shall not be inconsistent with the Plan. Nothing in the Plan shall be deemed to give any Optionee the right to have such Optionee's ISOs converted into NQSOs, and no such conversion shall occur unless and until the Board takes appropriate action. The Board, with the consent of the Optionee, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

## **22.NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION**

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any Shares acquired upon the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such Shares before the later of (a) two (2) years after the date the Employee was granted the ISO, and (b) one (1) year after the date the Employee acquired Shares by exercising the ISO. If the Employee has died before such Share is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

## **23.CALIFORNIA PROVISIONS**

Notwithstanding the foregoing Sections, any grant of Options made under the Plan to an Optionee who is a resident of the State of California at the Date of Grant, shall be subject to the below additional terms and conditions.

- 23.1 Unless an Optionee's employment is terminated for Cause, the Optionee shall have the right to exercise an Option, prior to the termination of the Option in accordance with Section 8.5 of the Plan and only to the extent that the Optionee was entitled to exercise such Option on the date employment terminates, until the earlier of the Expiration Date or: (i) six (6) months after the date of termination if the termination was caused by the Optionee's death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code); and (ii) thirty (30) days after the date of termination if termination was caused by other than by death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of the Optionee.

23.2 If the Shares are listed on an established national or regional stock exchange or are admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or are publicly traded in an established securities market, the restrictions of this Section 23 above shall terminate as of the first date that the Shares are so listed, quoted or publicly traded.

## 24. ISSUANCE TO SIMIGON INC.

Notwithstanding anything in this Plan to the contrary and subject to applicable law, the Board shall be entitled to issue to SimiGon Inc. (the Company's US subsidiary) Options under this Plan and SimiGon Inc. shall be considered an Optionee, and except as set out in this Section 24 to the contrary, the terms and conditions of the Plan shall apply to such Options.

Options issued to SimiGon Inc., or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable and transferable solely by SimiGon Inc. to an employee of SimiGon Inc. or any of its subsidiaries, if such assignment and transfer is approved by the Board of Directors of SimiGon Inc. or the US Committee; provided, however, that such assignee/transferee and the Options he/she receives shall be subject to all terms, conditions and limitations of this Plan and such assignee/transferee shall sign an option agreement with SimiGon Inc. substantially in the form of the Option Agreement mutatis mutandis, and without derogating from the generality of the above, shall not be allowed to further assign or transfer the Options or any right with respect thereto. Approval of any such assignment and transfer by SimiGon Inc.'s Board of Directors or a US Committee shall be according to general guidelines and criteria set out by the Board *inter alia* regarding the maximum number of options each level of employees is entitled to receive, vesting periods and purchase price.

Any assignment or transfer under this Section 24 and the membership of the US Committee shall be subject to the Exchange Act and all rules promulgated under the Exchange Act.

With respect to Options granted according to this Section 24 "**Cause**" means, (i) conviction of any felony involving moral turpitude or affecting the Company or its Subsidiaries; (ii) any refusal to carry out a reasonable directive of SimiGon Inc. Board of Directors or the US Committee or the Optionee's direct supervisor which involves the business of the Company or any of its Subsidiaries and was capable of being lawfully performed; (iii) embezzlement of funds of the Company or any of its Subsidiaries; (iv) any breach of the Optionee's fiduciary duties or duties of care to the Company or to any of its Subsidiaries; including without limitation disclosure of confidential information of the Company or of any Subsidiary; and (v) any conduct (other than conduct in good faith) reasonably determined by SimiGon Inc. Board of Directors or the US Committee to be materially detrimental to the Company or any of its Subsidiaries.

If any term or other provision of this Section 24 is invalid, illegal or incapable of being enforced by any Law or public policy, or would prevent the Plan from complying with any law, all other terms and provisions of this Plan shall nevertheless remain in full force and effect. Upon such determination by the Board that any term or other provision is invalid, illegal or incapable of being enforced, or would prevent the Plan from complying with any law, the Board may modify the Plan so as to effect the original intent of the Plan as closely as possible in an acceptable manner, and if such amendment is reasonably impossible as shall be decided by the Board in its sole discretion, then this Section 24 shall be automatically cancelled and Options issued or transferred granted under this Section 24 prior to such cancellation shall survive, with amended terms as shall be reasonably determined by the Board to ensure compliance with any law, unless such amendment is reasonably impossible as shall be decided by the Board in its sole discretion and then such options shall expire and be null and void. Any amendment under this Section 24.4 shall be subject to Section 14 above.

\* \* \*

**Form of Proxy**

**Annual General Meeting**

Before completing this form, please read the explanatory notes below.

I/We.....(please use BLOCK CAPITALS)  
of.....

being (a) shareholder(s) of SimiGon Ltd. (the "**Company**") hereby appoint the Chairman of the meeting, or (see note 5) ..... (*Insert name(s) here in block letters*) as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 111 S. Maitland Avenue, Suite 210, Maitland, Florida 32751, USA, on Friday, September 08, 2017 at 9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) and at any adjournment of the meeting (the "**Meeting**").

I/We instruct my/our proxy to vote on the resolutions to be proposed at the meeting as indicated below (unless otherwise instructed, the proxy may vote or abstain from voting as he or she sees fit in relation to any business to be considered at the meeting):

Signed..... (see Notes 3 and 4) Dated ..... 2017

Please indicate with an X in the spaces below how you wish your votes to be cast.

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. To reappoint Kost Forer Gabbay & Kesierer, a member firm of Ernst & Young, as auditors of the Company for the year ending December 31, 2017 and to authorize the Board of Directors, upon recommendation of the Company's Audit Committee, to fix the remuneration of the auditors in accordance with the volume and nature of their services.			
2. To approve the re-election of Mr. Eitan Cohen, a director of the Company, who retires in accordance with the Company's articles of association (the "Articles") to hold office according to the Articles and to approve his compensation.			
3. To approve that, following the consultation with the Company's Nomad and pursuant to sections 270(1) and (4) of the Israeli Companies Law 5759-1999 (the "Companies Law") and subject to, and in accordance with the Company's Articles, the Company be generally and unconditionally authorised to make one or more irrevocable, non-discretionary market purchases of its own ordinary shares of 0.01 NIS each in the capital of the Company ("Ordinary Shares") (the "Repurchase Programme"). All purchases will be made by way of on-market purchases for the purposes of the rules of the London Stock Exchange through a certified broker, in accordance with the authority conferred by the Articles, the AIM Rules for Companies, this General Meeting and all other applicable rules and regulations, and will be made subject to the following limitations:			

<ul style="list-style-type: none"> <li>i. the absolute maximum value of Ordinary Shares acquired pursuant to the Repurchase Programme shall not, in aggregate, exceed GBP £800,000;</li> <li>ii. there will be no minimum price which may be paid for an Ordinary Share;</li> <li>iii. the maximum price which may be paid for an Ordinary Share is 110 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List) for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;</li> <li>iv. the minimum and maximum prices per Ordinary Share referred to in sub-paragraphs (ii) and (iii) of this resolution are in each case exclusive of any expenses payable by the Company;</li> <li>v. any Ordinary Shares purchased under the Repurchase Programme will be held in treasury and will be notified to a Regulatory Information Service in accordance with the AIM Rules for Companies; and</li> <li>vi. the authority conferred by this resolution shall expire at the end of the General Meeting in 2018.</li> </ul>			
<p>4. To approve the adoption of the 2016 US Stock Option Plan for options granted to US employees, substantially in the form attached as <b>Annex A</b>.</p>			
<p>5. To approve the conversion of the 2016 annual cash bonuses approved by the Company's Board of Directors on April 14, 2016 in accordance to the Company's Compensation Policy Plan to Mr. Ami Vizer the Company's Chief Executive Officer and an executive director in a total amount of US \$21,934 and to Mr. Efi Manea the Company's Chief Financial Officer and an executive director in a total amount of US \$5,699, into the allotment of 125,338 and 32,564 Ordinary Shares of 0.01 par value of the Company, respectively, such shares to be issued under the Company's Employees' Share Option Plans.</p>			

**Notes:**

1. A completed and signed proxy must be delivered to the Company's Registrar, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, together with any power of attorney or other authority under which it is signed, by no later than 48 hours before the time fixed for the meeting or any adjourned meeting (9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Wednesday September 06, 2017). Completion and return of this proxy will not preclude a shareholder from attending and voting at the meeting in person.
2. Please indicate with an "X" in the appropriate box how you wish to vote. If this form of proxy is returned signed, but without indication in the manner provided for above, the proxy will vote or abstain as he thinks fit, in respect of the shareholder's total holding.
3. In the case of a corporation, this form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any joint holders. For these

purposes, seniority shall be determined by the order of the names appearing in the register of shareholders in respect of the joint holding.

5. If you wish to appoint a proxy other than the chairman of the meeting, please delete the words "the chairman of the meeting or", insert in block letters in the space provided the name of your proxy and initial the alteration.
6. A shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his or her behalf, provided that only one proxy may be appointed by a shareholder in respect of a particular share held by him/her. A proxy need not be a shareholder of the Company.
7. Any alteration made to this form of proxy should be initialled.

**Form of Instruction**  
**Annual General Meeting**

Before completing this form, please read the explanatory notes below.

Form of Instruction for completion by holders of Depositary Interests representing shares on a 1 for 1 basis in the Company in respect of the Annual General Meeting of the Company to be held at 9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Friday, September 08, 2017 at 111 S. Maitland Avenue, Suite 210, Maitland, Florida 32751, USA and at any adjournment of the meeting.

I/We .....(please use BLOCK CAPITALS)  
of .....

being a holder of Depositary interests representing shares in the Company hereby appoint Computershare Company Nominees Limited, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the above date (and at any adjournment thereof) as directed by an "X" in the spaces below.

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. To reappoint Kost Forer Gabbay & Kesierer, a member firm of Ernst & Young, as auditors of the Company for the year ending December 31, 2017 and to authorize the Board of Directors, upon recommendation of the Company's Audit Committee, to fix the remuneration of the auditors in accordance with the volume and nature of their services.			
2. To approve the re-election of Mr. Eitan Cohen, a director of the Company, who retires in accordance with the Company's articles of association (the "Articles") to hold office according to the Articles and to approve his compensation.			
3. To approve that, following the consultation with the Company's Nomad and pursuant to sections 270(1) and (4) of the Israeli Companies Law 5759-1999 (the "Companies Law") and subject to, and in accordance with the Company's Articles, the Company be generally and unconditionally authorised to make one or more irrevocable, non-discretionary market purchases of its own ordinary shares of 0.01 NIS each in the capital of the Company ("Ordinary Shares") (the "Repurchase Programme"). All purchases will be made by way of on-market purchases for the purposes of the rules of the London Stock Exchange through a certified broker, in accordance with the authority conferred by the Articles, the AIM Rules for Companies, this General Meeting and all other applicable rules and regulations, and will be made subject to the following limitations:			

<p>i. the absolute maximum value of Ordinary Shares acquired pursuant to the Repurchase Programme shall not, in aggregate, exceed GBP £800,000;</p> <p>ii. there will be no minimum price which may be paid for an Ordinary Share;iii. the maximum price which may be paid for an Ordinary Share is 110 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List) for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;</p> <p>iv. the minimum and maximum prices per Ordinary Share referred to in sub-paragraphs (ii) and (iii) of this resolution are in each case exclusive of any expenses payable by the Company;</p> <p>v. any Ordinary Shares purchased under the Repurchase Programme will be held in treasury and will be notified to a Regulatory Information Service in accordance with the AIM Rules for Companies; and</p> <p>vi. the authority conferred by this resolution shall expire at the end of the General Meeting in 2018.</p>			
<p>4. To approve the adoption of the 2016 US Stock Option Plan for options granted to US employees, substantially in the form attached as <b>Annex A</b>.</p>			
<p>5. To approve the conversion of the 2016 annual cash bonuses approved by the Company's Board of Directors on April 14, 2016 in accordance to the Company's Compensation Policy Plan to Mr. Ami Vizer the Company's Chief Executive Officer and an executive director in a total amount of US \$21,934 and to Mr. Efi Manea the Company's Chief Financial Officer and an executive director in a total amount of US \$5,699, into the allotment of 125,338 and 32,564 Ordinary Shares of 0.01 par value of the Company, respectively, such shares to be issued under the Company's Employees' Share Option Plans.</p>			

Signature(s): .....

Date: ..... 2017

**Notes:**

1. To be effective, a completed and signed Form of Instruction must be delivered to the Company's Depository, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, together with any power of attorney or other authority under which it is signed, by no later than 72 hours before the time fixed for the meeting or any adjourned meeting (9.00 a.m. Eastern Standard Time (2.00 p.m. UK time) on Tuesday September 05, 2017).
2. In the case of a corporation, this Form of Instruction must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

3. Please indicate how you wish your votes to be cast by placing "X" in the box provided. On receipt of this form duly signed, you will be deemed to have authorised Computershare Company Nominees Limited, to vote, or to abstain from voting, as indicated on your form of Instruction. If the Form of Instruction is duly signed and returned, but without specific direction as to how you wish your votes to be cast, the form will be rejected.
4. Any alteration made to this Form of Instruction should be initialled.
5. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Depository Interest Register at close of business on August 09, 2017. Changes to entries on the Depository Interest Register after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. Should the holder, or a representative of that holder wish to attend the meeting and/or vote at the meeting, they must notify the Depository in writing or email [UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)