

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form F-1
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

ReWalk Robotics Ltd.

(Exact Name of Registrant as Specified in its Charter)

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

3842
(Primary Standard Industrial
Classification Code Number)

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Ordinary shares, par value NIS 0.01	\$57,500,000	\$7,406

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes shares granted pursuant to the underwriters' option to purchase additional shares.

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

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated July 10, 2014

PROSPECTUS

Shares



ReWalk Robotics Ltd.

Ordinary Shares

This is the initial public offering of ReWalk Robotics Ltd. Prior to this offering, there has been no public market for our ordinary shares. We are selling _____ ordinary shares. The estimated initial public offering price is between \$ _____ and \$ _____ per share.

We have applied to have our ordinary shares listed on the Nasdaq Global Market under the symbol "RWLK."

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to us (before expenses)	\$	\$

(1) See "Underwriting" for a description of compensation payable to the underwriters.

We have granted the underwriters an option to purchase up to _____ additional ordinary shares.

We are an "emerging growth company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings.

Investing in our ordinary shares involves a high degree of risk. See "[Risk Factors](#)" beginning on page 13 of this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares on or about _____, 2014.

Barclays

Jefferies

Canaccord Genuity

Prospectus dated _____, 2014

TABLE OF CONTENTS

	<u>Page</u>
Summary	1
Risk Factors	13
Special Note Regarding Forward-Looking Statements	37
Use of Proceeds	38
Dividend Policy	39
Capitalization	40
Dilution	41
Selected Consolidated Financial Data	43
Management's Discussion and Analysis of Financial Condition and Results of Operations	45
Business	58
Management	75
Principal Shareholders	92
Certain Relationships and Related Party Transactions	95
Description of Share Capital	99
Shares Eligible for Future Sale	104
Taxation and Israeli Government Programs Applicable to Our Company	106
Material U.S. and Israeli Tax Consequences for Our Shareholders	109
Underwriting	116
Expenses Related to the Offering	123
Legal Matters	123
Experts	123
Enforceability of Civil Liabilities	123
Where You Can Find Additional Information	125
Index to Consolidated Financial Statements	F-1

Neither we nor the underwriters have authorized anyone to provide information different from that contained in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus prepared by us or on our behalf. Neither we nor the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any information other than the information in this prospectus and any free writing prospectus prepared by us or on our behalf. Neither the delivery of this prospectus nor the sale of our ordinary shares means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or the solicitation of an offer to buy these ordinary shares in any circumstances under which such offer or solicitation is unlawful.

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before deciding to invest in our ordinary shares. You should read the entire prospectus carefully, including “Risk Factors” and our consolidated financial statements and the related notes, before making an investment decision. In this prospectus, the terms “we,” “us,” “our” and “the Company” refer to ReWalk Robotics Ltd. and its subsidiaries.

Overview

We are an innovative medical device company that is designing, developing and commercializing exoskeletons that allow wheelchair-bound individuals with mobility impairments or other medical conditions the ability to stand and walk once again. We have developed and are continuing to commercialize ReWalk, an exoskeleton that uses our patented tilt-sensor technology and an on-board computer and motion sensors to drive motorized legs that power movement.

Current ReWalk designs are intended for people with paraplegia, a spinal cord injury resulting in complete or incomplete paralysis of the legs, who have the use of their upper bodies and arms. We currently offer two products: ReWalk Personal and ReWalk Rehabilitation. ReWalk Personal is designed for everyday use by individuals at home and in their communities, and is custom-fit for each user. ReWalk Rehabilitation is designed for the clinical rehabilitation environment where it provides valuable exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future. In 2011, we launched ReWalk Rehabilitation for use in hospitals and rehabilitation centers in the United States and Europe. We began marketing ReWalk Personal in Europe with CE mark clearance at the end of 2012 and received FDA clearance to market it in the United States in June 2014. ReWalk is the first exoskeleton cleared by the FDA for personal use. In the future, we will need to obtain approval from the applicable regulatory agency of any additional jurisdiction in which we seek to market ReWalk.

ReWalk is a breakthrough product that can fundamentally change the health and life experiences of users. ReWalk is currently the only commercialized exoskeleton using a tilt sensor to restore self-initiated walking. Designed for all-day use, ReWalk is battery-powered and consists of a light, wearable exoskeleton with integrated motors at the joints, an array of sensors and a computer-based control system to power knee and hip movement. ReWalk controls movement using subtle changes in the user’s center of gravity. A forward tilt of the upper body is sensed by the system, which initiates the first step. Repeated body shifting generates a sequence of steps which allows for natural gait with functional walking speed. Because the exoskeleton supports its own weight, users do not expend unnecessary energy while walking. While ReWalk does not allow side-to-side actuation, users are able to turn by shifting their weight to the side. ReWalk also allows users to sit, stand and, in some cases, climb and descend stairs. ReWalk users are able to independently operate the devices, and most are able to put on and remove the devices by themselves. However, our safety guidelines and FDA specifications require users to be accompanied by a companion.

Published clinical studies demonstrate ReWalk’s ability to deliver a natural gait and functional walking speed, which has not been shown in studies for any competing exoskeleton. In addition, our interim analysis of an ongoing clinical study and our experience working with health care practitioners and ReWalk users suggests that ReWalk has the potential to provide secondary health benefits. These benefits include reducing pain and spasticity and improving bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reducing hospitalizations and dependence on medications. Because of these secondary medical benefits, we believe that ReWalk has the ability to reduce the lifetime healthcare costs of individuals with spinal cord injuries, making it economically attractive for individuals and third-party payors.

We believe that the current design of ReWalk provides a functional technical base that can be easily adapted to address medical indications other than paraplegia that affect the ability to walk. We are currently engaged in

[Table of Contents](#)

research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients, and, in the future, we plan to address these needs in stroke and cerebral palsy patients. We are also developing our next generation of ReWalk, with a more efficient drive mechanism, slimmer profile and lighter body, as well as other improvements.

Development of ReWalk took over a decade and was spurred by the experiences of our founder, Dr. Amit Goffer, himself a quadriplegic. As of July 1, 2014, we have placed 60 ReWalk Rehabilitation and 18 ReWalk Personal systems, 88% of which were purchased by our customers and 12% of which were placed with clinics and distributors for training, market development and clinical testing. Through July 1, 2014, we have trained over 400 ReWalk users, representing over 20,000 hours of use.

Our commercialization strategy is to penetrate rehabilitation centers, hospitals and similar facilities that treat patients with spinal cord injuries to become an integral part of their rehabilitation programs and to develop a broad based training network with these facilities to prepare users for home and community use. According to the National Spinal Cord Injury Statistical Center, 87.1% of persons with spinal cord injuries are sent to private, non-institutional residences (in most cases, their homes) after hospital discharge. As a result, while the majority of our sales to date have been ReWalk Rehabilitation units, the primary focus of our commercialization efforts going forward will be marketing ReWalk Personal for routine use at home, work or in the community, and we expect sales of ReWalk Personal to account for the substantial majority of our revenues in the future.

We expect to generate revenues from a combination of self-payors and third-party payors. While no uniform policy of coverage and reimbursement by third-party payors currently exists for electronic exoskeleton technologies such as ReWalk in the United States or elsewhere, we plan to pursue various paths of reimbursement and support fundraising efforts by institutions and clinics. In July 2014, the Bronx VA announced that it would be fully committed to supporting the procurement of ReWalk Personal and providing the staffing support needed for all eligible veterans with spinal cord injury for whom ReWalk is clinically indicated. As the first hospital to research the health-related benefits of an exoskeletal walking device for people with spinal cord injury, the Bronx VA experience supports the clinical use of ReWalk and similar FDA-approved technologies. We believe that additional VAs will adopt similar policies in the future.

Our Competitive Strengths

We believe that the following strengths provide us with sustainable competitive advantages to grow our revenue:

- **Proprietary Technology Enabling a More Natural Walking Experience.** Our patented tilt-sensor technology and proprietary software allow self-initiated movement that we believe delivers a more natural walking experience than competing products. Published clinical studies demonstrate ReWalk's ability to provide a natural gait and functional walking speed, which has not been shown in studies for any competing exoskeleton. In the United States, we have method patent protection covering certain methods of user activation and control of systems such as ReWalk, including by sensing the users' torso lean or weight shifts. In addition, we have apparatus patent protection in the United States and Europe covering the design of ReWalk and similar devices that use several sensors to empower tilt-sensor technology. Our patents on the tilt-sensor technology do not begin to expire until 2021. We also rely on trade secrets law to protect our proprietary software and product candidates/products in development.
- **First Mover Advantage.** ReWalk Personal is the first medical exoskeleton cleared by the FDA for personal use in the United States. We do not believe that our competitors have any products that will be cleared by the FDA for personal use in the United States for at least the next two years. As a result, we believe we will be able to capture significant U.S. market share for exoskeletons for personal use. In addition, we were the first exoskeleton provider to have an established commercial infrastructure and to market products in Europe, with our direct sales force in Germany. We are also the first to achieve reimbursement for a personal unit.
- **Compelling Clinical Data.** We believe that ReWalk's clinical data differentiates us from our competitors. Clinical data published in established medical journals has demonstrated ReWalk's

potential as a safe ambulatory device. We are not aware of any comparable clinical data generated in rigorous trials that has been published with respect to competing exoskeleton products. In addition, our interim analysis of an ongoing study demonstrates improvements in secondary physical conditions, such as reduction in pain and spasticity and improvements in bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reduced hospitalizations and dependence on medications. We believe that continued results of this nature will greatly assist our ability to obtain regulatory clearances and third-party reimbursement.

- **Strategic Alliance with Yaskawa Electric Corporation.** We have entered into a strategic alliance with Yaskawa Electric Corporation, a global leader in the fields of industrial robotics and automation. Pursuant to this arrangement, Yaskawa will serve as our distributor in certain Asian markets, where its name and brand recognition provide us with opportunities for growth and market penetration, and can apply its expertise for product and quality improvements to ReWalk. We believe that this arrangement with such a prominent company is unique in this industry. Yaskawa also made an equity investment in our company. In addition, in the future, subject to any necessary regulatory clearance, we may market and sell in the United States and Europe certain healthcare equipment products that Yaskawa is currently developing. See “Certain Relationships and Related Party Transactions—Series D Preferred Share Purchase Agreement” and “—Agreements with Yaskawa.”
- **Established and Scaleable Manufacturing Capability.** We have contracted with Sanmina Corporation, a well-established original equipment manufacturer with expertise in the medical device industry, for the manufacture of all of our products. Pursuant to this arrangement, Sanmina also sources all of the raw materials needed for the production of our products. We believe that this relationship provides us security with respect to quality, price and quantity of our products and offers significant scale-up capacity.
- **Experienced Management Team and Employees with Personal Experience with Paralysis.** Our senior management team has significant experience in the medical device, technology and robotics industries, with an average of over 20 years of experience. The experiences of Dr. Amit Goffer, our founder, President and Chief Technology Officer, and the inventor of ReWalk, who has been paralyzed since 1997, have been one of the greatest drivers in the development and refinement of ReWalk. Additionally, certain of our sales and marketing and research and development employees are paraplegic, which provides us with invaluable perspective to advance the development of our products.

Our Growth Strategies

Our goal is to drive sustainable growth by fundamentally changing the health and life experiences of individuals with mobility impairments. To achieve this goal, we intend to:

- **Increase Our Salesforce and Infrastructure.** We intend to penetrate our target markets and drive sales of ReWalk by increasing our sales force and further strengthening our distribution network and service, training and support functions. We believe that our presence in leading rehabilitation centers, hospitals and similar facilities in the United States and Europe has allowed us to establish a strong training infrastructure, and we plan to use this existing infrastructure as a point of entry to efficiently penetrate the market for ReWalk Personal.
- **Expand Geographic Coverage.** We intend to increase our presence in the United States in response to our receipt of FDA clearance for ReWalk Personal. We also plan to expand into new geographies throughout Europe and, through our arrangements with Yaskawa, in Asia. To date, we have focused our commercialization efforts primarily on the German, French, UK, Italian, Austrian, Canadian and Turkish markets for personal and rehabilitation use and the U.S. market for rehabilitation use.

- **Continue Clinical Studies to Further Demonstrate Health and Economic Benefits to Support Reimbursement.** We intend to continue to work with hospitals, rehabilitation centers, patient advocacy and support groups and individual users to generate additional data regarding functionality and that supports the health and economic benefits of ReWalk. We will continue to engage and fund researchers and organizations to conduct clinical studies to demonstrate the functionality and utilization of ReWalk and to highlight economic benefits of reductions in medical complications associated with spinal cord injury. We believe that this data will position us to pursue additional third-party reimbursement for our products.
- **Leverage Our Core Technology Platform to Expand Treatment Indications.** We designed ReWalk to provide a functional technical base that can be easily adapted to address medical indications other than paraplegia, and we believe that we have the internal and external experience to develop and commercialize products to address new indications. In addition to developing the next generation of ReWalk, we are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients, and, in the future, we plan to address these needs in stroke and cerebral palsy patients.

Market Opportunity

Confinement to a wheelchair can cause severe physical and psychological deterioration, resulting in bad health, poor quality of life, low self-esteem and high medical expenses. In addition, the secondary medical consequences of paralysis can include difficulty with bowel and urinary tract function, osteoporosis, loss of lean mass, gain in fat mass, insulin resistance, diabetes and heart disease. The cost of treating these conditions is substantial. The National Spinal Cord Injury Statistical Center, or the NSCISC, estimates that complications related to paraplegia cost, excluding indirect costs such as losses in wages, fringe benefits and productivity, approximately \$500,000 in the first year post-injury and significant additional amounts over the course of an individual's lifetime. Further, secondary complications related to spinal cord injury can reduce life expectancies for SCI patients.

The NSCISC estimates as of 2013 that there were 273,000 people in the United States living with spinal cord injury, with an annual incidence of approximately 12,000 new cases per year. Approximately 42,000 of such patients are veterans, and are eligible for medical care and other benefits from the Veterans' Administration, or VA. With 24 VA spinal cord injury centers, the VA has the largest single network of spinal cord injury care in the United States.

The University of Alabama-Birmingham Department of Physical Medicine and Rehabilitation operates the NSCISC, which maintains the world's largest database on spinal cord injury research. Since 2010, motor vehicle crashes have been the leading cause of reported spinal cord injury cases (36.5%), followed by falls (28.5%), acts of violence (14.3%) and sports injuries (9.2%). Nearly 80% of spinal cord injuries occur among the male population. According to the NSCISC, upon hospital discharge, 87.1% of persons with spinal cord injuries are sent to private, non-institutional residence (in most cases, their homes prior to injury).

Based on U.S. Census Bureau data, the spinal cord injury population gender and age statistics and data from the Spinal Cord Model Systems report, we estimate almost 80% or 218,000, of spinal cord injury patients in the United States could be candidates for current or future ReWalk products. The young average age of injury and significant remaining life expectancy, the likelihood of living at home and lifetime cost of treatment highlight the need for an out-of-hospital solution with demonstrated health and social benefits.

In addition to developing the next generation of ReWalk, we are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients.

According to the National Multiple Sclerosis Society, as many as 400,000 Americans suffer from multiple sclerosis. Research indicates that approximately 53% of these individuals, or approximately 212,000, would be

[Table of Contents](#)

classified as either a 6.0 or 7.0 on the Kurtzke Disability Status Scale (DSS), a measure of the need for walking assistance. Individuals with DSS 6.0 require intermittent or unilateral constant assistance (by means of cane, crutch, or brace) to walk approximately 100 meters without resting. Individuals with DSS 7.0 are unable to walk beyond 10 meters without rest while leaning against a wall or holding furniture for support. We believe these individuals could benefit from our technology.

In the future, we plan to address the mobility needs of stroke and cerebral palsy patients. Over five million Americans have suffered a stroke, with 780,000 new incidences expected each year. Physical limitations after stroke vary from case to case, but approximately 20-25% of these individuals are unable to walk without full physical assistance. Cerebral palsy is a disorder of movement, muscle tone or posture that is caused by damage to the developing brain, most often before or during a child's birth, or during the first 3 to 5 years of a child's life. According to United Cerebral Palsy, there are 764,000 cases of cerebral palsy in the United States. Cerebral palsy represents a significant opportunity to address the segment of this market that will meet the physical criteria to use ReWalk.

Our Solutions

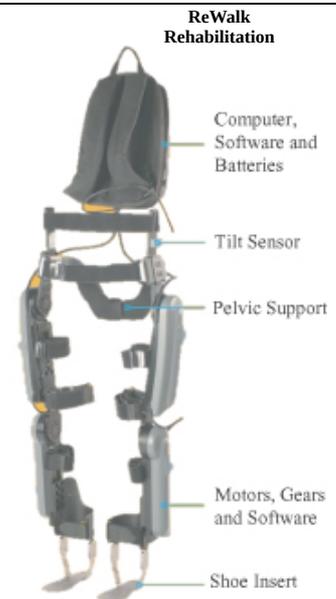
ReWalk is a breakthrough product that can fundamentally change the health and life experiences of users. Published clinical studies demonstrate ReWalk's ability to deliver a natural gait and functional walking speed. ReWalk's patented tilt-sensor technology and an on-board computer and motion sensors drive motorized legs that power knee and hip movement and allow self-initiated walking. ReWalk controls movement using subtle changes in the user's center of gravity. A forward tilt of the upper body is sensed by the system, which initiates the first step. Repeated body shifting generates a sequence of steps, which allows natural ambulation with functional walking speed. While ReWalk does not allow side-to-side actuation, users are able to turn by shifting their weight to the side. ReWalk also allows users to sit, stand, and, in some cases, climb and descend stairs.

Designed for all-day use and worn over the clothes of users, ReWalk consists of a light wearable exoskeleton with integrated motors at the joints, an array of sensors and a backpack that contains the batteries and the computer-based control system. The control system utilizes proprietary algorithms to analyze upper-body motions and trigger and maintain gait patterns and other modes of operation (such as stair-climbing and shifting from sitting to standing), leaving the user's hands free for self-support and other functions. Because the exoskeleton supports its own weight, users do not expend unnecessary energy while walking. Safety measures include crutches, which provide additional stability, fall protection, which lowers users slowly and safely in the event of a malfunction, and the secure "stand" mode, which automatically initiates if the user does not begin walking within two seconds. ReWalk is also equipped with maintenance alarms, warnings and backup batteries. The rechargeable batteries are easily accessible from the system's backpack and can be recharged in any standard power outlet. Upon completion of training, which generally consists of approximately 15 one-hour sessions, most users are able to put on and remove the device by themselves while sitting, typically in less than 15 minutes.

Table of Contents

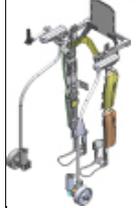
Current ReWalk designs are intended for people with paraplegia who have the use of their upper bodies and arms. We currently offer two ReWalk products: ReWalk Personal and ReWalk Rehabilitation.

- *ReWalk Personal*: intended for everyday use at home, at work or in the community. We began marketing ReWalk Personal in Europe with CE mark clearance at the end of 2012. We received clearance to market ReWalk Personal in the United States in June 2014. ReWalk Personal units are all manufactured according to the same specifications. Each unit is then permanently sized to fit the individual user and the software is configured for the user's specifications by the rehabilitation center, clinic or distributor.
- *ReWalk Rehabilitation*: designed for the clinical rehabilitation environment, ReWalk Rehabilitation has adjustable sizing enabling multiple patient use. ReWalk Rehabilitation provides a valuable means of exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future. We began marketing ReWalk Rehabilitation for use in hospitals, rehabilitation centers and stand-alone training centers in the United States and Europe in 2011. ReWalk Rehabilitation units are all manufactured according to the same specifications and are equipped with adjustable sizing for multi-patient use.



Our interim analysis of an ongoing clinical study and our experience working with health care practitioners and ReWalk users suggest that ReWalk has the potential to provide secondary health benefits. These benefits include reducing pain and spasticity and improving bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reducing hospitalizations and dependence on medications. Because of these secondary medical benefits, we believe that ReWalk has the ability to reduce the lifetime healthcare costs of individuals with spinal cord injuries, making it economically attractive for individuals, healthcare providers such as hospitals and rehabilitation centers, and third-party payors.

ReWalk-Q



We are currently developing our next generation of ReWalk, with a more efficient drive mechanism, slimmer profile and lighter body, as well as other improvements. We are also developing ReWalk-Q for individuals with quadriplegia who are unable to hold crutches, which will include attached crutches with wheels. We expect to complete the development of ReWalk-Q in the near future, at which time we will begin clinical testing and apply for regulatory clearances. We plan to expand the designs and indications that we address beyond paraplegia and quadriplegia to include other disabilities affecting gait and ability to walk, such as multiple sclerosis, stroke and cerebral palsy.

Risk Factors

Investing in our ordinary shares involves risks. You should carefully consider the risks described in "Risk Factors" before making a decision to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition or results of operations would likely be materially adversely affected. In such case, the trading price of our ordinary shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue, and we may not be able to achieve or maintain market acceptance.

Table of Contents

- The market for medical exoskeletons is new and unproven, and important assumptions about the potential market for our products may be inaccurate.
- We have a limited operating history upon which you can evaluate our business plan and prospects.
- If we are unable to expand our sales, marketing and training infrastructure, we may fail to increase our sales.
- The health benefits of ReWalk have not been substantiated by long-term clinical data, which could limit sales.
- We may fail to secure or retain adequate coverage or reimbursement for ReWalk by third-party payors.
- We depend on a single third-party to manufacture ReWalk and a limited number of third-party suppliers for certain components of ReWalk.
- Our future growth and operating results will depend on our ability to develop and commercialize new products and penetrate new markets.
- We operate in a competitive industry that is subject to rapid technological change, and we expect competition to increase.
- We have incurred net losses since our inception.
- The accountants' report on our financial statements for the year ended December 31, 2013 includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a "going concern."
- We are subject to extensive governmental regulations relating to the manufacturing, labeling and marketing of our products.

Our Principal Shareholders

Upon the closing of this offering, entities affiliated with SCP Vitalife Partners, Yaskawa Electric Corporation, or Yaskawa, Israeli Health Care Ventures II, L.P. and entities affiliated with Pontifax (Cayman) II, L.P. will beneficially own % of our outstanding ordinary shares in the aggregate (or % if the underwriters exercise in full their option to purchase additional shares). Upon the closing of this offering, we will not be a party to and are not otherwise aware of any voting agreement that will exist among our shareholders. For further information about the ownership of our ordinary shares upon the closing of this offering, see "Principal Shareholders."

We have entered into a Strategic Alliance Agreement with Yaskawa pursuant to which, among other arrangements, we and Yaskawa will collaborate with respect to the marketing, distribution and commercialization of our products by Yaskawa, the marketing and distribution of future Yaskawa products by us and the improvement and quality control of our products. In the future, subject to any necessary regulatory clearance, this agreement entitles us to market and sell certain of Yaskawa's products currently under development in the United States and Europe. The term of the agreement is ten years, but it may be terminated by either party after seven years or upon 60 days' notice in the event of an uncured default under the agreement.

We and Yaskawa also entered into an Exclusive Distribution Agreement which provides that Yaskawa will be our exclusive distributor in Japan, China (including Hong Kong and Macau), Taiwan, South Korea, Singapore and Thailand. In addition, Yaskawa has a right of first refusal to serve as distributor in certain other Asian markets, subject to an agreement on minimum purchase requirements. In addition, if we offer better pricing to any other distributor than what we offer Yaskawa, Yaskawa will be entitled to that pricing. The term of the Exclusive Distribution Agreement is ten years, but it may be terminated by either party upon 90 days' written notice after seven years or upon certain other events. See "Certain Relationships and Related Party Transactions—Agreements with Yaskawa."

Corporate Information

We are incorporated under the laws of the State of Israel. Our corporate headquarters are located at Kochav Yokneam Building, Floor 6, Yokneam Ilit 20692, Israel, and our telephone number is +972 (4) 959 0123. We also have offices in Marlborough, Massachusetts and Berlin, Germany. Our website address is <http://rewalk.com/>. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes. Our agent for service of process in the United States is ReWalk Robotics, Inc., located at 33 Locke Drive, Marlborough, Massachusetts 01752, and its telephone number is (508) 251-1154.

ReWalk® is our registered trademark in Israel. Other trademarks and service marks appearing in this prospectus are the property of their respective holders.

[Table of Contents](#)

The Offering

Ordinary shares offered by us	ordinary shares
Ordinary shares to be outstanding after this offering	ordinary shares
Underwriters' option	We have granted the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to additional ordinary shares.
Use of proceeds	We intend to use the net proceeds from this offering for general corporate purposes, including sales and marketing expenditures aimed at growing our business and research and development expenditures focused on product development. We may also use net proceeds to make acquisitions or investments in complementary companies or technologies, although we do not have any agreement or understanding with respect to any such acquisition or investment at this time. See "Use of Proceeds."
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.
Proposed Nasdaq Global Market symbol	RWLK
	The number of ordinary shares to be outstanding after this offering is based on 367,534 ordinary shares outstanding as of July 1, 2014:
	<ul style="list-style-type: none">• assuming the exercise on such date of warrants to purchase 25,568 of our preferred shares that expire prior to or upon the consummation of this offering, and the conversion on such date of all outstanding ordinary A shares, ordinary B shares, preferred shares and preferred shares issuable upon the exercise of such outstanding warrants into ordinary shares;• excluding 69,097 ordinary shares reserved for issuance under our share option plans as of July 1, 2014, of which there were outstanding options to purchase 61,980 shares at a weighted average exercise price of \$23.34 per share;• excluding 60,337 ordinary shares issuable pursuant to the conversion of preferred E shares issued in July 2014;• excluding warrants to purchase 35,541 of our ordinary shares that will remain outstanding after this offering; and• giving effect, immediately prior to the closing of this offering, to the issuance to our founder, Dr. Amit Goffer, of a number of ordinary shares such that the value of his ownership interest equals 6% of our valuation, in accordance with our Articles of Association and our Fourth Amended and Restated Shareholders Agreement.
	For more information regarding the securities that Dr. Goffer may acquire, see "Certain Relationships and Related Party Transactions—Arrangements with Founder."

[Table of Contents](#)

Unless otherwise indicated, this prospectus:

- reflects the exercise immediately prior to the closing of this offering of our outstanding warrants that expire upon the consummation of this offering and the conversion of all outstanding ordinary A shares, ordinary B shares and preferred shares into ordinary shares;
- gives effect to the adoption of our amended articles of association immediately prior to the closing of this offering, which will replace our articles of association currently in effect;
- gives effect to a -for-1 share split of our ordinary shares effected on , 2014 by means of a share dividend of ordinary shares for each ordinary share then outstanding;
- assumes an initial public offering price of \$ per ordinary share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus; and
- assumes no exercise of the underwriters' option to purchase up to additional ordinary shares from us.

Summary Consolidated Financial Data

The summary consolidated financial data set forth below for the years ended December 31, 2012 and 2013 is derived from our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP and are presented elsewhere in this prospectus. The summary consolidated financial statement data for the three months ended March 31, 2013 and 2014, and as of March 31, 2014, is derived from our unaudited interim consolidated financial statements presented elsewhere in this prospectus. In the opinion of management, these unaudited interim consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of our financial position and operating results for these periods.

You should read the following summary consolidated financial data in conjunction with, and it is qualified in its entirety by reference to, our consolidated financial statements and the related notes appearing elsewhere in this prospectus and other information provided in this prospectus, including “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The historical results set forth below are not necessarily indicative of the results to be expected in future periods and results for interim periods are not necessarily indicative of the results that may be expected for the entire year.

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands, except per share data)			
Statements of Operations Data:				
Revenues	\$ 972	\$ 1,588	\$ 550	\$ 445
Cost of revenues	983	2,017	587	643
Gross loss	(11)	(429)	(37)	(198)
Operating expenses:				
Research and development	1,757	2,463	396	1,082
Sales and marketing, net	2,334	4,091	898	1,215
General and administrative	1,657	1,762	407	540
Total operating expenses	5,748	8,316	1,701	2,837
Operating loss	5,759	8,745	1,738	3,035
Financial expenses, net	878	3,410	547	2,005
Loss before income taxes	6,637	12,155	2,285	5,040
Income taxes	21	22	8	11
Net loss	\$ 6,658	\$ 12,177	\$ 2,293	\$ 5,051
Net loss per ordinary share, basic and diluted	\$ (742.75)	\$ (1,341.58)	\$ (252.08)	\$ (552.34)
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted	10,316	10,316	10,316	10,388
Pro forma net loss per ordinary share, basic and diluted(1)		\$ (45.79)		\$ (8.42)
Pro forma weighted average number of shares used in computing net loss per ordinary share, basic and diluted(1)		241,648		363,359

[Table of Contents](#)

	As of March 31, 2014	
	Actual	As Adjusted
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	\$	5,158
Total assets		8,271
Total long-term liabilities		5,515
Accumulated deficit		(37,957)
Total shareholders' equity		734

- (1) Pro forma net loss per ordinary share and pro forma weighted average number of shares outstanding assume the conversion of our preferred shares, including preferred shares issuable in connection with the exercise of outstanding warrants, into ordinary shares, which will occur immediately prior to the closing of this offering, but does not include the issuance of shares in connection with this offering. For additional information on the conversion of the preferred shares, see Note 9 to our consolidated financial statements included elsewhere in this prospectus.
- (2) As adjusted gives effect to (a) the conversion of our preferred shares, including preferred shares issuable in connection with the exercise of outstanding warrants, into ordinary shares, which will occur immediately prior to the closing of this offering, (b) the receipt of \$ million by us upon the closing of this offering from the exercise of warrants prior to the closing of this offering; and (c) the issuance and sale of ordinary shares by us in this offering at an assumed initial public offering price of \$ per ordinary share, the midpoint of the range on the front cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

An investment in our ordinary shares involves a high degree of risk. You should consider carefully the risks described below and all other information contained in this prospectus before you decide to buy our ordinary shares. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our ordinary shares would likely decline and you might lose all or part of your investment.

Risks Related to Our Business and Our Industry

We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue, and we may not be able to achieve or maintain market acceptance.

We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue. ReWalk is a new product, and market acceptance and adoption depend on educating people with limited upright mobility and health care providers as to the distinct features, ease-of-use, positive lifestyle impact and other benefits of ReWalk compared to alternative technologies and treatments. ReWalk may not be perceived to have sufficient potential benefits compared with these alternatives. Users may also choose other therapies due to disadvantages of ReWalk, including the time it takes for a user to put on ReWalk, the slower pace of ReWalk compared to a wheelchair, the weight of ReWalk when carried, which makes it more burdensome for a companion to transport than a wheelchair, and the requirement that users be accompanied by a companion. Also, we believe that healthcare providers tend to be slow to change their medical treatment practices because of perceived liability risks arising from the use of new products and the uncertainty of third-party reimbursement. Accordingly, healthcare providers may not recommend ReWalk until there is sufficient evidence to convince them to alter the treatment methods they typically recommend, such as prominent healthcare providers or other key opinion leaders in the spinal cord injury community recommending ReWalk as effective in providing identifiable immediate and long-term health benefits.

In addition, health insurance companies and other third-party payors may not provide adequate coverage or reimbursement for our products. We may be unable to sell ReWalk systems on a profitable basis if third-party payors deny coverage, limit reimbursement or reduce their levels of payment, or if our costs of production increase faster than increases in reimbursement levels. In addition, we may not obtain coverage and reimbursement approvals in a timely manner. Our failure to receive such approvals would negatively impact market acceptance of ReWalk.

Achieving and maintaining market acceptance of ReWalk could be negatively impacted by many other factors, including, but not limited to:

- lack of sufficient evidence supporting the benefits of ReWalk over competitive products or other available treatment, or lifestyle management, methodologies;
- results of clinical studies relating to ReWalk or similar products;
- claims that ReWalk, or any component thereof, infringes on patent or other intellectual property rights of third-parties;
- perceived risks associated with the use of ReWalk or similar products or technologies;
- the introduction of new competitive products or greater acceptance of competitive products;
- adverse regulatory or legal actions relating to ReWalk or similar products or technologies; and
- problems arising from the outsourcing of our manufacturing capabilities, or our existing manufacturing and supply relationships.

Any factors that negatively impact sales of ReWalk would adversely affect our business, financial condition and operating results.

[Table of Contents](#)

The market for medical exoskeletons is new and unproven, and important assumptions about the potential market for our products may be inaccurate.

The market for medical exoskeletons is new and unproven. Accordingly, it is difficult to predict the future size and rate of growth of the market. We cannot be certain whether the market will continue to develop or if medical exoskeletons will achieve and sustain a level of market acceptance and demand sufficient for us to continue to generate revenue and achieve profitability.

Limited sources exist to obtain reliable market data with respect to the number of mobility impaired individuals and the incurrence of spinal cord injuries in our target markets. In addition, there are no third-party reports or studies regarding what percentage of those with limited mobility or spinal cord injuries would be able to use exoskeletons in general, or our current or planned future products in particular. In order to use our current products marketed to those with paraplegia, users must have healthy hands and shoulders, weigh less than 220 pounds/100 kilograms and be between 5 ft. 1 inch and 6 ft. 6 inches/1.55 meters and 2 meters. Users must also not have balance, brain or vestibular disorders that would affect their balance. Future products for those with paraplegia, quadriplegia or other mobility impairments or spinal cord injuries may have the same or other restrictions. Our business strategy is based, in part, on our estimates of the number of mobility impaired individuals and the incurrence of spinal cord injuries in our target markets and the percentage of those groups that would be able to use our current and future products. Our assumptions may be inaccurate and may change.

If the medical exoskeleton market fails to develop or develops more slowly than we expect, or if we have relied on sources or made assumptions that are not accurate, our business could be adversely affected.

In addition, because we operate in a new market, the actions of our competitors could adversely affect our business. Adverse events such as product defects or legal claims with respect to competing or similar products could cause reputational harm to the exoskeleton market on the whole. Further, adverse regulatory findings or reimbursement-related decisions with respect to other exoskeleton products could negatively impact the entire market and, accordingly, our business.

We have a limited operating history upon which you can evaluate our business plan and prospects.

Although we were incorporated in 2001, we did not begin selling ReWalk Rehabilitation until 2011, and we did not begin selling ReWalk Personal in Europe until 2012. We expect to begin selling ReWalk Personal in the United States in the third quarter of 2014 as we received FDA clearance to do so in June 2014. Therefore, we have limited operating history upon which you can evaluate our business plan and prospects. Our business plan and prospects must be considered in the light of the potential problems, delays, uncertainties and complications encountered in connection with a newly established business. The risks include, but are not limited to, that:

- a market will not develop for our products;
- we will not be able to develop scalable products and services, or that although scalable, our products and services will not be economical to market;
- we will not be able to establish brand recognition and competitive advantages for our products;
- we will not receive necessary regulatory clearances or approvals for our products; and
- our competitors market an equivalent or superior product or hold proprietary rights that preclude us from marketing our products.

There are no assurances that we can successfully address these challenges. If we are unsuccessful, our business, financial condition and operating results could be materially and adversely affected.

If we are unable to expand our sales, marketing and training infrastructure, we may fail to increase our sales.

A key element of our business strategy is the continued expansion of our sales and marketing infrastructure, through the hiring, training, retaining and motivating of skilled sales and marketing representatives with industry

[Table of Contents](#)

experience and knowledge. In order to grow our business efficiently, we must coordinate the expansion of this infrastructure with the timing of regulatory approvals, decisions regarding reimbursements, and other factors in various geographies. Developing a sales and marketing infrastructure is expensive and time consuming and an inability to develop such an organization in a timely manner, or in coordination with regulatory or other developments, could inhibit potential sales and delay the successful adoption of ReWalk.

We expect to face significant challenges as we manage and grow our sales and marketing infrastructure and work to retain the individuals who make up those networks. Recently hired sales representatives require training and take time to achieve full productivity. If we fail to train recent hires adequately, or if we experience high turnover in our sales force in the future, we cannot be certain that new hires will become as productive as may be necessary to maintain or increase our sales. In addition, if we are not able to recruit and retain a network of internal trainers, we may not be able to successfully train customers on the use of ReWalk, which could inhibit new sales and harm our reputation. If we are unable to expand our sales, marketing and training capabilities, we may not be able to effectively commercialize ReWalk, or enhance the strength of our brand, which could have a material adverse effect on our operating results.

The health benefits of ReWalk have not been substantiated by long-term clinical data, which could limit sales.

Although our interim analysis of an ongoing study demonstrates improvements in secondary physical conditions such as reduction in pain and spasticity and improving bowel and urinary tract function, decreasing pain, emotional and psychosocial benefits, the health benefits of our current ReWalk products have not been substantiated by long-term clinical data. As a result, potential customers and healthcare providers may be slower to adopt or recommend ReWalk and third-party payors may not be willing to provide coverage or reimbursement for our products. In addition, future studies or clinical experience may indicate that treatment with our current or future ReWalk products is not superior to treatment with alternative products or therapies. Such results could slow the adoption of our products and significantly reduce our sales.

We may fail to secure or retain adequate coverage or reimbursement for ReWalk by third-party payors.

We expect that in the future a significant source of payment for ReWalk systems will be private insurance plans and managed care programs, government programs such as the Veterans Administration, Medicare and Medicaid, worker's compensation and other third-party payors. Currently, no uniform policy of coverage and reimbursement for electronic exoskeleton medical technology exists among third-party payors in the United States or elsewhere. To date, payments for our products have been made primarily by self-payers, through case-by-case determinations by third-party payors and by negotiating the cost of a ReWalk into accident settlements. There is limited clinical data related to ReWalk, and third-party payors may consider use of ReWalk to be experimental and therefore refuse to cover it. For example, Aetna recently announced its determination that certain lower-limb prostheses, including ReWalk, are experimental and investigational because there is inadequate evidence of their effectiveness. Private insurance companies do not currently cover or provide reimbursement for any medical exoskeleton products for personal use, including ReWalk, and may never provide such coverage.

Many private third-party payors use coverage decisions and payment amounts determined by the Centers for Medicare and Medicaid Services, or CMS, which administers the Medicare program, as guidelines in setting their coverage and reimbursement policies. In the future, we will pursue economic benefit clinical studies for CMS, which we expect to demonstrate the secondary medical benefits and long-term cost savings potential of ReWalk. While we believe that a positive response from CMS in respect of such studies will broaden coverage by private insurers, we expect that it could take three to five years to receive a decision from CMS. Even with a positive decision from CMS regarding ReWalk Personal, future action by CMS or other government agencies may diminish possible payments to physicians, outpatient centers and/or hospitals that purchase ReWalk Rehabilitation, and possible payments to individuals who purchase ReWalk Personal. Additionally, a decision by CMS to provide reimbursement could influence other payors, including private insurers. If CMS declines to provide for reimbursements of ReWalk or if its reimbursement price is lower than that of other payors, ReWalk

[Table of Contents](#)

may not be reimbursed at a cost-effective level or at all. Those private third-party payors that do not follow the Medicare guidelines may adopt different coverage and reimbursement policies for purchase of ReWalk, or use of ReWalk Rehabilitation at a hospital or rehabilitation center. In addition, we expect that the purchase of ReWalk Rehabilitation systems will require the approval of senior management at hospitals or rehabilitation facilities, inclusion in the hospitals' or rehabilitation facilities' budget process for capital expenditures, and in the case of ReWalk Personal, fundraising and financial planning or assistance.

Third-party payors are developing increasingly sophisticated methods of controlling healthcare costs. These cost control methods include prospective payment systems, capitated rates, benefit redesigns and an exploration of other cost-effective methods of delivering healthcare. These cost control methods potentially limit the amount that healthcare providers may be willing to pay for electronic exoskeleton medical technology, if they provide coverage at all. We may be unable to sell ReWalk systems on a profitable basis if third-party payors deny coverage or provide insufficient levels of reimbursement.

We depend on a single third-party to manufacture ReWalk and a limited number of third-party suppliers for certain components of ReWalk.

We have contracted with Sanmina Corporation, a well-established contract manufacturer with expertise in the medical device industry, for the manufacture of all of our products and the sourcing of all of our components and raw materials. Pursuant to this contract, Sanmina manufactures ReWalk, pursuant to our specifications, at its facility in Ma'alot, Israel. We may terminate our relationship with Sanmina at any time upon written notice. In addition, either we or Sanmina may terminate the relationship in the event of a material breach, subject to a 30-day cure period. For our business strategy to be successful, Sanmina must be able to manufacture our products in sufficient quantities, in compliance with regulatory requirements and quality control standards, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Increases in our product sales, whether forecasted or unanticipated, could strain the ability of Sanmina to manufacture an increasingly large supply of our current or future products in a manner that meets these various requirements. In addition, although we are not restricted from engaging an alternative manufacturer, and have the capabilities to manufacture ReWalk in-house, the process of moving our manufacturing activities would be time consuming and costly, and may limit our ability to meet our sales commitments, which could harm our reputation and could have a material adverse effect on our business.

We also rely on third-party suppliers, which contract directly with Sanmina, to supply certain components of ReWalk. Sanmina does not have long-term supply agreements with most of their suppliers and, in many cases, makes purchases on a purchase order basis. Sanmina's ability to secure adequate quantities of such products may be limited. Suppliers may encounter problems that limit their ability to manufacture components for our products, including financial difficulties or damage to their manufacturing equipment or facilities. If Sanmina fails to obtain sufficient quantities of high quality components to meet demand on a timely basis, we could lose customer orders, our reputation may be harmed and our business could suffer.

Sanmina generally uses a small number of suppliers for ReWalk. Depending on a limited number of suppliers exposes us to risks, including limited control over pricing, availability, quality and delivery schedules. If any one or more of our suppliers ceases to provide sufficient quantities of components in a timely manner or on acceptable terms, Sanmina would have to seek alternative sources of supply. It may be difficult to engage additional or replacement suppliers in a timely manner. Failure of these suppliers to deliver products at the level our business requires would limit our ability to meet our sales commitments, which could harm our reputation and could have a material adverse effect on our business. Sanmina also may have difficulty obtaining similar components from other suppliers that are acceptable to the FDA or other regulatory agencies, and the failure of Sanmina's suppliers to comply with strictly enforced regulatory requirements could expose us to regulatory action including warning letters, product recalls, termination of distribution, product seizures or civil penalties. It could also require Sanmina to cease using the components, seek alternative components or technologies and we could be forced to modify our products to incorporate alternative components or technologies, which could result in a requirement to seek additional regulatory approvals. Any disruption of this nature or increased expenses could harm our commercialization efforts and adversely affect our operating results.

[Table of Contents](#)

We also rely on a limited number of suppliers for the batteries used by ReWalk and do not maintain any long-term supply agreement with respect to batteries. If we or our third-party distributors fail to obtain sufficient quantities of batteries in a timely manner, our reputation may be harmed and our business could suffer.

Our future growth and operating results will depend on our ability to develop and commercialize new products and penetrate new markets.

In the next few years, we expect that a significant portion of our revenues will be derived from ReWalk products that we adapt for use by individuals with quadriplegia and other mobility impairments besides paraplegia. As such, our future results will depend on our ability to successfully develop and commercialize such products. We cannot ensure you that we will be able to introduce new products or products currently under development for additional indications in a timely manner, or at all. In addition, we may not be able to clinically demonstrate the medical benefits of our products for new indications, and we do not yet have any clinical data demonstrating the benefits of our products for indications other than paraplegia. We may also be unable to gain necessary regulatory approvals to enable us to market ReWalk for additional indications or the regulatory process may be more costly and time consuming than expected.

Even if we are successful in the design and development of new products, our growth and results of operations will depend on our ability to penetrate new markets and gain acceptance by the quadriplegia community and non-spinal cord injury markets such as the stroke and multiple sclerosis communities. We may not be able to gain such market acceptance in these communities in a timely manner, or at all.

While they will utilize the same core technology platform, our new products and products currently under development will have design features and components that differ from our current products. Accordingly, these products will also be subject to the risks described above under “—We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue.” To the extent we are unable to successfully develop and commercialize products to address indications other than paraplegia, we will not meet our projected results of operations and future growth.

We operate in a competitive industry that is subject to rapid technological change, and we expect competition to increase.

There are several other companies developing technology and devices that compete with ReWalk. Our principal competitors in the medical exoskeleton market consist of Ekso Bionics, Rex Bionics, Cyberdyne, and Parker Hannifin. These companies have products currently available for institutional use and some are in the early stages of the FDA clearance process for personal use. We expect some of such products to become available for personal use in the next few years. In addition, we compete with alternative devices and alternative therapies, including treadmill-based gait therapies, such as those offered by Hocoma, AlterG, Aretech and Reha Technology. These or other medical device or robotics companies, academic and research institutions, or others, may develop new technologies or therapies that provide a superior walking experience, are more effective in treating the secondary medical conditions that we target or are less expensive than ReWalk or future products. Our technologies and products could be rendered obsolete by such developments. We may also compete with other treatments and technologies that address the secondary medical conditions that ReWalk seeks to mitigate.

Our competitors may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing and other resources than we do or may be more successful in attracting potential customers, employees and strategic partners. In addition, potential customers, such as hospitals and rehabilitation centers, could have long-standing or contractual relationships with competitors or other medical device companies. Potential customers may be reluctant to adopt ReWalk, particularly if it competes with or has the potential to compete with or diminish the need/utilization of products or treatments supported through these existing relationships. If we are not able to compete effectively, our business and results of operations will be negatively impacted.

We have incurred net losses since our inception.

We have experienced operating losses since our inception in 2001. We expect that we will continue to incur losses for at least the next two years as we continue to commercialize our ReWalk systems, expand our sales and marketing capabilities, continue our ongoing research and development and continue to develop the corporate infrastructure necessary to market and sell our products. Additionally, following this offering, we expect general and administrative expenses to increase due to the additional operational and reporting costs associated with being a public company. Our ability to achieve profitability and positive cash flow is subject to the risks described in this section. If we are unable to become profitable with positive cash flow, the value of your investment will be adversely affected.

We may not have sufficient funds to meet our future capital requirements.

We believe that the combination of the proceeds of this offering and our other current sources of liquidity will be sufficient to meet our anticipated cash needs for at least the next 24 months. However, if we require additional funds during that period or in later periods, we may need to seek additional sources of funds, including potentially by selling additional equity securities, borrowing or selling or licensing our assets. However, we may be unable to obtain additional funds on reasonable terms, or at all. As a result, we may be required to reduce the scope of, or delay or eliminate, some or all of our current and planned commercialization and research and development activities. We also may have to reduce marketing, customer service or other resources devoted to our business. Any of these actions could materially harm our business and results of operations. Any sale of additional equity may result in dilution to our shareholders and agreements governing any borrowing arrangement may contain covenants that could restrict our operations.

The accountants' report on our financial statements for the year ended December 31, 2013 includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a "going concern."

As of December 31, 2013, we had an accumulated deficit in the amount of \$26,906. We have funded our operations to date principally from grants, the sale of our securities and the issuance of indebtedness. Without additional capital, from this offering or otherwise, we may run out of cash in the second half of 2014, which has raised a substantial doubt about our ability to continue as a going concern. Accordingly, our independent auditors have indicated, in their report on our December 31, 2013 financial statements, that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities, that may result if we do not continue as a going concern. The funding of our operations beyond the second half of 2014 will require additional investments in our company in the form of equity or debt financing or through collaboration, licensing or other similar arrangements, and we may not be able to raise sufficient capital to continue as a going concern.

We utilize independent distributors who are free to market products that compete with ReWalk.

While we expect that the percentage of our sales generated from independent distributors will decrease over time as we increase our direct sales efforts in the United States in response to the receipt of FDA clearance for ReWalk Personal, we believe that a meaningful percentage of our sales will continue to be generated by independent distributors in the future. None of our independent distributors has been required to sell our products exclusively. Our distributor agreements generally have one year initial terms and automatic renewals for an additional year. If any of our key independent distributors were to cease to distribute our products, our sales could be adversely affected. In such a situation, we may need to seek alternative independent distributors or increase our reliance on our other independent distributors or our direct sales representatives, which may not prevent our sales from being adversely affected. Additionally, to the extent that we enter into additional arrangements with independent distributors to perform sales, marketing, or distribution services, the terms of the arrangements could cause our product margins to be lower than if we directly marketed and sold our products.

We are dependent on a single facility for the manufacturing and assembly of our products.

All manufacturing and assembly of our products is conducted at a single facility of our contract manufacturer, Sanmina, located in Ma'alot, Israel. Accordingly, we are highly dependent on the uninterrupted and efficient operation of this facility. If operations at this facility were to be disrupted as a result of equipment failures, earthquakes and other natural disasters, fires, accidents, work stoppages, power outages, acts of war or terrorism or other reasons, our business, financial condition and results of operations could be materially adversely affected. In particular, this facility is located in the north of Israel within range of rockets that have from time to time been fired into the country during armed conflicts with Hezbollah in Lebanon. Although our manufacturing and assembly operations could be transferred elsewhere, either in-house or to an alternative Sanmina facility, the process of relocating these operations would cause delays in production. Lost sales or increased costs that we may experience during the disruption, or a forced relocation, of operations may not be recoverable under our insurance policies, and longer-term business disruptions could result in a loss of customers. If this were to occur, our business, financial condition and operations could be materially negatively impacted.

We may receive a significant number of warranty claims or our ReWalk system may require significant amounts of service after sale.

Sales of ReWalk generally include a two-year warranty for parts and services, other than for normal wear and tear. We also provide customers with the option to purchase an extended warranty for up to an additional three years. If product returns or warranty claims are significant or exceed our expectations, we could incur unanticipated expenditures for parts and services, which could have a material adverse effect on our operating results.

Defects in our products or the software that drives them could adversely affect the results of our operations.

The design, manufacture and marketing of ReWalk involve certain inherent risks. Manufacturing or design defects, unanticipated use of ReWalk, or inadequate disclosure of risks relating to the use of ReWalk can lead to injury or other adverse events. In addition, because the manufacturing of our products is outsourced to Sanmina, our original equipment manufacturer, we may not be aware of manufacturing defects that could occur. Such adverse events could lead to recalls or safety alerts relating to ReWalk (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of ReWalk from the market. A recall could result in significant costs. To the extent any manufacturing defect occurs, our agreement with Sanmina contains a limitation on Sanmina's liability, and therefore we could be required to incur the majority of related costs. Product defects or recalls could also result in negative publicity, damage to our reputation or, in some circumstances, delays in new product approvals.

When a human exoskeleton is used by a paralyzed individual to walk, the individual relies completely on the exoskeleton to hold him or her upright. In addition, ReWalk incorporates sophisticated computer software. Complex software frequently contains errors, especially when first introduced. Our software may experience errors or performance problems in the future. If any part of ReWalk's hardware or software were to fail, the user could experience death or serious injury. Additionally, users may not use ReWalk in accordance with safety protocols and training, which could enhance the risk of death or injury. Any such occurrence could cause delay in market acceptance of ReWalk, damage to our reputation, additional regulatory filings, product recalls, increased service and warranty costs, product liability claims and loss of revenue relating to such hardware or software defects.

The medical device industry has historically been subject to extensive litigation over product liability claims. We have been, and anticipate that as part of our ordinary course of business we may be, subject to product liability claims alleging defects in the design, manufacture or labeling of our products. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs and high punitive damage payments. Although we maintain product liability insurance, the coverage is subject to deductibles and limitations, and may not be adequate to cover future claims. Additionally, we may be unable to maintain our existing product liability insurance in the future at satisfactory rates or adequate amounts.

We may not be able to enhance our product offerings through our research and development efforts.

In order to increase our sales and our market share in the exoskeleton market, we must enhance and broaden our research and development efforts and product offerings in response to the evolving demands of people with paraplegia or paralysis and healthcare providers, as well as competitive technologies. We may not be successful in developing, obtaining regulatory approval for, or marketing our proposed products. In addition, notwithstanding our market research efforts, our future products may not be accepted by consumers, their caregivers, healthcare providers or third-party payors who reimburse consumers for our products. The success of any proposed product offerings will depend on numerous factors, including our ability to:

- identify the product features that people with paraplegia or paralysis, their caregivers and healthcare providers are seeking in a medical device that restores upright mobility and successfully incorporate those features into our products;
- develop and introduce proposed products in sufficient quantities and in a timely manner;
- adequately protect our intellectual property and avoid infringing upon the intellectual property rights of third-parties;
- demonstrate the safety, efficacy and health benefits of proposed products; and
- obtain the necessary regulatory approvals for proposed products.

If we fail to generate demand by developing products that incorporate features desired by consumers, their caregivers or healthcare providers, or if we do not obtain regulatory clearance or approval for proposed products in time to meet market demand, we may fail to generate sales sufficient to achieve or maintain profitability. We have in the past experienced, and we may in the future experience, delays in various phases of product development, including during research and development, manufacturing, limited release testing, marketing and customer education efforts. Such delays could cause customers to delay or forego purchases of our products, or to purchase our competitors' products. Even if we are able to successfully develop proposed products when anticipated, these products may not produce sales in excess of the costs of development, and they may be quickly rendered obsolete by changing consumer preferences or the introduction by our competitors of products embodying new technologies or features.

There is no long-term clinical data with respect to the effects of ReWalk, and our products could cause unforeseen negative effects.

While short-term clinical studies have established the safety of ReWalk, there is no long-term clinical data with respect to the safety or physical effects of ReWalk. Future results and experience could indicate that our products are not safe for long-term use or cause unexpected complications or other unforeseen negative effects. Because ReWalk users generally do not have feeling in their lower body, users may not immediately notice damaging effects, which could exacerbate their impact. If in the future ReWalk is shown to be unsafe or cause such unforeseen effects, we could be subject to mandatory product recalls, suspension or withdrawal of FDA clearance or approval, significant legal liability or harm to our business reputation.

We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third-parties that may not result in the development of commercially viable products or the generation of significant future revenues.

In the ordinary course of our business, in the future we may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships to develop ReWalk and to pursue new markets. Proposing, negotiating and implementing collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships may be a lengthy and complex process. We may not identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis, on acceptable terms or at all. We have limited institutional knowledge and experience with respect to these business development activities, and

[Table of Contents](#)

we may also not realize the anticipated benefits of any such transaction or arrangement. In particular, these collaborations may not result in the development of products that achieve commercial success or result in significant revenues and could be terminated prior to developing any products. For example, we have entered into an arrangement with Yaskawa for the distribution of our products in certain Asian markets, which may not be as productive or successful as we hope.

If we pursue collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships, we may not be in a position to exercise sole decision making authority regarding the transaction or arrangement, which could create the potential risk of creating impasses on decisions, and our collaborators may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals. It is possible that conflicts may arise with our collaborators. Our collaborators may act in their self-interest, which may be adverse to our best interest, and they may breach their obligations to us. Any such disputes could result in litigation or arbitration which would increase our expenses and divert the attention of our management. Further, these transactions and arrangements are contractual in nature and may be terminated or dissolved under the terms of the applicable agreements.

Exchange rate fluctuations between the U.S. dollar, the euro and the NIS may negatively affect our earnings.

The U.S. dollar is our functional and reporting currency. In 2013, most of our revenues were denominated in U.S. dollars, approximately half of our expenses were denominated in U.S. dollars, and the remainder of our expenses were denominated in NIS and euros. In 2014, we expect that the denominations of our revenues and expenses will be consistent with what we experienced in 2013. Accordingly, any appreciation of the NIS or euro relative to the U.S. dollar would adversely impact our net loss or net income, if any. We have in the past engaged in limited hedging activities, and any hedging strategies that we may implement in the future to mitigate currency risks, such as forward contracts, options and foreign exchange swaps related to transaction exposures, may not eliminate our exposure to foreign exchange fluctuations. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Risk.”

We may seek to grow our business through acquisitions of complementary products or technologies, and the failure to manage acquisitions, or the failure to integrate them with our existing business, could have a material adverse effect on our business, financial condition and operating results.

From time to time, we may consider opportunities to acquire other products or technologies that may enhance our product platform or technology, expand the breadth of our markets or customer base, or advance our business strategies. Potential acquisitions involve numerous risks, including:

- problems assimilating the acquired products or technologies;
- issues maintaining uniform standards, procedures, controls and policies;
- unanticipated costs associated with acquisitions;
- diversion of management’s attention from our existing business;
- risks associated with entering new markets in which we have limited or no experience; and
- increased legal and accounting costs relating to the acquisitions or compliance with regulatory matters.

We have no current commitments with respect to any acquisition. We do not know if we will be able to identify acquisitions we deem suitable, whether we will be able to successfully complete any such acquisitions on favorable terms or at all, or whether we will be able to successfully integrate any acquired products or technologies. Our potential inability to integrate any acquired products or technologies effectively may adversely affect our business, operating results and financial condition.

If there are significant disruptions in our information technology systems, our business, financial condition and operating results could be adversely affected.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage sales and marketing data, accounting and financial functions, inventory management, product development tasks, research and development data, customer service and technical support functions. Our information technology systems are vulnerable to damage or interruption from earthquakes, fires, floods and other natural disasters, terrorist attacks, attacks by computer viruses or hackers, power losses, and computer system or data network failures. In addition, our data management application is hosted by a third-party service provider whose security and information technology systems are subject to similar risks, and ReWalk systems contain software which could be subject to computer virus or hacker attacks or other failures.

The failure of our or our service providers' information technology systems or ReWalk's software to perform as we anticipate or our failure to effectively implement new information technology systems could disrupt our entire operation or adversely affect our software products and could result in decreased sales, increased overhead costs, and product shortages, all of which could have a material adverse effect on our reputation, business, financial condition and operating results.

If we fail to properly manage our anticipated growth, our business could suffer.

Our rapid growth has placed, and we expect that it will continue to place, a significant strain on our management team and on our financial resources. Failure to manage our growth effectively could cause us to misallocate management or financial resources, and result in losses or weaknesses in our infrastructure, which could materially adversely affect our business. Additionally, our anticipated growth will increase the demands placed on our suppliers, resulting in an increased need for us to manage our suppliers and monitor for quality assurance. Any failure by us to manage our growth effectively could have an adverse effect on our ability to achieve our business objectives.

We depend on the knowledge and skills of our senior management.

We have benefited substantially from the leadership and performance of our senior management. For example, we depend on our Chief Executive Officer's experience successfully scaling an early stage medical device company, as well as the experience of other members of management. In addition, we depend on the personal experiences with paralysis of our founder, President and Chief Technology Officer in the development of our products. We carry key man insurance on Dr. Amit Goffer, our founder, President and Chief Technology Officer, but not on any other executive officer, and the amount of such coverage would likely be insufficient to offset the impact to our business of the loss of his services. Our success will depend on our ability to retain our current management. Competition for senior management in our industry is intense and we cannot guarantee that we will be able to retain our personnel. The loss of the services of certain members of our senior management could prevent or delay the implementation and completion of our strategic objectives, or divert management's attention to seeking qualified replacements.

Risks Related to Government Regulation

We are subject to extensive governmental regulations relating to the manufacturing, labeling and marketing of our products.

Our medical products and manufacturing operations are subject to regulation by the FDA, the European Union, the Ministry of Health in Israel, and other governmental authorities both inside and outside of the United States. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, storage, installation, servicing, advertising, promoting, marketing, distribution, import, export and market surveillance of ReWalk.

[Table of Contents](#)

Our products are regulated as medical devices in the United States under the Federal Food, Drug, and Cosmetic Act, or FFDC, as implemented and enforced by the FDA. Under the FFDC, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with the medical device and the extent of control needed to provide reasonable assurance of safety and effectiveness. Classification of a device is important because the class to which a device is assigned determines, among other things, the necessity and type of FDA review required prior to marketing the device. See “Business—Government Regulation.”

In June 2014, the FDA granted our petition for “*de novo*” classification, which is a route to market for medical devices that are low to moderate risk, but are not substantially equivalent to a predicate device, and classified ReWalk as Class II subject to certain special controls. The special controls established in the *de novo* order include compliance with medical device consensus standards; performance of a postmarket surveillance clinical study demonstrating a reasonable assurance of safety and effectiveness in urban terrain; non-clinical performance testing of the system’s function and durability; a training program; and labeling related to device use and user training. In order for us to market ReWalk, we must comply with both general controls, including controls related to quality, facility registration, reporting of adverse events and labeling, and the special controls established for the device. Failure to comply with the general and special controls could lead to removal of ReWalk from the market, which would have a material adverse effect on our business.

Following the introduction of a product, the governmental agencies will periodically review our manufacturing processes and product performance, and we are under a continuing obligation that all applicable regulatory requirements continue to be met. The process of complying with the applicable good manufacturing practices, adverse event reporting, clinical trial and other requirements can be costly and time consuming, and could delay or prevent the production, manufacturing or sale of ReWalk. In addition, if we fail to comply with applicable regulatory requirements, it could result in fines, delays or suspensions of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to our reputation. Recent changes in enforcement practice by the FDA, European Union and other agencies have resulted in increased enforcement activity, which increases the compliance risk that we and other companies in our industry are facing. In addition, governmental agencies may impose new requirements regarding registration, labeling or prohibited materials that may require us to modify or re-register ReWalk once it is already on the market or otherwise impact our ability to market ReWalk in those countries. The process of complying with these governmental regulations can be costly and time consuming, and could delay or prevent the production, manufacturing or sale of ReWalk.

If we or our third-party manufacturers or suppliers fail to comply with the FDA’s Quality System Regulation, our manufacturing operations could be interrupted.

We, Sanmina and some of our suppliers are required to comply with the FDA’s QSR which covers the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products. We and Sanmina and our suppliers are also subject to the regulations of foreign jurisdictions regarding the manufacturing process if we or our distributors market our products abroad. We continue to monitor our quality management in order to improve our overall level of compliance. Our facilities are subject to periodic and unannounced inspection by U.S. and foreign regulatory agencies to audit compliance with the QSR and comparable foreign regulations. If our facilities or those of Sanmina or our suppliers are found to be in violation of applicable laws and regulations, or if we or Sanmina or our suppliers fail to take satisfactory corrective action in response to an adverse inspection, the regulatory authority could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement, refunds, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;

[Table of Contents](#)

- withdrawing 510(k) marketing clearances or PMA approvals that have already been granted;
- refusing to provide Certificates for Foreign Government;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution.

Any of these sanctions could impair our ability to produce ReWalk in a cost-effective and timely manner in order to meet our customers' demands, and could have a material adverse effect on our reputation, business, results of operations and financial condition. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits.

We are subject to various laws and regulations, including “fraud and abuse” laws and anti-bribery laws, which, if violated, could subject us to substantial penalties.

Medical device companies such as ours have faced lawsuits and investigations pertaining to alleged violations of numerous statutes and regulations, including anti-corruption laws and health care “fraud and abuse” laws, such as the federal False Claims Act, the federal Anti-Kickback Statute and the U.S. Foreign Corrupt Practices Act, or the FCPA. See “Business—Government Regulation.” U.S. federal and state laws, including the federal Physician Payments Sunshine Act, or the Sunshine Act, and the implementation of Open Payments regulations under the Sunshine Act, require medical device companies to disclose certain payments made to healthcare providers and teaching hospitals or funds spent on marketing and promotion of medical device products. It is widely anticipated that public reporting under the Sunshine Act and implementing Open Payments regulations will result in increased scrutiny of the financial relationships between industry, physicians and teaching hospitals. These anti-kickback, anti-bribery, public reporting and aggregate spend laws affect our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs, we may have with hospitals, rehabilitation centers, physicians or other potential purchasers or users of ReWalk. They also impose additional administrative and compliance burdens on us. In particular, these laws influence, among other things, how we structure our sales offerings, including discount practices, customer support, education and training programs and physician consulting and other service arrangements. If we are in violation of any of these requirements or any actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant criminal and civil fines and penalties, exclusion from federal healthcare programs or other sanctions.

The FCPA applies to companies, such as us following this offering, with a class of securities registered under the Exchange Act. The FCPA and other anti-bribery laws to which various aspects of our operations may be subject generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. In various jurisdictions, our operations require that we and third parties acting on our behalf routinely interact with government officials, including medical personnel who may be considered government officials for purposes of these laws because they are employees of state-owned or controlled facilities. Other anti-bribery laws to which various aspects of our operations may be subject, including the United Kingdom Bribery Act, also prohibit improper payments to private parties and prohibit receipt of improper payments. Our policies prohibit our employees from making or receiving corrupt payments, including, among other things, to require compliance by third parties engaged to act on our behalf. Our policies mandate compliance with these anti-bribery laws, however, we operate in many parts of the world that have experienced governmental and/or private corruption to some degree. As a result, the existence and implementation of a robust anti-corruption program cannot eliminate all risk that unauthorized reckless or criminal acts have been or will be committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and harm our financial condition, results of operations, cash flows and reputation.

[Table of Contents](#)

If we are found to have violated laws protecting the confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.

There are a number of federal and state laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the U.S. Department of Health and Human Services, or HHS, promulgated patient privacy rules under the Health Insurance Portability and Accountability Act of 1996, or HIPAA. These privacy rules protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. If we or any of our service providers are found to be in violation of the promulgated patient privacy rules under HIPAA, we could be subject to civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition and operating results.

Risks Related to Our Intellectual Property

Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products.

Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products. We seek to protect our intellectual property through a combination of patents, trademarks, confidentiality and invention assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. In addition, we rely on trade secrets law to protect our proprietary software and product candidates/products in development.

The patent position of robotic and exoskeleton inventions can be highly uncertain and involves many new and evolving complex legal, factual and technical issues. Patent laws and interpretations of those laws are subject to change and any such changes may diminish the value of our patents or narrow the scope of protection. In addition, we may fail to apply for or be unable to obtain patents necessary to protect our technology or products or enforce our patents due to lack of information about the exact use of technology or processes by third parties. Also, we cannot be sure that any patents will be granted in a timely manner or at all with respect to any of our patent pending applications or that any patents that are granted will be adequate to protect our intellectual property for any significant period of time or at all.

Litigation to establish or challenge the validity of patents, or to defend against or assert against others infringement, unauthorized use, enforceability or invalidity claims, can be lengthy and expensive and may result in our patents being invalidated or interpreted narrowly and our not being granted new patents related to our pending patent applications. Even if we prevail, litigation may be time-consuming and force us to incur significant costs, and any damages or other remedies awarded to us may not be valuable and management's attention could be diverted from managing our business. In addition, U.S. patents and patent applications may be subject to interference proceedings, and U.S. patents may be subject to re-examination proceedings in the U.S. Patent and Trademark Office. Foreign patents may also be subject to opposition or comparable proceedings in the corresponding foreign patent offices. Any of these proceedings may be expensive and could result in the loss of a patent or denial of a patent application, or the loss or reduction in the scope of one or more of the claims of a patent or patent application.

In addition, we seek to protect our trade secrets, know-how and confidential information that is not patentable by entering into confidentiality and invention assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of

unauthorized disclosure or use of proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We also have taken precautions to initiate reasonable safeguards to protect our information technology systems. However, these measures may not be adequate to safeguard our proprietary intellectual property, which could lead to the loss or impairment of our intellectual property or to expensive litigation to defend our rights against competitors who may be better funded and have superior resources. In addition, unauthorized parties may attempt to copy or reverse engineer certain aspects of our products that we consider proprietary or our proprietary information may otherwise become known or may be independently developed by our competitors or other third parties. If other parties are able to use our proprietary technology or information, our ability to compete in the market could be harmed.

Further, unauthorized use of our intellectual property may have occurred, or may occur in the future, without our knowledge.

If we are unable to obtain or maintain adequate protection for intellectual property, or if any protection is reduced or eliminated, competitors may be able to use our technologies, resulting in harm to our competitive position.

Our patents and proprietary technology and processes may not provide us with a competitive advantage.

Robotics and exoskeleton technologies have been developing rapidly in recent years. We are aware of several other companies developing competing exoskeleton devices for individuals with limited mobility and we expect the level of competition and the pace of development in our industry to increase. See “Business—Competition.” While we believe our tilt-sensor technology provides a more natural and superior method of exoskeleton activation, which creates a better user experience, a variety of other activation and control methods exist for exoskeletons, several of which are being developed by our competitors, or may be developed in the future. As a result, our patent portfolio and proprietary technology and processes may not provide us with a significant advantage over our competitors, and competitors may be able to design and sell alternative products that are equal to or superior to our products without infringing on our patents. In addition, our current patents will expire and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage. If we are unable to maintain a competitive advantage, our business and results of operations may be materially adversely affected.

Even in instances where others are found to infringe on our patents, many countries have laws under which a patent owner may be compelled to grant licenses for the use of the patented technology to other parties. In addition, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, a patent owner may have limited remedies, which could diminish the value of a patent. Further, the laws of some countries do not protect intellectual property rights to the same extent as the laws of the United States, particularly in the field of medical products and effective enforcement in those countries may not be available. The ability of others to market comparable products could adversely affect our business.

We may not be able to protect our intellectual property rights in all countries.

Filing, prosecuting, maintaining and defending patents on each of our products in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States are less extensive than those in the United States. In addition, the laws of some foreign countries, especially developing countries, do not protect intellectual property rights to the same extent as federal and state laws in the United States. Also, it may not be possible to effectively enforce intellectual property rights in some countries at all or to the same extent as in the United States and other countries. Consequently, we are unable to prevent third parties from using our inventions in all countries, or from selling or importing products made using our inventions in the jurisdictions in which we do not have (or are unable to effectively enforce) patent protection. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop, market or otherwise commercialize their own products, and we may be unable to prevent those

[Table of Contents](#)

competitors from importing those infringing products into territories where we have patent protection, but enforcement is not as strong as in the United States. These products may compete with our products and our patents and other intellectual property rights may not be effective or sufficient to prevent them from competing in those jurisdictions. Moreover, competitors or others in the chain of commerce may raise legal challenges against our intellectual property rights or may infringe upon our intellectual property rights, including through means that may be difficult to prevent or detect.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. Proceedings to enforce our patent rights in the United States or foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert patent infringement or other claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights in the United States and around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license from third parties.

We may be subject to patent infringement claims, which could result in substantial costs and liability and prevent us from commercializing our current and future products.

The medical device industry is characterized by competing intellectual property and a substantial amount of litigation over patent rights. In particular, our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in competing technologies, have been issued patents and filed patent applications with respect to their products and processes and may apply for other patents in the future. The large number of patents, the rapid rate of new patent issuances, and the complexities of the technology involved increase the risk of patent litigation.

Determining whether a product infringes a patent involves complex legal and factual issues and the outcome of patent litigation is often uncertain. Even though we have conducted research of issued patents, no assurance can be given that patents containing claims covering our products, technology or methods do not exist, have not been filed or could not be filed or issued. In addition, because patent applications can take years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware and may result in issued patents which our current or future products infringe. Also, because the claims of published patent applications can change between publication and parent grant, there may be published applications that may issue with claims that we infringe.

Infringement actions and other intellectual property claims brought against us, with or without merit, may cause us to incur substantial costs and could place a significant strain on our financial resources, divert the attention of management and harm our reputation. We cannot be certain that we will successfully defend against any allegations of infringement. If we are found to infringe another party's patents, we could be required to pay damages. We could also be prevented from selling our products that infringe, unless we could obtain a license to use the technology or processes covered by such patents or could redesign our products so that they do not infringe. A license may be available on commercially reasonable terms or at all, and we may not be able to redesign our products to avoid infringement. Further, any modification to our products could require us to conduct clinical trials and revise our filings with the FDA and other regulatory bodies, which would be time consuming and expensive. In these circumstances, we may not be able to sell our products at competitive prices or at all, and our business and operating results could be harmed.

We rely on trademark protection to distinguish our products from the products of our competitors.

We rely on trademark protection to distinguish our products from the products of our competitors. We have registered the trademark "ReWalk" in Israel and are in the process of registering our trademark in the United States. In jurisdictions where we have not registered our trademark and are using it, and as permitted by applicable local law, we rely on common law trademark protection. Third-parties may oppose our trademark

[Table of Contents](#)

applications, or otherwise challenge our use of the trademarks, and may be able to use our trademarks in jurisdictions where they are not registered or otherwise protected by law. If our trademarks are successfully challenged or if a third party is using confusingly similar or identical trademarks in particular jurisdictions before we do, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote additional resources to marketing new brands. If others are able to use our trademarks, our ability to distinguish our products may be impaired, which could adversely affect our business. Further, we cannot assure you that competitors will not infringe upon our trademarks, or that we will have adequate resources to enforce our trademarks.

We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers.

Many of our employees were previously employed at other medical device companies, including our competitors or potential competitors, and we may hire employees in the future that are so employed. We could in the future be subject to claims that these employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. If we fail in defending against such claims, a court could order us to pay substantial damages and prohibit us from using technologies or features that are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. If any of these technologies or features that are important to our products, this could prevent us from selling those products and could have a material adverse effect on our business. Even if we are successful in defending against these claims, such litigation could result in substantial costs and divert the attention of management.

Risks Related to Our Ordinary Shares and the Offering

Our share price may be volatile, and you may lose all or part of your investment.

The initial public offering price for the ordinary shares sold in this offering will be determined by negotiation between us and representatives of the underwriters. This price may not reflect the market price of our ordinary shares following this offering and the price of our ordinary shares may decline. In addition, the market price of our ordinary shares could be highly volatile and may fluctuate substantially as a result of many factors, including:

- actual or anticipated fluctuations in our growth rate or results of operations or those of our competitors;
- customer acceptance of our products;
- announcements by us or our competitors of new products or services, commercial relationships, acquisitions or expansion plans;
- announcements by us or our competitors of other material developments;
- our involvement in litigation;
- changes in government regulation applicable to us and our products;
- sales, or the anticipation of sales, of our ordinary shares by us, our insiders or other shareholders, including upon expiration of contractual lock-up agreements;
- developments with respect to intellectual property rights;
- competition from existing or new technologies and products;
- changes in key personnel;
- the trading volume of our ordinary shares;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic and market conditions.

[Table of Contents](#)

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs and our management's attention and resources could be diverted.

There has been no prior public market for our ordinary shares, and an active trading market may not develop.

Prior to this offering, there has been no public market for our ordinary shares. An active trading market may not develop following completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your ordinary shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your ordinary shares. An inactive market may also impair our ability to raise capital by selling our ordinary shares and may impair our ability to acquire other companies by using our ordinary shares as consideration.

If we do not meet the expectations of equity research analysts, if they do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our ordinary shares could decline.

The trading market for our ordinary shares will rely in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, our share price could decline. Moreover, the price of our ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or do not publish research or reports about us or our business.

Following the closing of this offering, a small number of our shareholders will have a controlling influence over matters requiring shareholder approval, which could delay or prevent a change of control.

Following the closing of this offering, the largest beneficial owners of our shares, entities affiliated with SCP Vitalife Partners, Yaskawa Electric Corporation, Israeli Health Care Ventures II, L.P. and entities affiliated with Pontifax (Cayman) II, L.P., will beneficially own in the aggregate % of our ordinary shares, or % if the underwriters exercise in full their option to purchase additional ordinary shares. As a result, these shareholders, should they chose to act together or and even if they act individually, will exert significant influence over our operations and business strategy and would together have sufficient voting power to control the outcome of matters requiring shareholder approval. These matters may include:

- the composition of our board of directors, which has the authority to direct our business and to appoint and remove our officers;
- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our articles of association, which govern the rights attached to our ordinary shares.

This concentration of ownership of our ordinary shares could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our ordinary shares that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our ordinary shares. This concentration of ownership may also adversely affect our share price.

[Table of Contents](#)

As a foreign private issuer, we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq Global Market requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

As a foreign private issuer, we will be permitted, and intend, to follow certain home country corporate governance practices instead of those otherwise required under the applicable rules of the Nasdaq Global Market for domestic U.S. issuers. For instance, we intend to follow home country practice in Israel with regard to the quorum requirement for shareholder meetings. As permitted under the Israeli Companies Law, our articles of association will provide that the quorum for any meeting of shareholders shall be the presence of at least two shareholders present in person, by proxy or by a voting instrument, who hold at least 25% of the voting power of our shares, instead of 33 1/3% of the issued share capital as required under the applicable rules of the Nasdaq Global Market. We may in the future elect to follow home country practices in Israel with regard to other matters, including the formation and composition of compensation and nominating and corporate governance committees, separate executive sessions of independent directors and non-management directors and the requirement to obtain shareholder approval for certain dilutive events (such as for the establishment or amendment of certain equity-based compensation plans, issuances that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the shares or assets of another company). Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the Nasdaq Global Market may provide less protection to you than what is accorded to investors under the applicable rules of the Nasdaq Global Market applicable to domestic U.S. issuers.

As a foreign private issuer, we will not be subject to U.S. proxy rules and will be exempt from filing certain Exchange Act reports.

As a foreign private issuer, we will be exempt from a number of requirements under U.S. securities laws that apply to public companies that are not foreign private issuers. In particular, we will be exempt from the rules and regulations under the United States Securities Exchange Act of 1934, as amended, or the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we will generally be exempt from filing quarterly reports with the SEC under the Exchange Act. Also, although a recent amendment to the Israeli Companies Law will require us to disclose the annual compensation of our five most highly compensated senior officers on an individual basis (rather than on an aggregate basis, as was permitted under the Israeli Companies Law for Israeli public companies listed overseas, such as in the United States, prior to such amendment), this disclosure will not be as extensive as that required of a U.S. domestic issuer. We will also be exempt from the provisions of Regulation FD, which prohibits the selective disclosure of material nonpublic information to, among others, broker-dealers and holders of a company's securities under circumstances in which it is reasonably foreseeable that the holder will trade in the company's securities on the basis of the information. Even though we intend to comply voluntarily with Regulation FD, these exemptions and leniencies will reduce the protections and the frequency and scope of information which you would be entitled if we were not a foreign private issuer.

We would lose our foreign private issuer status if a majority of our directors or executive officers are U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. We would also be required to follow U.S. proxy disclosure requirements in regard to the extent of disclosure of annual compensation of our five most highly compensated senior officers required. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may also be required to modify certain of our

[Table of Contents](#)

policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

We are an “emerging growth company” and we cannot be certain whether the reduced requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As a result, we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not “emerging growth companies.” Most of such requirements relate to disclosures that we would only be required to make if we cease to be a foreign private issuer in the future. Nevertheless, as a foreign private issuer that is an emerging growth company, we will not be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, for up to five fiscal years after the date of this offering. We will remain an emerging growth company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least \$1.0 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act. When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our ordinary shares less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

The market price of our ordinary shares could be negatively affected by future sales of our ordinary shares.

After this offering, there will be _____ of our ordinary shares outstanding. Sales by us or our shareholders of a substantial number of ordinary shares in the public market following this offering, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities. Of our issued and outstanding shares, all the ordinary shares sold in this offering will be freely transferable, except for any shares acquired by our “affiliates,” as that term is defined in Rule 144 under the U.S. Securities Act of 1933, as amended, or the Securities Act. Following completion of this offering, _____ % of our outstanding ordinary shares (or _____ % if the underwriters exercise in full their option to purchase additional ordinary shares) will be considered restricted shares and will be held by our affiliates. Such securities can be resold into the public markets in the future in accordance with the requirements of Rule 144, including volume limitations, manner of sale requirements and notice requirements. See “Shares Eligible for Future Sale.”

We, our executive officers and directors, and the current holders of substantially all of our outstanding ordinary shares, have agreed with the underwriters that, subject to limited exceptions, for a period of 180 days after the date of this prospectus, we and they will not directly or indirectly offer, pledge, sell, contract to sell, grant any option to purchase or otherwise dispose of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, or in any manner transfer all or a portion of the economic consequences associated with the ownership of ordinary shares, or cause a registration statement covering any ordinary shares to be filed except for the ordinary shares offered in this offering, without the prior written consent of the designated representatives of the underwriters, who may, in their sole discretion and at any time without notice, release all or any portion of the shares subject to these lock-up agreements.

At any time following the closing of this offering, subject, however, to the 180-day lock-up agreement entered into with the underwriters, the holders of _____ of our ordinary shares are entitled to require that we register their shares under the Securities Act for resale into the public markets. All shares sold pursuant to an offering covered by such registration statement will be freely transferable. See “Certain Relationships and Related Party Transactions—Amended and Restated Shareholders’ Rights Agreement.”

[Table of Contents](#)

As of July 1, 2014, we had outstanding options to purchase 61,980 shares under our share option plans and had an additional 7,117 available for future grant. Following this offering, we intend to file a registration statement on Form S-8 under the Securities Act registering the shares under our share option plans. Shares included in such registration statement will be available for sale in the public market immediately after such filing, subject to vesting provisions, except for shares held by affiliates who will have certain restrictions on their ability to sell. Shares registered on the Form S-8 will not be subject to the lock-up agreements described above.

Our U.S. shareholders may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets (which may be determined in part by the market value of our ordinary shares, which is subject to change) are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Our status as a PFIC may also depend on how quickly we use the cash proceeds from this offering in our business. Based on certain estimates of our gross income and assets, our intended use of proceeds of this offering, and the nature of our business, we do not expect that we will be classified as a PFIC for the taxable year ending December 31, 2014. However, because PFIC status is based on our income, assets and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the 2014 taxable year until after the end of the year. There can be no assurance that we will not be considered a PFIC for any taxable year. If we are characterized as a PFIC, our U.S. shareholders may suffer adverse tax consequences, including having gains realized on the sale of our ordinary shares treated as ordinary income, rather than a capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are U.S. Holders (as defined in “Material U.S. and Israeli Tax Consequences for our Shareholders—Material U.S. Federal Income Tax Consequences”), and having interest charges apply to distributions by us and the proceeds of share sales. Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares; however, we do not intend to provide the information necessary for U.S. holders to make qualified electing fund elections if we are classified as a PFIC. See “Material U.S. and Israeli Tax Consequences for our Shareholders—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company Considerations.”

You will experience immediate and substantial dilution in the net tangible book value of the ordinary shares you purchase in this offering.

The initial public offering price of our ordinary shares substantially exceeds the net tangible book value per share of our ordinary shares immediately after this offering. Therefore, if you purchase our ordinary shares in this offering, you will suffer, as of _____, 2014, immediate dilution of \$ _____ per ordinary share or \$ _____ per ordinary share if the underwriters exercise in full their option to purchase additional ordinary shares, in net tangible book value after giving effect to this offering at an assumed public offering price of \$ _____ per ordinary share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, less underwriting discounts and commissions and the estimated expenses payable by us. If outstanding warrants or options to purchase our ordinary shares are exercised in the future, you will experience additional dilution. See “Dilution.”

[Table of Contents](#)

We have broad discretion over the use of proceeds we receive in this offering and may not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion in the application of the net proceeds from this offering and, as a result, you will have to rely upon the judgment of our management with respect to the use of these proceeds. Our management may spend a portion or all of the net proceeds in ways that not all shareholders approve of or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business.

We have not yet determined whether our existing internal controls over financial reporting systems are compliant with Section 404 of the Sarbanes-Oxley Act, and we cannot provide any assurance that there are no material weaknesses or significant deficiencies in our existing internal controls.

Pursuant to Section 404 of the Sarbanes-Oxley Act and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, starting with the second annual report that we file with the SEC after the consummation of this offering, our management will be required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an “emerging growth company” under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above, our independent registered public accounting firm will also need to attest to the effectiveness of our internal control over financial reporting under Section 404. We have not yet commenced the process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls. This process will require the investment of substantial time and resources, including by our Chief Financial Officer and other members of our senior management. We cannot predict the outcome of this determination and whether we will need to implement remedial actions in order to implement effective control over financial reporting. The determination and any remedial actions required could result in us incurring additional costs that we did not anticipate. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our management and independent auditors.

Risks Relating to Our Incorporation and Location in Israel

Our technology development and quality headquarters are located in Israel and, therefore, our results may be adversely affected by economic restrictions imposed on, and political and military instability in, Israel.

Our technology development and quality headquarters, which houses substantially all of our research and development and our core research and development team, including engineers, machinists, researchers, and clinical and regulatory personnel, as well as our contract manufacturer, Sanmina, are located in Israel. Many of our employees, directors and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors, Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon). Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could materially and adversely affect our business, financial condition and results of operations and could make it more difficult for us to raise capital. Recent political uprisings, social unrest and violence in various countries in the Middle East and North Africa, including Israel’s neighbors Egypt and Syria, are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and these countries and have raised concerns regarding security in the region and the potential for armed conflict. Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Any losses or damages incurred

[Table of Contents](#)

by us could have a material adverse effect on our business. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among parties hostile to Israel in areas that neighbor Israel, such as the Syrian government, Hamas in Gaza and Hezbollah in Lebanon. Any armed conflicts, terrorist activities or political instability in the region could materially and adversely affect our business, financial condition and results of operations.

Our operations and the operations of our contract manufacturer, Sanmina, may be disrupted as a result of the obligation of Israeli citizens to perform military service.

Many Israeli citizens are obligated to perform one month, and in some cases more, of annual military reserve duty until they reach the age of 45 (or older, for reservists with certain occupations) and, in the event of a military conflict, may be called to active duty. In response to terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations and the operations of our contract manufacturer, Sanmina, could be disrupted by such call-ups.

Our sales may be adversely affected by boycotts of Israel.

Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact our ability to sell our products.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

Some of our operations in Israel, referred to as “Beneficiary Enterprises,” carry certain tax benefits under the Israeli Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law. Substantially all of our future income before taxes can be attributed to these programs. If we do not meet the requirements for maintaining these benefits or if our assumptions regarding the key elements affecting our tax rates are rejected by the tax authorities, they may be reduced or cancelled and the relevant operations would be subject to Israeli corporate tax at the standard rate, which is currently set at 26.5% for 2014 and thereafter. In addition to being subject to the standard corporate tax rate, we could be required to refund any tax benefits that we may receive in the future, plus interest and penalties thereon. Even if we continue to meet the relevant requirements, the tax benefits that our current “Beneficiary Enterprises” receive may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes that we pay would likely increase, as all of our Israeli operations would consequently be subject to corporate tax at the standard rate, which could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, by way of acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs. See “Taxation and Israeli Government Programs Applicable to our Company—Law for the Encouragement of Capital Investments, 5719-1959” for additional information concerning these tax benefits and Note 13 to our consolidated financial statements for a discussion of our current tax obligations.

We have received Israeli government grants for certain of our research and development activities and we may receive additional grants in the future. The terms of those grants restrict our ability to manufacture products or transfer technologies outside of Israel, and we may be required to pay penalties in such cases or upon the sale of our company.

From our inception through December 31, 2013, we received a total of \$0.45 million from the Office of the Chief Scientist in the Israel Ministry of Economy, or OCS. We have applied to receive additional grants to support our research and development activities in 2014. With respect to such grants we are committed to pay royalties at a rate of 3% to 3.5% on sales proceeds up to the total amount of grants received, linked to the dollar

and bearing interest at an annual rate of LIBOR applicable to dollar deposits. Even after payment in full of these amounts, we will still be required to comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 1984, or the R&D Law, and related regulations, with respect to those past grants. When a company develops know-how, technology or products using OCS grants, the terms of these grants and the R&D Law restrict the transfer outside of Israel of such know-how, and the manufacturing or manufacturing rights of such products, technologies or know-how, without the prior approval of the OCS. Therefore, if aspects of our technologies are deemed to have been developed with OCS funding, the discretionary approval of an OCS committee would be required for any transfer to third parties outside of Israel of know how or manufacturing or manufacturing rights related to those aspects of such technologies. Furthermore, the OCS may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel or may not grant such approvals at all.

The transfer of OCS-supported technology or know-how outside of Israel may involve the payment of significant amounts to the OCS, depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with OCS funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the OCS.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the Patent Law, and recent decisions by the Israeli Supreme Court and the Israeli Compensation and Royalties Committee, a body constituted under the Patent Law, employees may be entitled to remuneration for intellectual property that they develop for us unless they explicitly waive any such rights. Although we enter into agreements with our employees pursuant to which they agree that any inventions created in the scope of their employment or engagement are owned exclusively by us, we may face claims demanding remuneration. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

Provisions of Israeli law and our articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, us, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless at least 98% of the company's outstanding shares are tendered. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer (unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek appraisal rights), may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition. See "Description of Share Capital—Acquisitions under Israeli Law" for additional information.

Our articles of association provide that our directors (other than external directors) are elected on a staggered basis, such that a potential acquirer cannot readily replace our entire board of directors at a single annual general shareholder meeting. This could prevent a potential acquirer from receiving board approval for an acquisition proposal that our board of directors opposes.

[Table of Contents](#)

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers involving an exchange of shares, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

It may be difficult to enforce a judgment of a U.S. court against us, our officers and directors or the Israeli experts named in this prospectus in Israel or the United States, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors and these experts.

We are incorporated in Israel. The majority of our directors and executive officers, and the Israeli experts listed in this prospectus reside outside of the United States, and most of our assets and most of the assets of these persons are located outside of the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a U.S. or foreign court. See “Enforceability of Civil Liabilities” for additional information on your ability to enforce a civil claim against us and our executive officers or directors named in this prospectus.

Your rights and responsibilities as a shareholder will be governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

The rights and responsibilities of the holders of our ordinary shares are governed by our articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders, and to refrain from abusing its power in the company, including, among other things, in voting at a general meeting of shareholders on matters such as amendments to a company’s articles of association, increases in a company’s authorized share capital, mergers and acquisitions and related party transactions requiring shareholder approval. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions. The statements we make regarding the following matters are forward-looking by their nature:

- our expectations regarding future growth, including our ability to increase sales in our existing geographic markets and to expand to new markets;
- our ability to maintain and grow our reputation and the market acceptance of our products;
- our ability to achieve reimbursement from third-party payors for our products;
- our expectations as to our clinical research program and clinical results;
- our ability to improve our products and develop new products;
- our ability to maintain adequate protection of our intellectual property and to avoid violation of the intellectual property rights of others;
- our ability to gain and maintain regulatory approvals;
- our ability to maintain relationships with existing customers and develop relationships with new customers; and
- our intended use of proceeds of this offering.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks provided under “Risk Factors” in this prospectus.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus, to conform these statements to actual results or to changes in our expectations.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional ordinary shares in full), assuming the shares are offered at \$ per ordinary share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per ordinary share would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same and after deducting the underwriting discounts and commissions. Similarly, each increase (decrease) of 100,000 shares in the number of ordinary shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming that the assumed initial public offering price remains the same, and after deducting the underwriting discounts and commissions.

We intend to use the net proceeds from this offering for general corporate purposes, including sales and marketing expenditures aimed at growing our business and research and development expenditures focused on product development. We expect that the net proceeds from this offering will be sufficient for us to expand our sales, marketing and training infrastructure and for our other current development activities, including adapting ReWalk for other indications and the development of our next generation of ReWalk. We may also use net proceeds from this offering to make acquisitions or investments in complementary companies or technologies, although we do not have any agreement or understanding with respect to any such acquisition or investment at this time. We do not currently have specific plans or commitments with respect to the net proceeds from this offering and, accordingly, are unable to quantify the allocation of such proceeds among the various potential uses. We will have broad discretion in the way that we use the net proceeds of this offering.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares. We do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business. Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant. The distribution of dividends may also be limited by Israeli law, which permits the distribution of dividends only out of retained earnings or otherwise upon the permission of an Israeli court.

CAPITALIZATION

The following table sets forth our total capitalization as of March 31, 2014, as follows:

- on an actual basis;
- on a pro forma basis to give effect to (i) the conversion of all of our outstanding ordinary A shares, ordinary B shares and preferred shares into ordinary shares, which will occur immediately prior to the closing of this offering and (ii) the issuance of 25,568 ordinary shares in connection with the exercise immediately prior to the closing of this offering of warrants held by certain shareholders and the receipt by us of \$ million from such exercise; and
- on a pro forma as adjusted basis to give further effect to the issuance and sale of ordinary shares by us in this offering at an assumed initial public offering price of \$ per ordinary share after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information in conjunction with our consolidated financial statements and the related notes appearing at the end of this prospectus and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other financial information contained in this prospectus.

	As of March 31, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share amounts)		
Ordinary shares, par value NIS 0.01 per share; 9,467,392 shares authorized, actual and pro forma, shares authorized, pro forma as adjusted; 10,432 shares issued and outstanding, actual; 363,403 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted(1)	*		
Preferred shares, par value NIS 0.01 per share; 532,677 shares authorized, actual; zero shares authorized, pro forma and pro forma as adjusted; 327,403 shares issued and outstanding, actual; zero shares issued and outstanding, pro forma and pro forma as adjusted	*		
Additional paid-in capital	32,691	40,739	
Accumulated deficit	(31,957)	(31,957)	
Total shareholders’ equity	734	8,782	
Total capitalization	\$ 8,271	\$ 10,986	\$

* Less than \$1

(1) On , 2014, we effected a -for-1 share split by means of a share dividend of ordinary shares for each ordinary share then outstanding.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per ordinary share, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total shareholders’ equity and total capitalization by approximately \$ million, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

DILUTION

If you invest in our ordinary shares in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per ordinary share after this offering. As of March 31, 2014, our net tangible book value per ordinary share was \$. Net tangible book value per ordinary share represents our total tangible assets less our total liabilities, divided by the number of ordinary shares outstanding.

After giving effect to (i) the sale of ordinary shares that we are offering at an assumed initial public offering price of \$ per ordinary share and the deduction of underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the exercise of warrants held by certain of our shareholders and the related issuance of 25,568 ordinary shares and the receipt by us of \$ million from such exercise and (iii) the conversion of all of our outstanding ordinary A shares, ordinary B shares and preferred shares, including the preferred shares issued upon the exercise of warrants, into ordinary shares, our pro forma as adjusted net tangible book value as of March 31, 2014 would have been \$ per ordinary share. This amount represents an immediate increase in net tangible book value of \$ per ordinary share to our existing shareholders and immediate dilution in net tangible book value of \$ per ordinary share to new investors purchasing ordinary shares in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per ordinary share after this offering from the assumed price per ordinary share paid by an investor in this offering.

The following table illustrates this dilution:

Assumed initial public offering price per ordinary share	\$
Net tangible book value per ordinary share as of March 31, 2014	\$
Increase in net tangible book value per ordinary share attributable to this offering	_____
Pro forma as adjusted net tangible book value per ordinary share after this offering	_____
Dilution per ordinary share to new investors in this offering	\$

The following table summarizes, as of March 31, 2014, the differences between the number of ordinary shares purchased from us, the total consideration paid to us in cash and the average price per ordinary share paid by existing shareholders and by new investors in this offering. The calculation below is based on an assumed initial public offering price of \$ per ordinary share before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	\$
Existing shareholders		%	\$	%	\$
New investors					
Total		100%		100%	

The above discussion and the tables are based on 363,403 ordinary shares issued and outstanding as of March 31, 2014 and exclude the ordinary shares reserved for issuance under our share option plans and the warrants to purchase our ordinary shares that will remain outstanding after this offering. As of July 1, 2014, there were 69,097 ordinary shares reserved for issuance under our share option plans, in respect of which we had outstanding options to purchase 61,980 ordinary shares at a weighted average exercise price of \$23.34 per share, and outstanding warrants to purchase 5,372 ordinary shares that will remain outstanding after this offering.

To the extent any of these outstanding options or warrants are exercised, there will be further dilution to new investors. To the extent all of such outstanding options and warrants had been exercised as of March 31, 2014, the as adjusted net tangible book value per ordinary share after this offering would be \$, and total dilution per ordinary share to new investors would be \$.

[Table of Contents](#)

This discussion assumes no exercise of the underwriters' option to purchase additional ordinary shares. If the underwriters exercise their option to purchase additional ordinary shares in full:

- the percentage of ordinary shares held by existing shareholders will decrease to approximately % of the total number of our ordinary shares outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of our ordinary shares outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of and for the years ended December 31, 2012 and 2013 is derived from our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP and are presented elsewhere in this prospectus. The selected consolidated financial data for the three months ended March 31, 2013 and 2014, and as of March 31, 2014, has been derived from our unaudited interim consolidated financial statements presented elsewhere in this prospectus. In the opinion of management, these unaudited interim consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of our financial position and operating results for these periods. Results for interim periods are not necessarily indicative of the results that may be expected for the entire year.

You should read the following selected consolidated financial data in conjunction with, and it is qualified in its entirety by reference to our consolidated financial statements and the related notes appearing elsewhere in this prospectus and other information provided in this prospectus, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The historical results set forth below are not necessarily indicative of the results to be expected in future periods.

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
(in thousands, except per share data)				
Statements of Operations Data:				
Revenues	\$ 972	\$ 1,588	\$ 550	\$ 445
Cost of revenues	983	2,017	587	643
Gross loss	(11)	(429)	(37)	(198)
Operating expenses:				
Research and development	1,757	2,463	396	1,082
Sales and marketing, net	2,334	4,091	898	1,215
General and administrative	1,657	1,762	407	540
Total operating expenses	5,748	8,316	1,701	2,837
Operating loss	5,759	8,745	1,738	3,035
Financial expenses, net	878	3,410	547	2,005
Loss before income taxes	6,637	12,155	2,285	5,040
Income taxes	21	22	8	11
Net loss	\$ 6,658	\$ 12,177	\$ 2,293	\$ 5,051
Net loss per ordinary share, basic and diluted	\$ (742.75)	\$ (1,341.58)	\$ (252.08)	\$ (552.34)
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted	10,316	10,316	10,316	10,388
Pro forma net loss per ordinary share, basic and diluted(1)		\$ (45.79)		\$ (8.42)
Pro forma weighted average number of shares used in computing net loss per ordinary share, basic and diluted(1)		241,648		363,359
(in thousands)				
Balance Sheet Data:				
Cash and cash equivalents	\$ 769	\$ 8,860		\$ 5,158
Total assets	2,094	11,059		8,271
Total long-term liabilities	2,252	3,525		5,515
Accumulated deficit	(14,729)	(26,906)		(31,957)
Total shareholders’ equity (deficiency)	(2,264)	5,631		734

- (1) Pro forma net loss per ordinary share and pro forma weighted average number of shares outstanding assume the conversion of our preferred shares, including preferred shares issuable in connection with the exercise of warrants, into ordinary shares, which will occur immediately prior to the closing of this offering, but does not include the issuance of shares in connection with this offering. For additional information on the conversion of the preferred shares see Note 9 to our consolidated financial statements included elsewhere in this prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that are based on our management's current expectations, estimates and projections for our business, which are subject to a number of risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We have developed and are continuing to commercialize ReWalk, an exoskeleton that uses our patented tilt-sensor technology, and an on-board computer and motion sensors to drive motorized legs that power movement. We currently offer two products: ReWalk Personal and ReWalk Rehabilitation. ReWalk Personal is designed for everyday use by individuals at home and in their communities, and is custom-fit for each user. ReWalk Rehabilitation is designed for the clinical rehabilitation environment where it provides valuable exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future.

We believe that the current design of ReWalk provides a functional technical base that can be easily adapted to address medical indications other than paraplegia that affect the ability to walk. We are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients, and, in the future, we plan to address these needs in stroke and cerebral palsy patients. We are also developing our next generation of ReWalk, with a more efficient drive mechanism, slimmer profile and lighter body, as well as other improvements.

In 2011, we launched ReWalk Rehabilitation for use in hospitals and rehabilitation centers in the United States and Europe. We began marketing ReWalk Personal in Europe with CE mark approval at the end of 2012 and received FDA clearance to market it in the United States in June 2014. As of July 1, 2014, we have placed 60 ReWalk Rehabilitation and 18 ReWalk Personal systems, 88% of which were purchased by our customers, and 12% of which were placed with clinics and distributors for training, market development and clinical testing.

Our commercialization strategy is to penetrate rehabilitation centers, hospitals and similar facilities that treat patients with spinal cord injuries to become an integral part of their rehabilitation programs and to develop a broad based training network with these facilities to prepare users for home and community use. While the majority of our sales to date have been ReWalk Rehabilitation, the primary focus of our commercialization efforts going forward will be providing ReWalk Personal for routine use at home, work or in the community, and we expect sales of ReWalk Personal to account for the substantial majority of our revenues in the future.

Reimbursement is an important factor in our ability to expand sales. We plan to pursue various pathways of reimbursement and funding, focusing our efforts on our two primary markets: the United States and Western Europe. We intend to continue to work with ReWalk users, health care practitioners, researchers, and the spinal cord injury community to support efforts to demonstrate to insurance companies and other payors the health benefits and the economic case for reimbursement of ReWalk Personal. For more information regarding reimbursement of our products, see "Business—Reimbursements and Other Funding Sources."

The growth of our business and our future success depend on our ability to increase our sales, which depends on many factors, including our ability to achieve reimbursement from third-party payors, demonstrate the medical benefits and cost savings of ReWalk through clinical data, introduce new products and address new indications and expand our sales force. While each of these areas presents significant opportunities for us, they also pose important challenges and risks that we must successfully address in order to sustain the growth of our business and improve our results of operations.

[Table of Contents](#)

We have incurred net losses and negative cash flows from operations since inception. We anticipate that we will continue to incur net losses and negative cash flows from operations for at least the next two years as we expand our production and sales and marketing capabilities, engage in additional clinical studies and continue to develop the infrastructure required to sell and market our products globally.

Components of Our Statements of Operations

Revenue

We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue. Our revenue is generated from a combination of self-payors and third-party payors. To date, payments for our products have been made primarily by self-payors, through case-by-case determinations by third-party payors and by negotiating the cost of a ReWalk into accident settlements. Third-party payors include, without limitation, private insurance plans and managed care programs, government programs such as the Veterans' Administration, Medicare and Medicaid and worker's compensation. We expect that third-party payors will be an increasingly important source of revenue in the future. No uniform policy of coverage and reimbursement for exoskeleton medical technology currently exists among third-party payors in the United States or elsewhere.

All of our ReWalk systems are covered by a two-year warranty from the date of purchase, which is included in the purchase price. We offer customers the ability to purchase, any time during the initial warranty period, an extended warranty for up to three additional years. Both warranties cover all elements of the ReWalk system, including the batteries, other than normal wear and tear.

The following table sets forth the number of ReWalk systems sold for the periods presented:

	Year Ended December 31,		Three Months Ended	
	2012	2013	March 31, 2013	2014
ReWalk Rehabilitation	14	17	5	4
ReWalk Personal	4	8	4	2

Cost of Revenues

Prior to the first quarter of 2014, we manufactured our products in-house at our facility in Yokneam, Israel. For the years ended December 31, 2012 and 2013, our cost of revenues consisted primarily of raw materials, as well as salaries, personnel costs and share-based compensation associated with manufacturing, training and inspection personnel, utility and maintenance costs associated with the operation of our manufacturing facility, warranty obligations and shipping and handling. In July 2013, we entered into an agreement with Sanmina Corporation for the manufacture of all of our products. Beginning in the first quarter of 2014, Sanmina assumed production of all ReWalk systems. Beginning in July 2013, our cost of revenues also consisted of costs relating to the transfer of manufacturing to Sanmina and amounts paid to Sanmina pursuant to our contractual arrangement. For the three months ended March 31, 2014, our cost of revenues consisted primarily of the cost of systems manufactured by us in 2013 and sold in the first quarter of 2014, as well as salaries, personnel costs and share-based compensation associated with manufacturing, expenses relating to the transition of our manufacturing activities to Sanmina, training and inspection personnel, warranty obligations and shipping and handling. Cost of revenues also includes royalties we must pay on royalty-bearing research and development grants.

In the future, while our cost of revenues will increase as our sales volume increases, we expect our unit cost to decrease as our sales increase due to economies of scale realized in connection with larger quantities and increased efficiency.

Operating Expenses

Research and Development Expenses, Net

Research and development expenses, net, consist primarily of salaries, related personnel costs and share-based compensation, costs of clinical trials and obtaining regulatory approvals and patent costs, sponsored research costs and other expenses related to our product development and research programs. We expense all research and development expenses as they are incurred. We believe that continued investment in research and development is crucial to attaining our strategic product objectives. We plan to continue increasing these expenditures, resulting in greater research and development expenses in future periods as we enhance our ReWalk system and pursue the development of new products.

Research and development expenses are presented net of the amount of any grants we receive for research and development in the period in which we receive the grant. We previously received grants and other funding from the BIRD Foundation and the OCS. Certain of those grants require us to pay royalties on sales of ReWalk systems, which are recorded as cost of revenues. See “—Grants and Other Funding.” We may receive additional funding from these entities or others in the future.

Sales and Marketing Expenses, Net

Our sales and marketing expenses, net, consist primarily of salaries, related personnel costs and share-based compensation for our internal sales staff and costs related to marketing activities. Sales and marketing expenses are presented net of the amount of any grants we receive for sales and marketing in the period in which we receive the grant. We intend to continue to expand our sales and marketing activities and, therefore, expect sales and marketing expenses to increase significantly in the future. In general, we expect that the number of our sales representatives will increase as our revenues increase. See “—Grants and Other Funding.”

General and Administrative Expenses

Our general and administrative expenses consist primarily of salaries, related personnel costs and share-based compensation for our administrative, finance, and general management personnel, as well as our legal and accounting consultants. We expect to incur increased general and administrative expenses as a result of becoming a public company in the United States.

Financial Income (Expenses), Net

Financial income (expenses), net, consists of the revaluation of the fair value of warrants to purchase our preferred shares and expenses related to our convertible loans, as well as interest income and expense, foreign currency exchange gains or losses.

Warrants to purchase our convertible preferred shares are classified as a liability on our consolidated balance sheet at fair value. The warrants are subject to revaluation at each balance sheet date and any change in fair value is recognized as a component of financial income (expense), net, on our consolidated statements of operations. We will continue to adjust for changes in fair value until such warrants are exercised or expire. Immediately prior to the completion of this offering, all of such warrants will be exercised or will expire, and we will no longer record any liability in respect of them on our balance sheet or financial expenses in respect of them on our statement of operations.

Interest income and expenses consist of interest earned on our cash and cash equivalent balances and interest accrued on and certain other costs with respect to any indebtedness. We expect interest income to vary depending on our average investment balances and market interest rates during each reporting period. Foreign currency exchange changes reflect gains or losses related to transactions denominated in currencies other than the U.S. dollar. As of the most recent reporting period, we did not have any indebtedness for borrowed amounts although we have had outstanding convertible loans in prior periods.

[Table of Contents](#)

Taxes on Income

As of March 31, 2014, we had not yet generated taxable income in Israel. At the end of our last fiscal year, our net operating loss carry forwards for Israeli tax purposes amounted to approximately \$22 million. After we utilize our net operating loss carry forwards, we are eligible for certain tax benefits in Israel under the Law for the Encouragement of Capital Investments, 1959. Our benefit period currently ends ten years after the year in which we first have taxable income in Israel provided that the benefit period will not extend beyond 2024. For more information about the tax benefits available to us as a Beneficiary Enterprise, see “Taxation and Israeli Government Programs Applicable.”

Our taxable income generated outside of Israel will be subject to the regular corporate tax rate in the applicable jurisdictions. As a result, our effective tax rate will be a function of the relative proportion of our taxable income that is generated in those locations compared to our overall net income.

Grants and Other Funding

BIRD Foundation and AO&P

In July 2009, we entered into a grant agreement with the BIRD Foundation and Allied Orthotics & Prosthetics Inc. (“AO&P”). AO&P was the distributor of our products at the time. We received \$0.5 million and AO&P received \$0.06 million. The agreement with the BIRD Foundation requires us to pay a royalty at a rate of 5% on sales of ReWalk systems and related services. The amount of repayment is equal to the amount of the grant being repaid multiplied by an increasing contractual percentage in an amount up to 150%.

AO&P is responsible for repayment of its grant. However, pursuant to the agreement, we are required to make any payments on which AO&P defaults. As of December 31, 2013, the aggregate contingent liability to the BIRD Foundation amounted to \$0.8 million.

Office of the Chief Scientist

We have also received a total of \$0.45 million in funding from the OCS, \$0.05 million of which are royalty-bearing grants, while \$0.4 million were received in consideration for an investment in our preferred shares. We have applied to receive additional grants to support our research and development activities in 2014. The agreements with OCS require us to pay royalties at a rate of 3% to 3.5% on sales of ReWalk systems and related services up to the total amount of funding received, linked to the dollar and bearing interest at an annual rate of LIBOR applicable to dollar deposits. If we transfer of OCS-supported technology or know-how outside of Israel, we will be liable for additional payments to OCS depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. As of December 31, 2013, the aggregate contingent liability to the OCS was nominal.

Fund for Promoting Overseas Marketing

We also received a total of \$0.1 million in funding from the Fund for Promoting Overseas Marketing under the Israeli Ministry of Economy, which are non-royalty-bearing grants, to support our marketing activities. We have applied to receive additional grants to support our marketing activities in 2014.

Compensation Expenses to be Recognized Upon Closing of this Offering

In accordance with our articles of association in effect prior to this offering and the Fourth Amended and Restated Shareholders Agreement to become effective prior to the consummation of this offering, immediately prior to the closing of this offering, our founder, Dr. Amit Goffer, has the right to receive for no consideration, shares or immediately exercisable options with cashless exercise in an amount such that the value of his interests equals 6% of our valuation. Assuming an initial public offering price of \$ per share, the mid-point of the initial public offering price range on the cover of this prospectus, as a result of this issuance, we expect to record estimated share-based compensation expense of \$ million in the quarter in which this offering closes.

[Table of Contents](#)

In addition, if at any time after this offering, our valuation reaches an amount that is greater than \$200 million, but less than \$400 million, options to purchase 2,298 of our ordinary shares held by our chief executive officer will vest immediately. If at any time after this offering our valuation reaches an amount that is greater than \$400 million, options to purchase 2,298 additional ordinary shares held by our chief executive officer will vest immediately. As a result, assuming an initial public offering price of \$ per share, the mid-point of the initial public offering price range on the cover of this prospectus, our valuation would be within the \$200 million to \$400 million range, 2,298 options would vest and we would record estimated share-based compensation expense of \$ million in the quarter in which this offering closes.

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2014

Revenue

Revenue was \$0.6 million for the three months ended March 31, 2013, compared to \$0.4 million for the three months ended March 31, 2014, a decrease of 19%. This decrease is attributable to a reduction in production as we continued to transition our manufacturing to Sanmina, as well as certain customers delaying placing orders until our receipt of FDA clearance for ReWalk Personal. The decrease was partially offset by an increase in the average sales price.

Cost of Revenues

Cost of revenues were \$0.6 million for the three months ended March 31, 2013 and the three months ended March 31, 2014. Despite the reduction in units sold, cost of revenues was unchanged because of expenses related to transitioning manufacturing to Sanmina and an increase in salary expenses.

Research and Development Expenses

Research and development expenses were \$0.4 million for the three months ended March 31, 2013, compared to \$1.1 million for the three months ended March 31, 2014, an increase of 173%. The increase in expenses is attributable to expenses related to the FDA clearance process, an increase in salaries and related expenses due to the addition of research and development personnel and the reallocation of certain employees' salaries and related expenses as research and development expenses.

Sales and Marketing Expenses, Net

Sales and marketing expenses, net, were \$0.9 million for the three months ended March 31, 2013, compared to \$1.2 million for the three months ended March 31, 2014, an increase of 35%. This increase is attributable to an increase in salaries and related expenses due to the addition of sales and marketing personnel, which was partially offset by the allocation of fewer demonstration ReWalk systems for sales and marketing activities in 2014 compared to 2013 due to the fact that many of the demonstration units allocated in 2013 are still in use, and the reduced frequency of trade shows during the first quarter of 2014.

General and Administrative Expenses

General and administrative expenses were \$0.4 million for the three months ended March 31, 2013, compared to \$0.5 million for the three months ended March 31, 2014, an increase of 33%. The increase in expenses is primarily attributable to increases in travel expenses and an increase in non-cash employee related expenses.

Financial Expenses, Net

Financial expenses, net, were \$0.5 million for the three months ended March 31, 2013, compared to \$2.0 million for the three months ended March 31, 2014, an increase of 267%, primarily as a result of a revaluation of the fair value of our outstanding warrants.

[Table of Contents](#)

Income Tax

Income taxes were \$8,000 for the three months ended March 31, 2013 with respect to our income in the United States, compared to \$11,000 for the three months ended March 31, 2014.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2013

Revenue

Revenue was \$1.0 million for the year ended December 31, 2012, compared to \$1.6 million for the year ended December 31, 2013, an increase of 63%. This increase is attributable to increased sales of ReWalk Personal due to the commencement of sales of ReWalk Personal in Europe in December 2012 and increased sales of ReWalk Rehabilitation in both the United States and Europe in 2013.

Cost of Revenues

Cost of revenues was \$1.0 million for the year ended December 31, 2012, compared to \$2.0 million for the year ended December 31, 2013, an increase of 105%. This increase is due to increases in the number of ReWalk systems sold, higher payroll and related expenses due to our increase in headcount and expenses relating to the transition of our manufacturing activities to Sanmina.

Research and Development Expenses

Research and development expenses were \$1.8 million for the year ended December 31, 2012 compared to \$2.5 million for the year ended December 31, 2013, an increase of 40%. The increase in expenses is attributable to increased payroll and related expenses due to our increase in headcount engaged in our research and development activities, as well as increased regulatory expenses.

Sales and Marketing Expenses, Net

Sales and marketing expenses, net, were \$2.3 million for the year ended December 31, 2012, compared to \$4.1 million for the year ended December 31, 2013, an increase of 75%. This increase is attributable to an increase in headcount engaged in sales and marketing activities, an increase in the number of demonstration ReWalk systems used for sales activities and increased attendance at trade shows, offset by a grant that we received for sales and marketing in the amount of \$0.1 million.

General and Administrative Expenses

General and administrative expenses were \$1.7 million for the year ended December 31, 2012, compared to \$1.8 million for the year ended December 31, 2013, an increase of 6%. The increase in expenses is primarily attributable to increased professional services and office expenses.

Financial Expenses, Net

Financial expenses, net, were \$0.9 million for the year ended December 31, 2012, compared to \$3.4 million for the year ended December 31, 2013, an increase of 288% primarily as a result of the revaluation of the fair value of warrants to purchase preferred shares and financial expenses related to convertible loans.

Income Tax

Income taxes were \$21,000 for the year ended December 31, 2012 with respect to our income in the United States, compared to \$22,000 for the year ended December 31, 2013.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through the sale of equity securities and convertible notes to investors in private placements. Through March 31, 2014, we also received funding of \$0.5 million from the BIRD Foundation and \$0.45 million from the OCS. On June 19, 2014, we entered into a loan agreement with Kreos Capital IV (Expert Fund) Limited, or Kreos, pursuant to which Kreos agreed to extend a line of credit to us of \$5.0 million. The line of credit is available for drawdown until September 30, 2014, with a minimum required drawdown of \$1.0 million. Amounts drawn will be repaid in an amount of 3.3% per month for 36 months. Pursuant to the loan agreement, we must pay a transaction fee of 1.0% of the total amount of the line of credit upon both the execution and the expiration of the loan agreement. Pursuant to the loan agreement, we will grant to Kreos a security interest with respect to amounts drawn over all of our assets, including intellectual property and equity interests in our subsidiaries. In connection with this agreement, we granted Kreos warrants to purchase 5,372 preferred shares, or to the extent exercised after the closing of this offering, the same number of ordinary shares.

As of March 31, 2014, we had cash, cash equivalents and marketable securities of \$5.3 million. Based upon our current business plan, we believe that the combination of the proceeds of this offering and our other current sources of liquidity will be sufficient to meet our anticipated cash needs for at least the next 24 months. However, if we do not generate sufficient cash through this offering or otherwise, our cash on hand will not be sufficient to meet our anticipated cash needs. For this reason, our independent registered public accountants' report for the year ended December 31, 2013 includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a "going concern".

Our primary current uses of cash are for sales and marketing and research and development activities. Our future cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending on research and development efforts and international expansion. If our current estimates of revenue, expenses or capital or liquidity requirements change or are inaccurate, we may seek to sell additional equity or debt securities, or arrange debt financing. We cannot be certain that additional funds will be available to us on favorable terms when required, or at all.

Cash Flows

Net Cash Used in Operating Activities

Net cash used in operating activities grew from \$5.4 million in 2012 to \$8.8 million in 2013 primarily as a result of an increase of \$5.5 million in our net loss from 2012 to 2013. Our net losses in each of the periods were offset primarily by non-cash expenses and also by net changes in our working capital. Net cash used in operating activities was \$1.4 million in the three months ended March 31, 2013 compared to \$3.5 million in the three months ended March 31, 2014, as a result of an increase of \$2.8 million in our net losses from the first quarter of 2013 to the first quarter of 2014. Our net losses in each of the periods were offset primarily by non-cash expenses and net changes in our working capital.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$0.2 million in each of the years ended December 31, 2012 and 2013. Net cash used in investing activities was \$15,000 and \$0.2 million in the three months ended March 31, 2013 and March 31, 2014, respectively. Investing activities in these periods consisted of purchases of property and equipment and, to a lesser extent, increases and decreases in long-term deposits, and also included purchases of marketable securities during the three months ended March 31, 2014.

Net Cash Provided by Financing Activities

Our financing activities have consisted of the issuance of convertible notes and the sale of preferred shares. In 2012 and 2013, we issued convertible notes in anticipation of new issuances of preferred shares. Upon our

[Table of Contents](#)

subsequent issuance of preferred shares to holders of the convertible notes and others, the convertible notes were converted into preferred shares. As of December 31, 2013, no convertible loans remain outstanding. Net cash provided by financing activities was \$5.8 million and \$17.1 million for the years ended December 31, 2012 and 2013, respectively. Net cash provided by financing activities was \$0.8 million and \$2,000 in the three months ended March 31, 2013 and March 31, 2014, respectively, and consisted primarily of the issuance of convertible loans in the first quarter of 2013.

Contractual Obligations

The following summarizes our contractual obligations as of December 31, 2013:

	Payment Due by Period		
	2014	2015	Total
Operating lease obligations(1)	\$132	\$50	\$182

(1) Consists of future lease payments for our rented office facilities located in Yokneam Ilit, Israel, Marlborough, Massachusetts, and Berlin, Germany.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements or guarantees of third-party obligations during the periods presented.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. The preparation of our financial statements requires us to make estimates, judgments and assumptions that can affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates, judgments and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known. Besides the estimates identified above that are considered critical, we make many other accounting estimates in preparing our financial statements and related disclosures. See Note 2 to our audited consolidated financial statements presented elsewhere in this prospectus for a description of the significant accounting policies that we used to prepare our consolidated financial statements. The critical accounting policies that were impacted by the estimates, judgments and assumptions used in the preparation of our consolidated financial statements are discussed below.

Revenue Recognition

We recognize revenues in accordance with ASC 605, "Revenue Recognition," when delivery has occurred, persuasive evidence of an agreement exists, the fee is fixed and determinable, collectability is reasonably assured and no further obligations exist. Provisions are made at the time of revenue recognition for any applicable warranty cost expected to be incurred. The timing for revenue recognition among the various products and customers is dependent upon satisfaction of such criteria and generally varies from shipment to delivery to the customer depending on the specific shipping terms of a given transaction, as stipulated in the agreement with each customer. Other than pricing terms which may differ due to the different volumes of purchases between distributors and end-users, there are no material differences in the terms and arrangements involving direct and indirect customers. Our products sold through agreements with distributors are non-exchangeable, non-refundable, non-returnable and without any rights of price protection or stock rotation. Accordingly, we consider all the distributors as end-users. We do not grant a right of return for our products.

[Table of Contents](#)

In respect of sale of systems with training, we consider the elements in the arrangement to be a single unit of accounting. In accordance with ASC 605, we have concluded that the training is essential to the functionality of our systems. Therefore, we recognize revenue for the system and training only after delivery, in accordance with the agreement delivery terms, to the customer and after the training has been completed, once all other revenue recognition criteria have been met. In certain cases, when product arrangements are bundled with an extended warranty, the separation of the extended warranty falls under the scope of ASC 605- 20-25-1 through 25-6, and the separate price of the extended warranty stated in the agreement is deferred and recognized ratably over the extended warranty period. Deferred revenue includes primarily unearned amounts received in respect of service contracts but not yet recognized as revenues.

Share-Based Compensation

Option Valuations

We account for share-based compensation in accordance with ASC No. 718, “Compensation-Stock Compensation.” ASC No. 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an Option-Pricing Model, or OPM. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in our consolidated statements of operations.

We selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of options. The resulting cost of an equity incentive award is recognized as an expense over the requisite service period of the award, which is usually the vesting period. We recognize compensation expense over the vesting period using the straight-line method and classify these amounts in the consolidated financial statements based on the department to which the related employee reports.

The determination of the grant date fair value of options using the Black-Scholes-Merton option pricing model is affected by estimates and assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of our share price over the expected term of the options, share option exercise and cancellation behaviors, risk-free interest rates and expected dividends, which are estimated as follows:

- *Fair Value of our Ordinary Shares.* Because our shares are not publicly traded, we must estimate the fair value of ordinary shares, as discussed in “— Ordinary Share Valuations” below.
- *Risk-free Interest Rate.* The risk-free interest rate is based on the yield from U.S. Treasury zero-coupon bonds with a term equivalent to the contractual life of the options.
- *Dividend Yield.* We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.
- *Expected Volatility.* Since we do not have a trading history for our ordinary shares, we estimated the expected share price volatility for our ordinary shares by considering the historic price volatility for industry peers based on price observations over a period equivalent to the expected term of the share option grants. Industry peers consist of public companies in the medical device and healthcare industries. We intend to continue to consistently apply this process using the same or similar industry peers until a sufficient amount of historical information regarding the volatility of our ordinary share price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.
- *Expected Term.* The expected term of options granted represents the period of time that options granted are expected to be outstanding, and is determined based on the simplified method in accordance with ASC No. 718-10-S99-1 (SAB No. 110), as adequate historical experience is not available to provide a reasonable estimate. ASC No. 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

[Table of Contents](#)

The following table presents the weighted-average assumptions used to estimate the fair value of options granted to employees during the periods presented. The number of options granted to non-employees was immaterial:

	Year Ended December 31, 2013
Risk-free interest rate	0.95% – 2.08%
Expected dividend yield	0%
Expected volatility	70% – 75%
Weighted average expected life (in years)	6.02 – 6.08

Ordinary Share Valuations

The following table presents the share option grants made between January 1, 2013 and the date of this prospectus and the related exercise price and estimated fair value per ordinary share at the grant date:

<u>Date of Grant</u>	<u>Number of Shares Subject to Awards Granted</u>	<u>Exercise Price Per Share</u>	<u>Estimated Fair Value Per Share at Grant Date</u>
January 2013	1,600	\$ 23.71	\$ 65.14
July 2013	1,215	23.71	82.08
December 2013	24,116	26.74	104.52
April 2014	5,159	26.74	142.28

Based on the assumed initial public offering price of \$ per share, the midpoint of the estimated initial public offering price range, set forth on the cover page of this prospectus, the intrinsic value of the awards outstanding as of March 31, 2014 was \$ million, of which \$ million related to vested options and \$ million related to unvested options.

Due to the absence of a trading market for our ordinary shares, the fair value of our ordinary shares for purposes of determining the exercise price for award grants was determined in good faith by our management and approved by our board of directors. In connection with preparing our financial statements for this offering, our management considered the fair value of our ordinary shares based on a number of objective and subjective factors consistent with the methodologies outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, referred to as the AICPA Practice Aid. We also obtained independent third-party valuations on a periodic basis. The fair value of the underlying ordinary share will be determined by the board of directors until such time as our ordinary shares are listed on an established stock exchange or national market system.

For our valuations associated with option grants in January and July 2013, we determined our enterprise value, subtracted the fair value of our outstanding debt, if any, and allocated the aggregate equity value to each element of our equity capital structure (preferred shares, ordinary shares and options), using the following methodology:

- First, we used the discounted cash flow, or DCF, method, to determine our enterprise value and subtracted the fair value of our outstanding debt, if any. Then, for valuations where our aggregate equity value was such that our preferred shares would not automatically convert to ordinary shares, we used the option pricing method, or OPM, to allocate the equity value to each element of our equity capital structure.
 - Under the DCF method, our projected after-tax cash flows available to return to holders of invested capital were discounted back to present value, using a discount rate. Since it is not possible to project our after-tax cash flows beyond a limited number of years, the DCF method relies on determining a “terminal value” representing the aggregate value of either the future after-tax cash flows or estimated sale value of the Company after the end of the period for which annual projections are possible. The discount rate, known as the weighted cost of capital, or WACC, accounts for the time value of money and the appropriate degree of risk inherent in the business.

Table of Contents

The DCF method requires significant assumptions, in particular, regarding our projected cash flows, terminal value and the discount rate applicable to our business.

- Under the OPM, ordinary and preferred shares are treated as call options, with the preferred shares having an exercise price based on the liquidation preference of the preferred shares. Ordinary shares will only have value if funds available for distribution to the shareholders exceed the value of the liquidation preference at the time of a liquidity event such as a merger, sale or initial public offering. The ordinary shares are modeled as call options with an exercise price equal to the liquidation preference of the preferred shares. The value of the call options is determined using the Black-Scholes Merton option-pricing model. The OPM method requires significant assumptions, in particular, the time until investors on our company would experience an exit event and the volatility of our ordinary shares (which we determined based on the volatilities of public companies with business and financial risks comparable to our own).
- We also used the guideline company method and the guideline transaction method, initially as reasonableness tests, in order to evaluate whether the DCF / OPM method provided a reliable estimate of our enterprise value.
 - Under the guideline company method, we identified public companies with business and financial risks comparable to our own. We considered forward enterprise value to revenue multiples of those comparable companies to derive a reasonable estimate for our company's enterprise value. The most significant assumptions in the guideline company method are the selection of comparable companies and the selection of appropriate multiples. We used the same comparable companies for the guideline company method as we used to determine volatility in connection with the OPM method (two additional companies were added for the 2014 valuations, which were not public before those dates).
 - Under the guideline transaction method, we identified companies with business and financial risks comparable to our own that were recently acquired or that conducted IPOs. We considered the enterprise value to revenue multiples of those comparable companies to derive a reasonable range for our company's enterprise value.
- Subsequently, in connection with our grants in December 2013 and thereafter, as we had started to contemplate an IPO, we considered the guideline company method as a standalone valuation methodology since it more closely reflected how we would be valued in connection with an IPO. Then we applied a probability weighted expected return method, or PWERM, to the potential equity values based upon the potential occurrence of an IPO. Conversely, the DCF / OPM method more closely reflected our value as a private company. Accordingly, starting with the valuation of our ordinary shares in December 2013, when we were first seriously contemplating an IPO, we assigned a probability weighting to the likelihood of an IPO based on management's discussions with our board of directors and our assessment of market conditions.

We applied a discount to the valuations due to the lack of marketability of the ordinary shares. We calculated this using a put option model based on the Black-Scholes-Merton option-pricing model. The significant assumptions involved were the same as described above.

Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our taxes in each of the jurisdictions in which we operate. We account for income taxes in accordance with ASC Topic 740, "Income Taxes," or ASC Topic 740. ASC Topic 740 prescribes the use of an asset and liability method whereby deferred tax asset and liability account balances are determined based on the difference between book value and the tax bases of assets and liabilities and carryforward tax losses. Deferred taxes are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We exercise judgment and provide a valuation allowance, if necessary, to reduce deferred tax assets to their

[Table of Contents](#)

estimated realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized. We have established a full valuation allowance with respect to our deferred tax assets.

Deferred tax assets are classified as short or long-term based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences, if not related to an asset or liability for financial reporting. We account for uncertain tax positions in accordance with ASC 740 and recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accordingly, we report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in tax expense.

Quantitative and Qualitative Disclosure About Market Risk

Foreign Currency Risk

Our results of operations and cash flows are affected by fluctuations due to changes in foreign currency exchange rates. In 2012, our revenues were denominated primarily in euro and our expenses were denominated primarily in NIS. In 2013, most of our revenues were denominated in U.S. dollars, approximately half of our expenses were denominated in U.S. dollars, and the remainder of our expenses were denominated in NIS and euros. Accordingly, changes in the value of the NIS relative to the U.S. dollar in 2012 and changes in the value of the NIS and euro relative to the U.S. dollar in 2013 impacted amounts recorded on our consolidated statements of operations for those periods. We expect that the denominations of our revenue and expenses in 2014 will be consistent with what we experienced in 2013.

The following table presents information about the changes in the exchange rates of the NIS and euro against the U.S. dollar in 2012 and 2013:

<u>Period</u>	<u>Change in Average Exchange Rate</u>	
	<u>NIS against the U.S. Dollar (%)</u>	<u>Euro against the U.S. Dollar (%)</u>
2012	7.8	8.3
2013	(6.4)	(3.4)

The figures above represent the change in the average exchange rate in the given period compared to the average exchange rate in the immediately preceding period. Negative figures represent depreciation of the U.S. dollar compared to the NIS or euro. A 10% increase or decrease in the value of the NIS against the U.S. dollar would have decreased or increased our net loss by approximately \$0.4 million in 2013. A 10% increase or decrease in the value of the euro against the U.S. dollar would have decreased or increased our net loss by approximately \$0.1 million in 2013.

From time to time, we enter into limited hedging arrangements with financial institutions. We do not use derivative financial instruments for speculative or trading purposes.

Other Market Risks

We do not believe that we have material exposure to interest rate risk due to the fact that we have no long-term borrowings.

We do not believe that we have any material exposure to inflationary risks.

New and Revised Financial Accounting Standards

The JOBS Act permits emerging growth companies such as us to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail

[Table of Contents](#)

ourselves of this and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Recently Issued and Adopted Accounting Pronouncements

There are no recently adopted accounting pronouncements that have a material effect on our company.

BUSINESS

Overview

We are an innovative medical device company that is designing, developing and commercializing exoskeletons that allow wheelchair-bound individuals with mobility impairments or other medical conditions the ability to stand and walk once again. We have developed and are continuing to commercialize ReWalk, an exoskeleton that uses our patented tilt-sensor technology, and an on-board computer and motion sensors to drive motorized legs that power movement.

Current ReWalk designs are intended for people with paraplegia, a spinal cord injury resulting in complete or incomplete paralysis of the legs, who have the use of their upper bodies and arms. We currently offer two products: ReWalk Personal and ReWalk Rehabilitation. ReWalk Personal is designed for everyday use by individuals at home and in their communities, and is custom-fit for each user. ReWalk Rehabilitation is designed for the clinical rehabilitation environment where it provides valuable exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future. In 2011, we launched ReWalk Rehabilitation for use in hospitals and rehabilitation centers in the United States and Europe. We began marketing ReWalk Personal in Europe with CE mark clearance at the end of 2012 and received FDA clearance to market it in the United States in June 2014. ReWalk is the first exoskeleton cleared by the FDA for personal use. In the future, we will need to obtain approval from the applicable regulatory agency of any additional jurisdiction in which we seek to market ReWalk.

ReWalk is a breakthrough product that can fundamentally change the health and life experiences of users. ReWalk is currently the only commercialized exoskeleton using a tilt sensor to restore self-initiated walking. Designed for all-day use, ReWalk is battery-powered and consists of a light, wearable exoskeleton with integrated motors at the joints, an array of sensors and a computer-based control system to power knee and hip movement. ReWalk controls movement using subtle changes in the user's center of gravity. A forward tilt of the upper body is sensed by the system, which initiates the first step. Repeated body shifting generates a sequence of steps which allows for natural gait with functional walking speed. Because the exoskeleton supports its own weight, users do not expend unnecessary energy while walking. While ReWalk does not allow side-to-side actuation, users are able to turn by shifting their weight to the side. ReWalk also allows users to sit, stand and, in some cases, climb and descend stairs. ReWalk users are able to independently operate the devices, and most are able to put on and remove the devices by themselves. However, our safety guidelines and FDA specifications require users to be accompanied by a companion.

Published clinical studies demonstrate ReWalk's ability to deliver a natural gait and functional walking speed, which has not been shown in studies for any competing exoskeleton. In addition, our interim analysis of an ongoing clinical study and our experience working with health care practitioners and ReWalk users suggests that ReWalk has the potential to provide secondary health benefits. These benefits include reducing pain and spasticity and improving bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reducing hospitalizations and dependence on medications. Because of these secondary medical benefits, we believe that ReWalk has the ability to reduce the lifetime healthcare costs of individuals with spinal cord injuries, making it economically attractive for individuals and third-party payors.

We believe that the current design of ReWalk provides a functional technical base that can be easily adapted to address medical indications other than paraplegia that affect the ability to walk. We are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients, and, in the future, we plan to address these needs in stroke and cerebral palsy patients. We are also developing our next generation of ReWalk, with a more efficient drive mechanism, slimmer profile and lighter body, as well as other improvements.

Development of ReWalk took over a decade and was spurred by the experiences of our founder, Dr. Amit Goffer, himself a quadriplegic. As of July 1, 2014, we have placed 60 ReWalk Rehabilitation and 18 ReWalk Personal systems, 88% of which were purchased by our customers, and 12% of which were placed with clinics and distributors for training, market development and clinical testing. Through July 1, 2014 we have trained over 400 ReWalk users, representing over 20,000 hours of use.

[Table of Contents](#)

Our commercialization strategy is to penetrate rehabilitation centers, hospitals and similar facilities that treat patients with spinal cord injuries to become an integral part of their rehabilitation programs and to develop a broad based training network with these facilities to prepare users for home and community use. According to the National Spinal Cord Injury Statistical Center, 87.1% of persons with spinal cord injuries are sent to private, non-institutional residences (in most cases, their homes) after hospital discharge. As a result, while the majority of our sales to date have been ReWalk Rehabilitation units, the primary focus of our commercialization efforts going forward will be marketing ReWalk Personal for routine use at home, work or in the community, and we expect sales of ReWalk Personal to account for the substantial majority of our revenues in the future.

We expect to generate revenues from a combination of self-payors and third-party payors. While no uniform policy of coverage and reimbursement by third-party payors currently exists for electronic exoskeleton technologies such as ReWalk, we plan to pursue various paths of reimbursement and support fundraising efforts by institutions and clinics. In July 2014, the Bronx VA announced that it would be fully committed to supporting the procurement of ReWalk Personal and providing the staffing support needed for all eligible veterans with spinal cord injury for whom ReWalk is clinically indicated. As the first hospital to research the health-related benefits of an exoskeletal walking device for people with spinal cord injury, the Bronx VA experience supports the clinical use of ReWalk and similar FDA-approved technologies. We believe that additional VAs will adopt similar policies in the future.

We have offices in Yokneam, Israel, Marlborough, Massachusetts and Berlin, Germany.

Our Competitive Strengths

We believe that the following strengths provide us with sustainable competitive advantages to grow our revenue:

- **Proprietary Technology Enabling a More Natural Walking Experience.** Our patented tilt-sensor technology and proprietary software allow self-initiated movement that we believe delivers a more natural walking experience than competing products. Published clinical studies demonstrate ReWalk's ability to provide a natural gait and functional walking speed, which has not been shown in studies for any competing exoskeleton. In the United States, we have method patent protection covering certain methods of user activation and control of systems such as ReWalk, including by sensing the users' torso lean or weight shifts. In addition, we have apparatus patent protection in the United States and Europe covering the design of ReWalk and similar devices that use several sensors to empower tilt-sensor technology. Our patents on the tilt-sensor technology do not begin to expire until 2021. We also rely on trade secrets law to protect our proprietary software and product candidates/products in development.
- **First Mover Advantage.** ReWalk Personal is the first medical exoskeleton cleared by the FDA for personal use in the United States. We do not believe that our competitors have any products that will be cleared by the FDA for personal use in the United States for at least the next two years. As a result, we believe we will be able to capture significant U.S. market share for exoskeletons for personal use. In addition, we were the first medical exoskeleton provider to have an established commercial infrastructure, and to market products in Europe, with our direct sales force in Germany. We are also the first to achieve reimbursement for a personal unit.
- **Compelling Clinical Data.** We believe that ReWalk's clinical data differentiates us from our competitors. Clinical data published in established medical journals has demonstrated ReWalk's potential as a safe ambulatory device. We are not aware of any comparable clinical data generated in rigorous trials that has been published with respect to competing exoskeleton products. In addition, our interim analysis of an ongoing study demonstrates improvements in secondary physical conditions, such as reduction in pain and spasticity and improving bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reduced hospitalizations and dependence on medications. We believe that continued results of this nature will greatly assist our ability to obtain regulatory clearances and third-party reimbursement.
- **Strategic Alliance with Yaskawa Electric Corporation.** We have entered into a strategic alliance with Yaskawa Electric Corporation, a global leader in the fields of industrial robotics and automation. Pursuant to this arrangement, Yaskawa will serve as our distributor in certain Asian markets, where its

name and brand recognition provide us with opportunities for growth and market penetration and can apply its expertise for product and quality improvements to ReWalk. We believe that this arrangement with such a prominent company is unique in this industry. Yaskawa also made an equity investment in our company. In addition, in the future, subject to any necessary regulatory clearance, we may market and sell in the United States and Europe certain healthcare equipment products that Yaskawa is currently developing. See “Certain Relationships and Related Party Transactions—Series D Preferred Share Purchase Agreement” and “—Agreements with Yaskawa.”

- **Established and Scaleable Manufacturing Capability.** We have contracted with Sanmina Corporation, a well-established original equipment manufacturer with expertise in the medical device industry, for the manufacture of all of our products. Pursuant to this arrangement, Sanmina also sources all of the raw materials needed for the production of our products. We believe that this relationship provides us security with respect to quality, price and quantity of our products and offers significant scale-up capacity.
- **Experienced Management Team and Employees with Personal Experience with Paralysis.** Our senior management team has significant experience in the medical device, technology and robotics industries, with an average of over 20 years of experience. The experiences of Dr. Amit Goffer, our founder, President and Chief Technology Officer, and the inventor of ReWalk, who has been paralyzed since 1997, have been one of the greatest drivers in the development and refinement of ReWalk. Additionally, certain of our sales and marketing and research and development employees are paraplegic, which provides us with invaluable perspective to advance the development of our products.

Our Growth Strategies

Our goal is to drive sustainable growth by fundamentally changing the health and life experiences of individuals with mobility impairments. To achieve this goal, we intend to:

- **Increase Our Salesforce and Infrastructure.** We intend to penetrate our target markets and drive sales of ReWalk by increasing our sales force and further strengthening our distribution network and service, training and support functions. We believe that our presence in leading rehabilitation centers, hospitals and similar facilities in the United States and Europe has allowed us to establish a strong training infrastructure, and we plan to use this existing infrastructure as a point of entry to efficiently penetrate the market for ReWalk Personal.
- **Expand Geographic Coverage.** We intend to increase our presence in the United States in response to receipt of FDA clearance for ReWalk Personal. We also plan to expand into new geographies throughout Europe and, through our arrangements with Yaskawa, in Asia. To date, we have focused our commercialization efforts primarily on the German, French, UK, Italian, Austrian, Canadian and Turkish markets for personal and rehabilitation use and the U.S. market for rehabilitation use.
- **Continue Clinical Studies to Further Demonstrate Health and Economic Benefits to Support Reimbursement.** We intend to continue to work with hospitals, rehabilitation centers, patient advocacy and support groups and individual users to generate additional data regarding functionality and that supports the health and economic benefits of ReWalk. We will continue to engage and fund researchers and organizations to conduct clinical studies to demonstrate the functionality and utilization of ReWalk and to highlight economic benefits of reductions in medical complications associated with spinal cord injury. We believe that this data will position us to pursue additional third-party reimbursement for our products.
- **Leverage Our Core Technology Platform to Expand Treatment Indications.** We designed ReWalk to provide a functional technical base that can be easily adapted to address medical indications other than paraplegia, and we believe that we have the internal and external experience to develop and commercialize products to address new indications. In addition to developing the next generation of ReWalk we are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients, and, in the future, we plan to address these needs in stroke and cerebral palsy patients.

Overview of Spinal Anatomy and Spinal Cord Injury

Spinal Anatomy

The spine is the central core of the human skeleton and provides structural support, alignment and flexibility to the body. It consists of 24 interlocking bones, called vertebrae, which are stacked on top of one another. The spine is comprised of five regions, of which there are three primary regions: cervical, thoracic and lumbar. In addition, there is also the sacral region, or sacrum, a triangular-shaped bone and the coccyx, or “tailbone,” the bottom portion of the spine.

The spinal cord, housed inside the bony spinal column, is a complex bundle of nerves serving as the main pathway for information connecting the brain and nervous system. The spinal cord is divided into 31 segments that feed sensory impulses into the spinal cord, which in turn relays them to the brain. Conversely, motor impulses generated in the brain are relayed by the spinal cord to the spinal nerves, which pass the impulses to muscles and glands. The spinal cord mediates the reflex responses to some sensory impulses directly, without recourse to the brain, for example, when a person’s leg is tapped, producing the knee jerk reflex.

Spinal Cord Injury

Spinal cord injury is the result of a direct trauma to the nerves themselves or damage to the surrounding bones and soft tissues which ultimately impacts the spinal cord. Spinal cord damage results in a loss of function, such as mobility or feeling. In most people who have spinal cord injury, the spinal cord is intact. Spinal cord injury is not the same as back injury, which may result from pinched nerves or ruptured disks. Even when a person sustains a break in a vertebra or vertebrae, there may not be any spinal cord injury if the spinal cord itself is not affected. There are two types of spinal cord injury – complete and incomplete. In a complete injury, a person loses all ability to feel and voluntarily move below the level of the injury. In an incomplete injury, there is some functioning below the level of the injury.

Upon examination, a patient is assigned a level of injury depending on the location of the spinal cord injury. Cervical level injuries cause paralysis or weakness in both arms and legs and is referred to as quadriplegia. Sometimes this type of injury is accompanied by loss of physical sensation, respiratory issues, bowel, bladder, and sexual dysfunction. Thoracic level injuries can cause paralysis or weakness of the legs (paraplegia) along with loss of physical sensation, bowel, bladder, and sexual dysfunction. In most cases, arms and hands are not affected. Lumbar level injuries result in paralysis or weakness of the legs (paraplegia). Loss of physical sensation, bowel, bladder, and sexual dysfunction can occur. The shoulder, arm, and hand functions are usually unaffected. Sacral level injuries primarily cause loss of bowel and bladder function as well as sexual dysfunction.



Image of Separated Spinal Cord of an Adult

The history of exoskeleton development began in the 19th century, with the first patent for a mechanical suit appearing in 1890. The use of motors and gears to power these suits is not new, with General Electric developing an early exoskeleton device in the 1960s. Called the Hardiman, it was a hydraulic and electric body suit, but its weight and bulk made practical use prohibitive. Innovation of an advanced exoskeleton that restores a natural walking experience has been a key technological goal of the industry, and the lack of such a system has hindered sector growth. Advances in computer hardware and software and proprietary technological breakthroughs pioneered by us have resulted in the development of an advanced exoskeleton, ReWalk, that restores walking with a natural gait and functional speed.

Market Opportunity

Confinement to a wheelchair can cause severe physical and psychological deterioration, resulting in bad health, poor quality of life, low self-esteem and high medical expenses. In addition, the secondary medical consequences of paralysis can include difficulty with bowel and urinary tract function, osteoporosis, loss of lean mass, gain in fat mass, insulin resistance, diabetes and heart disease. The cost of treating these conditions is substantial. The National

[Table of Contents](#)

Spinal Cord Injury Statistical Center, or the NSCISC, estimates that complications related to paraplegia cost, excluding indirect costs such as losses in wages, fringe benefits and productivity, approximately \$500,000 in the first year post-injury and significant additional amounts over the course of an individual's lifetime. Further, secondary complications related to spinal cord injury can reduce life expectancies for SCI patients.

The NSCISC estimates as of 2013 that there were 273,000 people in the United States living with spinal cord injury, with an annual incidence of approximately 12,000 new cases per year. Approximately 42,000 of such patients are veterans, and are eligible for medical care and other benefits from the VA. With 24 VA spinal cord injury centers, the VA has the largest single network of spinal cord injury care in the United States.

The University of Alabama-Birmingham Department of Physical Medicine and Rehabilitation operates the NSCISC, which maintains the world's largest database on spinal cord injury research. Since 2010, motor vehicle crashes have been the leading cause of reported spinal cord injury cases (36.5%), followed by falls (28.5%), acts of violence (14.3%) and sports injuries (9.2%). Nearly 80% of spinal cord injuries occur among the male population. According to the NSCISC, upon hospital discharge, 87.1% of persons with spinal cord injuries are sent to private, non-institutional residence (in most cases, their homes prior to injury).

Based on U.S. Census Bureau data, the spinal cord injury population gender and age statistics and data from the Spinal Cord Model Systems report, we estimate almost 80%, or 218,000, of spinal cord injury patients in the United States could be candidates for current or future ReWalk products. The young average age of injury and significant remaining life expectancy, the likelihood of living at home and lifetime cost of treatment highlight the need for an out-of-hospital solution with demonstrated health and social benefits.

In addition to developing the next generation of ReWalk, we are currently engaged in research and development efforts to adapt ReWalk to address the mobility needs of quadriplegia and multiple sclerosis patients.

According to the National Multiple Sclerosis Society, as many as 400,000 Americans suffer from multiple sclerosis. Research indicates that approximately 53% of these individuals, or approximately 212,000, would be classified as either a 6.0 or 7.0 on the Kurtzke Disability Status Scale (DSS), a measure of the need for walking assistance. Individuals with DSS 6.0 require intermittent or unilateral constant assistance (by means of cane, crutch, or brace) to walk approximately 100 meters without resting. Individuals with DSS 7.0 are unable to walk beyond 10 meters without rest while leaning against a wall or holding furniture for support. We believe these individuals could benefit from our technology.

In the future, we plan to address the mobility needs of stroke and cerebral palsy patients. Over five million Americans have suffered a stroke, with 780,000 new incidences expected each year. Physical limitations after stroke vary from case to case, but approximately 20-25% of these individuals are unable to walk without full physical assistance. Cerebral palsy is a disorder of movement, muscle tone or posture that is caused by damage to the developing brain, most often before or during a child's birth, or during the first 3 to 5 years of a child's life. According to United Cerebral Palsy, there are 764,000 cases of cerebral palsy in the United States. Cerebral palsy represents a significant opportunity to address the segment of this market that will meet the physical criteria to use ReWalk.

Our Solutions

ReWalk is a breakthrough product that can fundamentally change the health and life experiences of users. Published clinical studies demonstrate ReWalk's ability to deliver a natural gait and functional walking speed. ReWalk's patented tilt-sensor technology and an on-board computer and motion sensors drive motorized legs that power knee and hip movement and allow self-initiated walking. ReWalk controls movement using subtle changes in the user's center of gravity. A forward tilt of the upper body is sensed by the system, which initiates the first step. Repeated body shifting generates a sequence of steps, which allows natural ambulation with functional walking speed. While ReWalk does not allow side-to-side actuation, users are able to turn by shifting their weight to the side. ReWalk also allows users to sit, stand and, in some cases, climb and descend stairs.

Designed for all-day use and worn over the clothes of users, ReWalk consists of a light wearable exoskeleton with integrated motors at the joints, an array of sensors and a backpack that contains the batteries

[Table of Contents](#)

and the computer-based control system. The control system utilizes proprietary algorithms to analyze, upper-body motions and trigger and maintain gait patterns and other modes of operation (such as stair-climbing and shifting from sitting to standing), leaving the user's hands free for self-support and other functions. Because the exoskeleton supports its own weight, users do not expend unnecessary energy while walking. Safety measures include crutches, which provide additional stability, fall protection, which lowers users slowly and safely in the event of a malfunction, and the secure "stand" mode, which automatically initiates if the user does not begin walking within two seconds. ReWalk is also equipped with maintenance alarms, warnings and backup batteries. The rechargeable batteries are easily accessible from the system's backpack and can be recharged in any standard power outlet. Upon completion of training, which generally consists of approximately 15 one-hour sessions, most users are able to put on and remove the device by themselves while sitting, typically in less than 15 minutes.

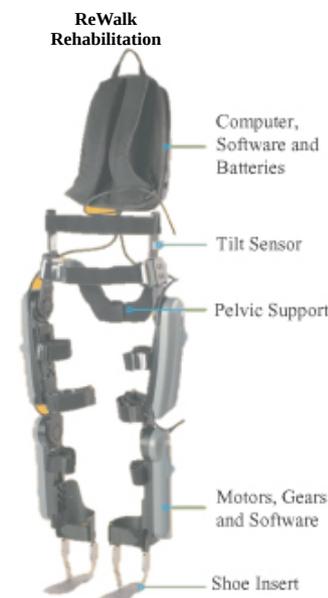
Current ReWalk designs are intended for people with paraplegia who have the use of their upper bodies and arms. We currently offer two ReWalk products: ReWalk Personal and ReWalk Rehabilitation.

- *ReWalk Personal*: intended for everyday use at home, at work or in the community. We began marketing ReWalk Personal in Europe with CE mark clearance at the end of 2012. We received clearance to market ReWalk Personal in the United States in June 2014. ReWalk Personal units are all manufactured according to the same specifications. Each unit is then permanently sized to fit the individual user and the software is configured for the user's specifications by the rehabilitation center, clinic or distributor.
- *ReWalk Rehabilitation*: designed for the clinical rehabilitation environment, ReWalk Rehabilitation has adjustable sizing enabling multiple patient use. ReWalk Rehabilitation provides a valuable means of exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future. We began marketing ReWalk Rehabilitation for use in hospitals, rehabilitation centers and stand-alone training centers in the United States and Europe in 2011. ReWalk Rehabilitation units are all manufactured according to the same specifications and are equipped with adjustable sizing for multi-patient use.

Our interim analysis of an ongoing clinical study and our experience working with health care practitioners and ReWalk users suggest that ReWalk has the potential to provide secondary health benefits. These benefits include reducing pain and spasticity and improving bowel and urinary tract function, body and bone composition, metabolism and physical fitness, as well as reducing hospitalizations and dependence on medications.

Because of these secondary medical benefits, we believe that ReWalk has the ability to reduce the lifetime healthcare costs of individuals with spinal cord injuries, making it economically attractive for individuals, healthcare providers such as hospitals and rehabilitation centers, and third-party payors.

ReWalk users must have healthy hands and shoulders, weigh less than 220 pounds (100 kilograms) and be between 5 feet 1 inch and 6 feet 3 inches (1.55 meters and 1.87 meters). Based on U.S. Census Bureau data, the spinal cord injury population gender and age statistics and data from the Spinal Cord Model Systems report, we estimate that approximately 80% of persons with spinal cord injury in the United States comply with these restrictions and other requirements for current and future ReWalk products. ReWalk systems have an estimated useful life of five years and come with a two year warranty covering all elements beyond normal wear and tear. As part of the warranty, users receive software upgrades and an annual inspection. We offer extended warranties for purchase and, outside of the warranty program, provide repairs and service on a fee-for-service basis. ReWalk batteries, which are covered by our warranties, have an estimated life of approximately 600 charges, which for a typical user lasts two to three years.



[Table of Contents](#)



We are currently developing our next generation of ReWalk, with a more efficient drive mechanism, slimmer profile and lighter body, as well as other improvements. We are also developing ReWalk-Q for individuals with quadriplegia who are unable to hold crutches, which will include attached crutches with wheels. We expect to complete the development of ReWalk-Q in the near future, at which time we will begin clinical testing and apply for regulatory clearances. We plan to expand the designs and indications that we address beyond paraplegia and quadriplegia to include other disabilities affecting gait and ability to walk, such as multiple sclerosis, stroke and cerebral palsy.

Reimbursements and Other Funding Sources

We rely on self-payers, third-party reimbursements and various other funding sources for the payment of our products. ReWalk is currently primarily funded by self-payers. We plan to pursue additional pathways of reimbursement and funding, focusing our efforts on our two primary markets: the United States and Western Europe.

Third-Party Reimbursements

United States

In the United States, purchasers of ReWalk Rehabilitation have received reimbursement in certain cases. Private rehabilitation centers generally purchase ReWalk Rehabilitation out-of-pocket and then charge patients for ReWalk therapy on a per-session basis. Patients can then seek reimbursement from their insurance companies. Academic facilities such as teaching hospitals generally purchase ReWalk Rehabilitation out-of-pocket and provide patients the opportunity to use the ReWalk without charging for each session. These institutions may then seek reimbursement from insurance companies and may be willing to accept lower reimbursement rates than private facilities due to fewer pricing pressures.

While in some cases insurance companies have provided reimbursement for ReWalk Rehabilitation upon request, certain insurance companies view ReWalk as an experimental therapy and therefore will not provide coverage at this time. Medicaid and Medicare have provided reimbursement for ReWalk Rehabilitation sessions, although this coverage may have limits in terms of number or frequency of sessions. Worker's compensation has also provided reimbursement.

Private insurance companies do not currently cover or provide reimbursement for any personal medical exoskeleton products, including ReWalk Personal.

As part of our plan for growth, we intend to work with ReWalk users, health care practitioners, researchers, and the spinal cord injury community to support efforts to demonstrate to insurance companies the health benefits and the economic case for reimbursement of ReWalk Personal. Initially, coverage from private payers will be made on a case-by-case basis. Once a sufficient number of these cases have been approved, applications for local coverage decisions from the private payers will be made. We currently sponsor clinical studies and academic publications that demonstrate the medical benefits of ReWalk. In the future, we will pursue economic benefit clinical studies for the Centers for Medicare/Medicaid Services, or CMS, which would demonstrate the secondary medical benefits and long-term cost savings potential of ReWalk. We believe that a positive response from CMS in respect of such studies will broaden coverage by private insurers. We expect that it could take three to five years to receive a decision from CMS, but we believe that other sources of payment will be sufficient to support our business.

Western Europe

Reimbursement for ReWalk in Europe varies by country. While we are not aware of any public or private payor that regularly covers ReWalk for rehabilitation or personal use, third-party payors have provided reimbursement for our products in certain cases in Germany, France and Italy.

[Table of Contents](#)

We are initially focusing our efforts in Europe in Germany, which has a single-payer system and where we believe we have made significant progress toward achieving ReWalk coverage from the government. Because ReWalk is not currently covered in Germany, a patient who wishes to use ReWalk must apply for coverage and receive an official denial. He or she must then appeal the decision in court, relying on supporting documentation from a health care provider and other medical evidence. There are approximately 30 such cases pending in Germany, and we believe that these will result in eventual coverage. We plan to continue to pursue this case-by-case strategy and expect that once the precedent for coverage is established, seeking coverage will become easier and more routine. We continue to support clinical research and academic publications, which we believe will further support the case for coverage.

We are also pursuing reimbursement by private insurers and worker's compensation in various European countries.

Other Funding Sources

ReWalk is currently primarily funded by self-payers. Self-payers also include individuals who purchase ReWalk with funds from legal settlements with insurance companies or third parties. We also sell ReWalk Rehabilitation to VA hospitals, in which case the VA pays for the product. In July 2014, the Bronx VA announced that it would be fully committed to supporting the procurement of ReWalk Personal and providing the staffing support needed for all eligible veterans with spinal cord injury for whom ReWalk is clinically indicated. As the first hospital to research the health-related benefits of an exoskeletal walking device for people with spinal cord injury, the Bronx VA experience supports the clinical use of ReWalk and similar FDA-approved technologies. We believe that additional VAs will adopt similar policies in the future. We support financing and fund raising activities of foundations and prospective users. Funding may also be achieved from a number of other sources on a case-by-case basis, including foundations and philanthropic organizations, labor unions, and, in Europe, BG worker's compensation clinics.

Research and Development

We are committed to investing in a robust research and development program to enhance our current ReWalk products and to develop our pipeline of new and complementary products, and we believe that ongoing research and development efforts are essential to our success. Our research and development team includes engineers, machinists, researchers, marketing, quality, manufacturing, regulatory and clinical personnel, who work closely together to design, enhance and validate our technologies. This research and development team conceptualizes technologies and then builds and tests prototypes before refining and/or redesigning as necessary. Our regulatory and clinical personnel work in parallel with engineers and researchers, allowing us to anticipate and resolve potential issues at early stages in the development cycle.

We plan to increase our investment in research and development in the future by continually improving our functional technological platform, developing our next generation of ReWalk with design improvements and building upon our technological platform to address new medical indications that affect the ability to walk such as quadriplegia, multiple sclerosis, stroke and cerebral palsy.

We conduct our research and development efforts at our facility in Yokneam, Israel. We believe that the close interaction among our research and development, marketing and manufacturing groups allows for timely and effective realization of our new product concepts. Certain of our sales and marketing and research and development employees are paralyzed, including Dr. Amit Goffer, our founder, President and Chief Technology Officer, and the inventor of ReWalk, which provides us with invaluable prospective to advance the development of our products.

Our research and development efforts are financed, in part, through funding from the OCS and from the BIRD Foundation. From our inception through March 31, 2014, we received funding totaling \$0.45 million from the OCS and \$0.5 million from the BIRD Foundation. For more information regarding these arrangement, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "—Grants and Other Funding."

In September 2013, we entered into a strategic alliance with Yaskawa Electric Corporation, pursuant to which, among other arrangements, Yaskawa can apply its expertise product and quality improvements to ReWalk. Yaskawa is a global leader in the fields of industrial robotics and automation, and we believe that this

[Table of Contents](#)

relationship provides us with opportunities for product improvement and increased product offerings in the future. For more information regarding our relationship with Yaskawa, see “—Sales and Marketing” and “Certain Relationships and Related Party Transactions.”

Clinical Studies

We coordinate and fund clinical studies intended to establish the effectiveness and benefits of ReWalk for individuals with spinal cord injuries. To date, there have been three studies of ReWalk published in peer-reviewed journals:

- The first study, published in *The Journal of Spinal Cord Medicine* in 2012, included six participants and was designed to assess the safety and tolerance of use of ReWalk by patients with a spinal cord injury. The participants were all able to walk 100 meters with ReWalk. The study found no adverse safety events (which included falls, status of the skin, status of the spine and joints, blood pressure, pulse and electrocardiography) and concluded that use of ReWalk was well-tolerated by participants with no increase in pain and a moderate level of fatigue after use. The participants generally had positive feedback regarding ReWalk. No adverse effects were noted.
- The second study included 24 participants and was designed to assess the safety and performance of ReWalk in enabling individuals with paraplegia to carry out routine ambulatory functions. Results with respect to a 12-participant subset were published in the *American Journal of Physical Medicine & Rehabilitation* in 2012. The results from this subset demonstrated that all participants were able to independently walk, without assistance from another person, for at least 50 meters and at least five minutes. Some participants reported improvements in pain, bowel function, bladder function and spasticity. All participants had strong positive feedback regarding the emotional and psychosocial benefits of using ReWalk. ReWalk was found to hold significant potential as a safe ambulatory powered orthotic for spinal cord injury patients. Significant performance variability was noted between participants. There were no serious adverse events reported. Five participants reported mild to moderate adverse effects, consisting of skin abrasions, lightheadedness and edema of the lower limbs. These adverse effects were managed by the appropriate use of padding, caffeine intake and adjustment of blood pressure medication, elastic stockings and rest.
- The third study, published in *The Journal of Spinal Cord Medicine* in 2013, included six participants and found that participants with spinal cord injury, walking independently with ReWalk, demonstrated a stance and gait similar to that of an able-bodied individual. No adverse effects were noted.
- The fourth study, which is ongoing and includes 30 participants, was designed to assess the mobility skills and levels of training and assistance needed to use and benefit from ReWalk. Results with respect to a seven-participant subset have been finalized and were presented at the *STO Human Factors and Medicine Panel Symposium*, Milan, Italy, in 2013. The results from this subset demonstrated that over the course of the training, all of the participants learned to move from sitting to standing and standing to sitting and to walk 50 to 166 meters in six minutes. Some assistance was needed for participants with the most limiting spinal cord injuries. Four of the participants were able to climb and descend stairs. The study concluded that ReWalk assisted walking can be performed independently by individuals with certain cases of spinal cord injury and that future technological advances and ongoing training could improve mobility and independence. Certain participants reported adverse effects in the form of mild to moderate skin abrasions, which were resolved with equipment adjustments, additional padding, and, in certain cases, allowing the skin to heal.

Although study participants and other ReWalk users have reported secondary physical and mental health benefits such as reduced pain and spasticity and improved bowel function and urinary tract function, fewer hospitalizations, reduced dependence on medications and improvements in mood, currently there is no formal clinical data establishing any secondary health benefits of ReWalk.

Community Engagement and Education

We devote significant resources to engagement with and education of the spinal cord injury community with respect to the benefits of ReWalk. We actively seek opportunities to partner with hospitals, rehabilitation centers and key opinion leaders to engage in research and development and clinical activities. We also seek to support educational and charitable organizations with fundraising and outreach programs. We believe that our success has been, and will continue to be driven in part by, our reputation and acceptance within the spinal cord injury community.

Sales and Marketing

We market and sell our products directly to institutions and individuals and through third-party distributors. We sell our products directly in Germany and the United States and primarily through distributors in our other markets. In our direct markets, we have established relationships with rehabilitation centers and the spinal cord injury community, and in our indirect markets, our distributors maintain these relationships. Sales of ReWalk Personal are generated primarily from the patient base at our rehabilitation centers, referrals through the spinal cord injury community and direct inquiries from potential users.

In the United States, we have a commercial infrastructure in place, which, until receipt of FDA clearance to market ReWalk Personal in the United States, focused on selling ReWalk Rehabilitation. We now plan to redirect our U.S. sales and marketing efforts toward ReWalk Personal by expanding our sales organization with dedicated business development managers for the United States. In Germany, we have successfully sold the ReWalk Rehabilitation and ReWalk Personal. We have begun to expand our German sales and marketing team and will continue to do so in the future to drive sales. We believe that our established commercial infrastructure in Germany has provided us with the knowledge and experience necessary to do so efficiently in the United States. We also believe that this experience will allow us to swiftly establish a direct sales force in other geographies in the future.

We also maintain arrangements with third-party distributors in Austria, China, France, Italy, Japan, Korea, Russia, Singapore, Taiwan, Thailand, Turkey, and the United Kingdom. We have achieved sales pursuant to these arrangements in the European markets and we expect to begin generating revenues pursuant to these arrangements in the Asian markets in 2014.

We have established centers of operations in Marlborough, Massachusetts, Berlin, Germany and Yokneam, Israel, to manage sales in North America, Europe, and the rest of world, respectively. We maintain training centers at our German and U.S. locations, where our personnel offers training for our sales representatives and distributors.

In September 2013, we entered into a strategic alliance with Yaskawa Electric Corporation, in connection with which Yaskawa has agreed to be our exclusive distributor in certain Asian markets. We believe that this relationship provides us with a significant opportunity for growth in Asia. Our arrangement with Yaskawa also provides that in the future, subject to any necessary regulatory clearance, we may market and sell certain of Yaskawa's healthcare equipment products currently under development in the United States and Europe. For more information regarding our relationship with Yaskawa, see "Certain Relationships and Related Party Transactions."

Services and Customer Support

Our centers of operations in Marlborough, Massachusetts and Berlin, Germany coordinate all service functions for North America and Europe, respectively, through dedicated technical service personnel and customer service call centers. We aim to provide high-level support to our customers to build long-standing relationships. The following are the main categories of service and customer support functions that we provide:

- *Training.* We provide on-site, hands-on, basic and advanced technical training for health care providers. These providers, who then train individual users, are subject to rigorous training and certification requirements. We have also implemented a rigorous, multi-level training and licensure program for users and their companions. We believe that these training programs serve an important safety and support function.

[Table of Contents](#)

- *Communications Centers.* We operate communications centers in our U.S. and Germany locations, which provide support hotlines, installation, maintenance, and periodic, preventive servicing. Outside of our direct markets, service functions are generally coordinated through our third-party distributors.
- *Spare Parts and Logistics Channels.* We operate warehouses in the U.S., Germany and Israel, which house our inventory, parts and accessories.

Competition

The market in which we operate is characterized by active competition and rapid technological change, and we expect competition to increase. Competition arises from providers of other mobility systems and prosthetic devices.

We are aware of a number of other companies developing competing technology and devices, and some of these competitors may have greater resources, greater name recognition, broader product lines, or larger customer bases than we do. Our principal competitors in the medical exoskeleton market consist of Ekso Bionics (OTC: EKSO), Rex Bionics (London Stock Exchange: RXB), Cyberdyne (Tokyo Stock Exchange: 7779), and Parker Hannifin (NYSE: PH). We believe we have key competitive advantages over these companies, such as our tilt-sensor technology that provides a self-initiated walking experience, more natural gait and functional walking speed, slimmer and lighter design, ReWalk's ability to support its own weight and broad user specifications. Additionally, we are not aware of any medical exoskeleton product that is cleared or in the process of seeking clearance from the FDA for personal use. ReWalk Personal is the first medical exoskeleton cleared by the FDA for personal use in the United States.

In addition, we compete with alternative devices and alternative therapies, including treadmill-based gait therapies, such as those offered by Hocoma, AlterG, Aretech and Reha Technology. Other medical device or robotics companies, academic and research institutions, or others may develop new technologies or therapies that provide a superior walking experience, are more effective in treating the secondary medical conditions that we target or are less expensive than our current or future products. Our technologies and products could be rendered obsolete by such developments.

We may also compete with other treatments and technologies that address the secondary medical conditions that ReWalk seeks to mitigate.

Intellectual Property

Protection of our intellectual property is important to our business. We seek to protect our intellectual property through a combination of patents, trademarks, confidentiality and invention assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. In addition, we rely on trade secrets law to protect our proprietary software and product candidates/products in development.

As of July 1, 2014, we have three issued method and device patents in the United States and Europe on our tilt sensor technology. We have apparatus patent claims in the United States and Europe covering the design of ReWalk and similar devices which use a plurality of sensors to empower tilt-sensor technology. In addition, in the United States, we have method patent claims covering certain methods of user activation and control of systems such as ReWalk, including by sensing the users' torso lean or weight shifts. While our apparatus claims focus on protecting ReWalk in terms of its physical and structural characteristics, we believe that our method claims, which protect the process behind how ReWalk is controlled by the user, provide additional protection for our tilt sensor technology. We also have six pending patent applications in various countries around the world covering supporting technology with respect to our existing ReWalk systems and planned future products, including one pending international application filed under the Patent Cooperation Treaty, which provides an applicant one filing date for patent applications that may be filed in 148 countries. We do not currently license any of the technology contained in our products other than with respect to technology that is generally publicly available, but we may do so in the future.

[Table of Contents](#)

Patents filed both in the United States and Europe generally have a life of 20 years from the filing date. As the oldest of our issued patents relating to our tilt-sensor technology was filed in May 2001, our patents on that technology do not begin to expire until May 2021.

We currently hold a registered trademark in Israel for the mark “ReWalk” and are in the process of registering this trademark in the United States.

The employment agreement of our founder, Dr. Amit Goffer, provides that a patent pending relating to a standing wheelchair is his individual property and that he may independently engage in the development of a standing wheelchair. The agreement also provides that we and any of our affiliates or successors have the royalty-free right to the exclusive use in the field of exoskeletons of any intellectual property developed by Dr. Goffer, alone or jointly with others (whether or not as part of the development of a standing wheelchair and whether or not developed through a company), while he is our employee, consultant or board member and for three years thereafter. See “Certain Relationships and Related Party Transactions—Arrangements with Founder.”

We cannot be sure that our intellectual property will provide us with a competitive advantage or that we will not infringe on the intellectual property rights of others. In addition, we cannot be sure that any patents will be granted in a timely manner or at all with respect to any of our patent pending applications. For a more comprehensive discussion of the risks related to our intellectual property, see “Risk Factors—Risks Related to Our Intellectual Property.”

Government Regulation

U.S. Regulation

Our medical products and manufacturing operations are subject to regulation by the FDA and other federal and state agencies. Our products are regulated as medical devices in the United States under the Federal Food, Drug, and Cosmetic Act, or FDCA, as implemented and enforced by the FDA. The FDA regulates the development, testing, manufacturing, labeling, storage, installation, servicing, advertising, promotion, marketing, distribution, import, export, and market surveillance of our medical devices.

Premarket Regulation

Unless an exemption applies, each medical device commercially distributed in the United States requires either a substantial equivalence determination under a 510(k) premarket notification submission, or an approval of a premarket approval application (PMA). Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of control needed to provide reasonable assurance of safety and effectiveness. Classification of a device is important because the class to which a device is assigned determines, among other things, the necessity and type of FDA review required prior to marketing the device. Class I devices are those for which reasonable assurance of safety and effectiveness can be assured by adherence to general controls that include compliance with the applicable portions of the FDA’s Quality System Regulation, or QSR, facility registration and product listing, reporting of adverse medical events, and appropriate, truthful and non-misleading labeling, advertising, and promotional materials. Class I also includes devices for which there is insufficient information to determine that general controls are sufficient to provide reasonable assurance of the safety and effectiveness of the device or to establish special controls to provide such assurance, but that are not life-supporting or life-sustaining or for a use which is of substantial importance in preventing impairment of human health, and that do not present a potential unreasonable risk of illness or injury.

Class II devices are those for which general controls alone are insufficient to provide reasonable assurance of safety and effectiveness and there is sufficient information to establish “special controls.” These special controls can include performance standards, postmarket surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the 510(k) premarket notification requirement, only about 60 types of Class II devices are exempt from premarket notification. As a result, manufacturers of most Class II devices are required to submit to the FDA premarket notifications under Section 510(k) of the FDCA requesting classification of their

[Table of Contents](#)

devices in order to market or commercially distribute those devices. To obtain a 510(k), a substantial equivalence determination for their devices, manufacturers must submit to the FDA premarket notifications demonstrating that the proposed device is “substantially equivalent” to a predicate device already on the market. A predicate device is a legally marketed device that is not subject to premarket approval, *i.e.*, a device that was legally marketed prior to May 28, 1976 (pre-amendment device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If the device is not “substantially equivalent” to a previously cleared device, the device is automatically a Class III device. The device sponsor must then fulfill more rigorous premarket approval requirements, or can request a risk-based classification determination for the device in accordance with the “*de novo*” process, which is a route to market for medical devices that are low to moderate risk, but are not substantially equivalent to a predicate device.

Devices that are intended to be life sustaining or life supporting, devices that are implantable, devices that present a potential unreasonable risk of harm or are of substantial importance in preventing impairment of health, and devices that are not substantially equivalent to a predicate device are placed in Class III and generally require approval of a PMA, unless the device is a pre-amendment device not subject to a regulation requiring premarket approval. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective, and the PMA must be supported by extensive data, including data from preclinical studies and clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities and controls used for manufacturing, and proposed labeling. Following receipt of a PMA, the FDA determines whether the application is sufficiently complete to permit a substantive review. If the FDA accepts the application for review, it has 180 days under the FDCA to complete its review of a PMA, although in practice, the FDA’s review often takes significantly longer, and can take up to several years.

Clinical trials are almost always required to support PMAs and are sometimes required to support 510(k) submissions. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA’s investigational device exemption, or IDE, regulations that govern investigational device labeling, prohibit promotion of the investigational device, and specify recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a “significant risk,” as defined by the FDA, the agency requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. The IDE will automatically become effective 30 days after receipt by the FDA, unless the FDA denies the application or notifies the company that the investigation is on hold and may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE that requires modification, the FDA may permit a clinical trial to proceed under a conditional approval. In addition, the study must be approved by, and conducted under the oversight of, an Institutional Review Board, or IRB, for each clinical site. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements.

We currently distribute ReWalk product to medical/rehabilitation institutions and take the position that the ReWalk for this use qualifies as powered exercise equipment, which is a Class I device and does not require a 510(k). Although the FDA disagrees with this position, the agency is exercising enforcement discretion, *i.e.*, it is permitting us to continue to distribute the ReWalk to institutions for therapeutic use. This exercise of enforcement discretion is in the context of our working with the FDA through the *de novo* classification process to obtain a classification determination for the ReWalk for uses that go beyond the institutional/rehabilitation setting, potentially leading to a limited community ambulation use. We submitted a *de novo* petition to the FDA in June 2013 and have had ongoing communications with the agency, including an in-person meeting in October 2013.

In June 2014, the FDA granted our petition for “*de novo*” classification, which is a route to market for medical devices that are low to moderate risk, but are not substantially equivalent to a predicate device, and

[Table of Contents](#)

classified ReWalk as Class II subject to special controls. The special controls established in the *de novo* order include compliance with medical device consensus standards; performance of a postmarket surveillance clinical study demonstrating a reasonable assurance of safety and effectiveness in urban terrain; non-clinical performance testing of the system's function and durability; a training program; and labeling related to device use and user training. The special controls of this *de novo* order will also apply to competing products seeking FDA clearance.

Postmarket Regulation

After a device is cleared for marketing, and prior to marketing, numerous regulatory requirements apply. These include:

- establishment registration and device listing;
- development of a quality assurance system, including establishing and implementing procedures to design and manufacture devices;
- labeling regulations that prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling; and
- medical device reporting regulations that require manufacturers to report to the FDA if a device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; and corrections and removal reporting regulations that require manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the U.S. Food, Drug and Cosmetic Act that may present a risk to health.

Our manufacturing processes are required to comply with the applicable portions of the Quality System Regulation that covers the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. We actively maintain compliance with the FDA's Quality System Regulation, 21 CFR Part 820, and the European Union's Quality Management Systems requirements, ISO 13485:2003.

As a manufacturer, we are subject to periodic scheduled or unscheduled inspections by the FDA. If the FDA believes we or any of our contract manufacturers are not in compliance with the quality system requirements, or other postmarket requirements, it has significant enforcement authority. Specifically, if the FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- recalls, withdrawals, or administrative detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- refusal to grant export approvals for our products; or
- criminal prosecution.

Any such action by the FDA would have a material adverse effect on our business. In addition, these regulatory controls, as well as any changes in FDA policies, can affect the time and cost associated with the development, introduction and continued availability of new products. Where possible, we anticipate these factors in our product development processes.

Foreign Regulation

In addition to regulations in the United States, we are subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products. In particular, we are subject to regulation by in the E.U. which has directives and standards regulating the design, manufacture, clinical trials, labeling and adverse event reporting for medical devices. Devices that comply with the requirements of a relevant directive are entitled to bear the CE conformity marking, indicating that the device conforms to the essential requirements of the applicable directive and, accordingly, can be commercially distributed throughout Europe. The method of assessing conformity varies depending on the class of the product, but normally involves a combination of self-assessment by the manufacturer and a third party assessment by a “Notified Body.” This third party assessment may consist of an audit of the manufacturer’s quality system or specific testing of the manufacturer’s product. We comply with the E.U. requirements and have received the CE mark for all of our ReWalk systems distributed in the E.U.

We are also subject to regulation in certain Asian markets in connection with our distribution agreement with Yaskawa. Pursuant to such agreement, Yaskawa has the rights to distribute ReWalk in Japan, China, Taiwan, Korea, Singapore and Thailand. The Japanese Ministry of Health, Labour and Welfare, or the MHLW, approved ReWalk in February 2014 as a welfare device due to its ability to restore mobility to users. Yaskawa has begun evaluating ReWalk at several hospitals and, with such approval of MHLW, Yaskawa may begin selling ReWalk in Japan. In each other country listed above, we will need to obtain approval from the relevant governmental agency prior to marketing ReWalk. We have begun to evaluate the approval process in China and Taiwan, but have not yet begun to do so in Korea, Singapore or Thailand. We expect that obtaining the necessary approvals in these countries could take between one and a half and two years after we submit the initial application.

Foreign sales outside of the E.U. and the Asian markets described above are subject to the foreign government regulations of the relevant jurisdiction, and we must obtain approval by the appropriate regulatory authorities before we can commence clinical trials or marketing activities in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required to obtain a marketing authorization in the U.S., the E.U. or the Asian markets described above. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

The policies of the FDA and foreign regulatory authorities may change and additional government regulations may be enacted that could prevent or delay regulatory approval of our products and could also increase the cost of regulatory compliance. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the United States or abroad.

U.S. Anti-kickback, False Claims and Other Healthcare Fraud and Abuse Laws

In the United States, there are federal and state anti-kickback laws that prohibit the payment or receipt of kickbacks, bribes or other remuneration intended to induce the purchase or recommendation of healthcare products and services. Violations of these laws can lead to civil and criminal penalties, including exclusion from participation in federal healthcare programs. These laws apply to manufacturers of products, such as us, with respect to our financial relationship with hospitals, physicians and other potential purchasers or acquirers of our products. The U.S. government has published regulations that identify “safe harbors” or exemptions for certain practices from enforcement actions under the federal anti-kickback statute, and we will seek to comply with the safe harbors where possible. To qualify for a safe harbor, the activity must fit squarely within the safe harbor. Arrangements that do not meet a safe harbor are not necessarily illegal, but must be evaluated on a case by case basis. Other provisions of state and federal law provide civil and criminal penalties for presenting, or causing to be presented, to third-party payers for reimbursement claims that are false or fraudulent, or for items or services that were not provided as claimed. False claims allegations under federal and some state laws may be brought on behalf of the government by private persons, “whistleblowers,” who then receive a share of any recovery.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively, the PPACA. The PPACA, among other things, amends the intent requirement of the federal anti-kickback and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of these statutes or specific intent to

[Table of Contents](#)

violate them. In addition, the PPACA provides that the government may assert that a claim that includes items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the False Claims Act. The PPACA also imposes new reporting and disclosure requirements on device manufacturers for any “transfer of value” made or distributed to physicians and teaching hospitals. Device manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family members during the preceding calendar year. A number of provisions of PPACA also reflect increased focus on and funding of healthcare fraud enforcement.

Environmental Matters

We are subject to various environmental, health and safety laws and regulations, including those governing air emissions, water and wastewater discharges, noise emissions, the use, transport, management and disposal of chemicals and hazardous materials, the import, export and registration of chemicals, and the cleanup of contaminated sites. Based on information currently available to us, we do not expect environmental costs and contingencies to have a material adverse effect on us. The operation of our business and facilities, however, entails risks in these areas. Significant expenditures could be required in the future to comply with environmental or health and safety laws, regulations or requirements.

In Israel, where our contract manufacturer produces all of our products, businesses storing or using certain hazardous materials (including materials necessary for our manufacturing process) are required, pursuant to the Israeli Dangerous Substances Law 5753-1993, to obtain a toxin permit from the Ministry of Environmental Protection.

In the European marketplace, electrical and electronic equipment is required to comply with the Directive on Waste Electrical and Electronic Equipment, which aims to prevent waste by encouraging reuse and recycling, and the Directive on Restriction of Use of Certain Hazardous Substances, which restricts the use of six hazardous substances in electrical and electronic products. Our products and certain components of such products “put on the market” in the EU (whether or not manufactured in the EU) are subject to these directives. Additionally, we are required to comply with certain laws, regulations and directives, including the Toxic Substances Control Act in the United States and REACH in the EU, governing chemicals. These and similar laws and regulations require the testing, reporting and registration of certain chemicals we use and ship. We believe we are in compliance in all material respects with applicable environmental laws and regulations.

Facilities, Manufacturing and Suppliers

Facilities

Our corporate headquarters are located in Yokneam, Israel, our U.S. headquarters are located in Marlborough, Massachusetts, and our European headquarters are located in Berlin, Germany.

All of our facilities are leased and we do not own any real property. The table below sets forth details of the square footage of our current leased properties, all of which are fully utilized. We have no material tangible fixed assets apart from the properties described below.

	<u>Square feet (approximate)</u>
Marlborough, Massachusetts	3,300
Yokneam, Israel	6,500
Berlin, Germany	370
Total	<u>10,170</u>

We believe our facilities are adequate and suitable for our current needs.

[Table of Contents](#)

Manufacturing

ReWalk includes off-the-shelf and custom-made components produced to our specifications by various third parties, for technical and cost effectiveness. We have contracted with Sanmina Corporation, a well-established contract manufacturer with expertise in the medical device industry, for the manufacture of all of our products. Pursuant to this contract, Sanmina manufactures ReWalk at its facility in Ma'alot, Israel. All ReWalk Personal units are manufactured pursuant to the same set of specifications, and all ReWalk Rehabilitation units are manufactured pursuant to another set. We place our manufacturing orders with Sanmina pursuant to purchase orders or by providing forecasts for future requirements. Sanmina requires us to send an advance payment for components with respect to each purchase order. We may terminate our relationship with Sanmina at any time upon written notice. Either we or Sanmina may terminate the relationship in the event of a material breach, subject to a 30-day cure period. Our agreement with Sanmina contains a limitation on liability that applies equally to both us and Sanmina.

We believe that this relationship allows us to operate our business efficiently by focusing our internal efforts on the development of our technology and our products and provides us with substantial scale-up capacity. We regularly test quality on-site at Sanmina's facility and we obtain full quality inspection reports. We maintain a non-disclosure agreement with Sanmina.

We develop certain of the software components internally and license other software components that are generally available for commercial use as open source software.

We manufacture products based upon internal sales forecasts. We deliver products to customers and distributors based upon purchase orders received, and our goal is to fulfill each customer's order for products in regular production within two weeks of receipt of the order.

Suppliers

We have contracted with Sanmina for the sourcing of all components and raw materials necessary for the manufacture of our products. Components of our products and raw materials come from suppliers in Europe, China and Israel, and we depend on certain of these components and raw materials, including certain electronic parts, for the manufacture of our products. To date, we have not experienced significant volatility in the prices of these components and raw materials. However, such prices are subject to a number of factors, including purchase volumes, general economic conditions, currency exchange rates, industry cycles, production levels and scarcity of supply.

We believe that our and Sanmina's facilities, our contracted manufacturing arrangement, and our supply arrangements are sufficient to support our potential capacity needs for the foreseeable future.

Employees

As of July 1, 2014, we had 61 employees, of whom 17 are located in the United States, 32 are located in Israel and 12 are located in Germany. The majority of our employees are engaged in sales and marketing and research and development activities. We do not employ a significant number of temporary or part time employees.

We are subject to Israeli labor laws and regulations with respect to our employees located in Israel. These laws and regulations principally concern matters such as pensions, paid annual vacation, paid sick days, length of the workday and work week, minimum wages, overtime pay, insurance for work-related accidents, severance pay and other conditions of employment. Our employees are not represented by a labor union. We consider our relationship with our employees to be good. To date, we have not experienced any work stoppages.

The employees of our U.S. and German subsidiaries are subject to local labor laws and regulations.

Legal Proceedings

From time to time, we are involved in various routine legal proceedings incidental to the ordinary course of our business. We do not believe that the outcomes of these legal proceedings have had in the recent past, or will have (with respect to any pending proceedings), significant effects on our financial position or profitability.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Larry Jasinski	56	Chief Executive Officer and Director
Dr. Amit Goffer	61	Founder, President, Chief Technical Officer and Director
Ami Kraft	71	Chief Financial Officer
Ofir Koren	44	Vice President, Research & Development
Jodi Gricci	46	Vice President, Global Marketing
Ori Schellas	38	Director of Operations
John Hamilton	60	Vice President, Regulatory and Clinical
Miri Pariente	37	Global Director of Quality
Jeff Dykan(3)(4)	55	Chairman of the Board
Dr. Hadar Ron(4)	55	Director
Asaf Shinar(1)(4)	42	Director
Wayne B. Weisman(2)(4)	58	Director
Aryeh (Arik) Dan	55	Director
Yasushi Ichiki	46	Director
Glenn Muir(1)(2)(3)(4)(5)	55	Director
Dr. John William Poduska(1)(2)(4)(5)	76	Director Nominee

- (1) Member of our audit committee.
- (2) Member of our compensation committee.
- (3) Member of our nominating and governance committee.
- (4) Independent director under the rules of the Nasdaq Stock Market.
- (5) Proposed to serve as an external director under the Israeli Companies Law subject to approval by our shareholders.

Larry Jasinski has served as our Chief Executive Officer and as a member of our board since February 2012. From 2005 until 2012, Mr. Jasinski served as the President and Chief Executive Officer of Soteira, Inc., a company engaged in development and commercialization of products used to treat individuals with vertebral compression fractures, which was acquired by Globus Medical in 2012. From 2001 to 2005, Mr. Jasinski was President and Chief Executive Officer of Cortek, Inc., a company that developed next-generation treatments for degenerative disc disease, which was acquired by Alphatec in 2005. From 1985 until 2001, Mr. Jasinski served in multiple sales, research and development, and general management roles at Boston Scientific Corporation. Mr. Jasinski holds a B.Sc. in marketing from Providence College and an MBA from the University of Bridgeport.

Dr. Amit Goffer is the inventor of ReWalk and has served as our President and Chief Technical Officer since February 2012 and as a member of our board since 2001. Dr. Goffer founded us in 2001 and served as our Chief Executive Officer and Chief Technical Officer until 2012. Prior to founding us, Dr. Goffer founded Odin Medical Technologies Ltd. and served as its President and Chief Executive Officer. Odin was acquired by Medtronic Inc. in 2006. Dr. Goffer holds a B.Sc. in electrical and computer engineering from Technion—Israel Institute of Technology, an M.Sc. in electrical and computer engineering from Tel Aviv University and a Ph.D. in electrical and computer engineering from Drexel University.

Ami Kraft has served as our Chief Financial Officer since January 2009. Before joining us, Mr. Kraft served as the Chief Financial Officer of various international technology companies, including PicScout, which was bought by Getty Images while he was serving as CFO, IC4IC, Zoran Corporation, where he was actively involved in their IPO, and Kulicke & Soffa Inc., where he served for over 20 years. Mr. Kraft holds a B.A. in public accounting from Haifa University and an MBA from Stanford University.

[Table of Contents](#)

Ofir Koren has served as our Vice President, Research and Development since joining us in February 2013. From 2009 to 2013, Mr. Koren served as General Manager of RuggedCOM Israel, a developer of communications equipment. From 2007 to 2009, he served as the Vice President of Research and Development of Alvarion Technologies Ltd., an Israeli provider of wireless services. Mr. Koren holds a B.Sc. in electrical engineering from Tel Aviv University and an MBA from the University of Herriot Watt, Scotland.

Jodi Gricci has served as our Vice President, Global Marketing since June 2012. Prior to joining us, Ms. Gricci was the Managing Director of Soteria GmbH, a medical device company based in Berlin, Germany, from November 2008 to June 2012.

Ori Schellas has served as our Director of Operations since March 2014. Prior to joining us, he was the Vice President of Operations for HighSecLabs Ltd. from 2013 to 2014 and the Director of Operations at LabStyle Innovations from May 2013 to October 2013. From 2008 to 2013, he was a supply chain manager at Medingo Ltd. Mr. Schellas holds a B.Sc. in industrial engineering from the Technion—Israel Institute of Technology.

John Hamilton has served as our Vice President, Regulatory and Clinical since he joined us in June 2012. From 2006 to 2012, he was Director, Regulatory at Soteira, Inc. Prior to that, he held a variety of management and engineering positions at Smith & Nephew, Tensegra and Johnson & Johnson. Mr. Hamilton holds a B.Sc. in chemistry from Canisius College and a M.Sc. in mechanical engineering from Northeastern University.

Miri Pariente joined ReWalk in April 2013 as our Global Director of Quality. From 2012 to 2013, Ms. Pariente was the Manager of Quality Assurance at NLT Spine Ltd., a developer of minimally invasive spine procedures, and, from 2011 to 2012, was the Manager of Quality Assurance at ProAccess Medical Ltd. From 2002 to 2010, Ms. Pariente served in multiple roles within American Medical Systems including Production Supervisor and Lean Leader. Ms. Pariente holds a B.A. in business management from Derby University, England.

Jeff Dykan has served on our board since 2006 and has been the Chairman of our board since 2009. He was appointed by our shareholder SCP Vitalife. Mr. Dykan has been a director of the corporate general partner of the common general partner of Vitalife and its successor fund, SCP Vitalife, an Israeli venture capital fund, since 2002 and 2007, respectively. Prior to joining Vitalife, from 2001 to 2002, Mr. Dykan was the Chairman and Chief Executive Officer of BitBand Inc. Mr. Dykan is a member of the American Institute of CPAs and holds a B.Sc. in accounting and management and an MBA in computer applications, both from New York University.

Dr. Hadar Ron has served on our board since 2011. She was appointed by our shareholder Israel HealthCare Ventures. Dr. Ron has been the Managing Partner of Israel HealthCare Ventures, an Israeli venture capital fund, since March 2001. Dr. Ron currently serves as the Chairman of the Board of NiTi Surgical Solutions Ltd., novoGI Inc. and GI View Ltd. and as a Director of NanoPass Technologies Ltd., CorAssist CardioVascular Ltd., Gamida Cell Ltd., Home Skinovations Ltd., Yissum Research Development Company Ltd. and OrSense Ltd. Dr. Ron holds a M.D. and an LL.B from Tel Aviv University.

Asaf Shinar has served on our board since 2011. He was appointed by our shareholder Pontifax. Since 2007, Mr. Shinar has been the Chief Financial Officer of the Pontifax Group, an Israeli venture capital fund. Mr. Shinar also currently serves on the board of Hairstetics Ltd., Ocon Medical Ltd. and Se-cure Pharmaceuticals Ltd. Mr. Shinar holds a B.A. in accounting and business management from the College of Management Academic Studies, Israel.

Wayne B. Weisman has served on our board since 2009. He was appointed by our shareholder SCP Vitalife. Since 2007, Mr. Weisman has been a director of the corporate general partner of the common general partner of SCP Vitalife. He has also served as a managing member of SCP Vitalife Management Company, LLC, which by contract provides certain management services to the common general partner of SCP Vitalife. Mr. Weisman is Chairman of Recro Pharma, Inc. (Nasdaq: REPH), a clinical stage specialty pharmaceutical company developing non-opioid therapeutics for the treatment of pain. He also serves on the board of a number of private companies, including DIR Technologies, EndoSpan Ltd., Ivenix, Inc., and Echo360 Inc. He is the chairman of the boards of trustees of Young Scholars School and Young Scholars Frederick Douglass and Young Scholars Kenderton.

[Table of Contents](#)

He is also a board member of the Philadelphia-Israel Chamber of Commerce and Mid-Atlantic Diamond Ventures, the venture forum of Temple University. Mr. Weisman holds a B.A. from the University of Pennsylvania and a J.D. from the University of Michigan Law School.

Aryeh (Arik) Dan has served on our board since 2013. He was appointed by our shareholder Yaskawa. He has served as the President and Chief Executive Officer of Yaskawa Europe Technology since 2005. Mr. Dan holds a B.Sc. in aeronautical engineering from the Technion—Israel Institute of Technology and an MBA from Keio University, Japan.

Yasushi Ichiki has served on our board since 2014. He was appointed by our shareholder Yaskawa. Mr. Ichiki has been the Manager of the Corporate Planning Group, Corporate Planning Division, of Yaskawa Electric Corporation since May 2014. Previously, from February 2010 to April 2014, he served as the General Manager of Corporate Planning, Robotics Division of Yaskawa Europe GmbH. Mr. Ichiki holds a B.A. from Yamaguchi University, Japan.

Glenn Muir has served on our board since July 2014 and is intended to serve as an external director under the Israeli Companies Law subject to the ratification of his appointment at a meeting of our shareholders to be held no later than three months following the completion of this offering. Until May 2014, Mr. Muir served as Executive Vice President, Finance and Administration of Hologic, Inc. (NASDAQ: HOLX) since September 2000 and as Chief Financial Officer since 1992. Hologic is a manufacturer and supplier of premium diagnostics products, medical imaging systems and surgical products with an emphasis on serving the healthcare needs of women. Prior to that, Mr. Muir served as the Controller of Hologic from the time he joined in October 1988 through 1992 including during its initial public offering in 1990. Mr. Muir served as a director of Hologic from 2001 through 2013. Mr. Muir holds a B.B.A. with a major in accounting from the University of Massachusetts in Amherst, an M.B.A. from the Harvard Graduate School of Business Administration and an M. Sc. in taxation from Bentley College Graduate School of Business. Mr. Muir is also a certified public accountant.

Dr. John William Poduska is expected to be appointed to our board before the pricing of this offering and is intended to serve as an external director under the Israeli Companies Law subject to the ratification of his appointment at a meeting of our shareholders to be held no later than three months following the completion of this offering. Dr. Poduska currently serves as a director of EXA Corporation (NASDAQ: EXA) where he serves as chairman of the compensation committee and a member of the nominating and governance committee. He also serves as a director on the boards of a number of privately-held companies. Dr. Poduska also served as a director of Novell, Inc. until 2011 and of Anadarko Petroleum Corporation and Safeguard Scientifics, Inc. until 2009. Dr. Poduska was the Chairman of Advanced Visual Systems Inc., a provider of visualization software, from January 1992 to December 2001. From December 1989 until December 1991, Dr. Poduska was President and Chief Executive Officer of Stardent Computer Inc., a computer manufacturer. From December 1985 until December 1989, Dr. Poduska served as Chairman and Chief Executive Officer of Stellar Computer Inc., a computer manufacturer he founded which is the predecessor of Stardent Computer Inc. Prior to founding Stellar Computer, Inc., Dr. Poduska founded Apollo Computer Inc. and Prime Computer, Inc. Dr. Poduska holds a Sc.D. from MIT and an Honorary Doctorate of Humane Letters from Lowell University.

Corporate Governance Practices

Under the Israeli Companies Law, companies incorporated under the laws of the State of Israel whose shares are publicly traded, including companies with shares listed only on the Nasdaq Global Market, are required to comply with various corporate governance requirements under Israeli law relating to matters such as external directors, the audit committee, the compensation committee and an internal auditor. These requirements are in addition to the corporate governance requirements imposed by the listing requirements of the Nasdaq Global Market and other applicable provisions of U.S. securities laws to which we will become subject (as a foreign private issuer) upon the closing of this offering and the listing of our ordinary shares on the Nasdaq Global Market. Under the listing requirements of the Nasdaq Global Market, as a foreign private issuer we may generally follow our home country rules of corporate governance in lieu of the comparable requirements of the

[Table of Contents](#)

listing requirements of the Nasdaq Global Market, except for certain matters including the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC.

We currently intend to rely on this “home country practice exemption” solely with respect to the quorum requirement for shareholder meetings. As permitted under the Israeli Companies Law, pursuant to our articles of association to be effective upon the closing of this offering, the quorum required for an ordinary meeting of shareholders will consist of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Israeli Companies Law, who hold in the aggregate at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders), instead of 33 1/3% of the issued share capital required under the Nasdaq Global Market corporate governance rules. We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq Global Market. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other Nasdaq Global Market corporate governance rules.

Board of Directors

Under the Israeli Companies Law, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer is appointed by, and serves at the discretion of our board of directors, subject to the employment agreement that we have entered into with him. All other executive officers are also appointed by our board of directors, and are subject to the terms of any applicable employment agreements that we may enter into with them.

We comply with the rule of the Nasdaq Global Market that a majority of our directors be independent. Our board of directors has determined that all of our directors, other than our Chief Executive Officer and Chief Technical Officer, are independent under such rules. As described below, under the Israeli Companies Law we are required to have at least two “external directors.” The definition of independent director under Nasdaq Global Market rules and external director under the Israeli Companies Law overlap to some extent, so that we would generally expect the two directors serving as external directors to satisfy the requirements to be independent under Nasdaq Global Market rules. The definition of external director includes a set of statutory criteria that must be satisfied, including criteria whose aim is to ensure that there be no factor which would impair the ability of the external director to exercise independent judgment. The definition of independent director specifies similar, although less stringent, requirements in addition to the requirement that the board consider any factor which would impair the ability of the independent director to exercise independent judgment. In addition, both external directors and independent directors serve for a period of three years; external directors pursuant to the requirements of the Israeli Companies Law and independent directors pursuant to the staggered board provisions of our articles of association. However, external directors must be elected by a special majority of shareholders while independent directors may be elected by an ordinary majority. See “—External Directors” for a description of the requirements under the Israeli Companies Law for a director to serve as an external director.

Under our articles of association, which will be effective upon the closing of this offering, our board of directors must consist of at least _____ and not more than _____ directors, including at least two external directors required to be appointed under the Israeli Companies Law. Our board of directors will consist of ten directors upon the closing of this offering, including two new directors, who will be our two external directors. The appointment of the external directors is subject to ratification at a meeting of our shareholders to be held no later than three months following the closing of this offering. Other than external directors, for whom special election requirements apply under the Israeli Companies Law, as detailed below, our directors are divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors (other than the external directors). At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors, will be for a term of office that expires on the third annual general meeting following such election or re-election, such that from 2015 and after, each year the term

[Table of Contents](#)

of office of only one class of directors will expire. Each director will hold office until the annual general meeting of our shareholders for the year in which his or her term expires, unless they are removed by a vote of 65% of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our articles of association.

Our directors will be divided among the three classes as follows:

- the Class I directors will be Jeff Dykan, Dr. Amit Goffer and Yasushi Ichiki, and their terms will expire at the annual general meeting of shareholders to be held in 2015;
- the Class II directors will be Larry Jasinski and Asaf Shinar, and their terms will expire at our annual meeting of shareholders to be held in 2016; and
- the Class III directors will be Dr. Hadar Ron, Wayne B. Weisman and Arik Dan, and their terms will expire at our annual meeting of shareholders to be held in 2017.

In addition, our articles of association allow our board of directors to appoint directors, create new directorships or fill vacancies on our board of directors for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) have been vacated. External directors are elected for an initial term of three years and may be reelected under the circumstances described below. External directors may be removed from office only under the limited circumstances set forth in the Israeli Companies Law. See “—External Directors” below.

Under the Israeli Companies Law and our articles of association, nominations for directors may be made by any shareholder holding at least one percent of our outstanding voting power. However, a shareholder may make such a nomination only if a written notice of a shareholder’s intention to make such nomination has been given to our Secretary (or, if we have no Secretary, our Chief Executive Officer). Any such notice must include certain information, the consent of the proposed director nominee(s) to serve as our director(s) if elected and a declaration signed by the nominee(s) declaring that there is no limitation under the Israeli Companies Law preventing their election and that all of the information that is required to be provided to us in connection with such election under the Israeli Companies Law and under our articles of association has been provided.

Under the Israeli Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. See “—External Directors.” In determining the number of directors required to have such expertise, a board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our Company who are required to have accounting and financial expertise is one.

External Directors

Under the Israeli Companies Law, we are required to have at least two external directors. External directors must meet stringent standards of independence from us, from our management and from any controlling shareholder (defined for this purpose as any shareholder who holds 50% or more of our outstanding shares, or who has the right to appoint the majority of our directors or our general manager). In addition, no person may serve as an external director if that person’s position or professional or other activities create, or may create, a conflict of interest with that person’s responsibilities as a director or otherwise interfere with that person’s ability to serve as an external director or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. These independence standards are applicable beginning two years before the external director’s election and continuing for two years after the external director’s term of service. In addition to election by the normal majority vote, external directors must generally be elected by a majority vote of the shares held by shareholders other than controlling shareholders. Glenn Muir and Dr. John William Poduska have agreed to serve as our external directors, subject to ratification at a meeting of our shareholders to be held no later than three months following the closing of this offering.

According to regulations promulgated under the Israeli Companies Law, a person may be appointed as an external director only if he or she has professional qualifications—defined as an academic degree in certain fields

[Table of Contents](#)

or at least five years of experience in certain senior positions—or if he or she has accounting and financial expertise. At least one of our external directors must have accounting and financial expertise, unless another independent director, who meets the standards of the Nasdaq Global Market listing requirements for membership on the audit committee, has accounting and financial expertise. Our board of directors has determined that Glenn Muir has accounting and financial expertise and possesses professional qualifications as required under the Israeli Companies Law.

The initial term of an external director is three years. Thereafter, an external director may be reelected by shareholders to serve in that capacity for additional three-year terms, provided that the external director continues to meet the independence standards and is reelected by the same majority applicable to the initial election. However, after nine years of service, an external director may be reelected only if both our audit committee and board of directors confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period is beneficial to the company.

External directors may be removed from office only under limited circumstances, including ceasing to meet the statutory qualifications for appointment or violating their duty of loyalty to the company. Removal can be by a special meeting of shareholders that approves such dismissal by the same shareholder vote percentage required for the election of external directors, or by a court.

Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director, except that the audit committee and the compensation committee must include all external directors then serving on the board of directors and an external director must serve as the chair of each of these committees. Compensation of an external director is determined prior to his or her appointment in accordance with regulatory guidelines, and may not be changed during his or her term subject to certain exceptions.

If at the time of election of an external director all of the members of the board of directors (excluding controlling shareholders or relatives of controlling shareholders) are of the same gender, the external director to be elected must be of the other gender.

Audit Committee

Following the listing of our ordinary shares on the Nasdaq Global Market, our audit committee will consist of Asaf Shinar, along with our two external directors, Glenn Muir and Dr. John William Poduska. Glenn Muir will serve as the chair of the audit committee.

Israeli Companies Law Requirements

Under the Israeli Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors (one of whom must serve as chair of the committee). The audit committee may not include the chairman of the board; a controlling shareholder of the company or a relative of a controlling shareholder; a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder; or a director who derives most of his or her income from a controlling shareholder.

In addition, under the Israeli Companies Law, a majority of the members of the audit committee of a publicly-traded company must be unaffiliated directors. In general, an "unaffiliated director" under the Israeli Companies Law is defined as either (i) an external director, or (ii) an individual who has not served as a director of the company for a period exceeding nine consecutive years and who meets the qualifications for being appointed as an external director, except that he or she need not meet the requirement for accounting and financial expertise or professional qualifications.

[Table of Contents](#)

Listing Requirements

Under the Nasdaq Global Market corporate governance rules, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the Securities and Exchange Commission and the Nasdaq Global Market corporate governance rules. Our board of directors has determined that Glenn Muir is an audit committee financial expert as defined by the Securities and Exchange Commission rules and has the requisite financial experience as defined by the Nasdaq Global Market corporate governance rules.

Each of the members of our audit committee is “independent” as such term is defined in Rule 10A-3(b)(1) under the Exchange Act of 1934, which is different from the general test for independence of board and committee members.

Audit Committee Role

Our board of directors has adopted an audit committee charter to be effective upon the listing of our shares on the that will set forth the responsibilities of the audit committee consistent with the rules of the SEC and the listing requirements of the Nasdaq Global Market, as well as the requirements for such committee under the Israeli Companies Law, including the following:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Israeli Companies Law, our audit committee is responsible for:

- determining whether there are deficiencies in the business management practices of our company and making recommendations to the board of directors to improve such practices;
- determining whether to approve certain related party transactions, and classifying transactions in which a controlling shareholder has a personal interest as significant or insignificant (which affects the required approvals) (see “—Approval of Related Party Transactions under Israeli Law”);
- examining our internal controls and internal auditor’s performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities, and in certain cases approving the annual work plan of our internal auditor;
- examining the scope of our auditor’s work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and
- establishing procedures for the handling of employees’ complaints as to the deficiencies in the management of our business and the protection to be provided to such employees.

[Table of Contents](#)

Our audit committee may not approve any actions requiring its approval (see “—Approval of Related Party Transactions under Israeli Law”), unless at the time of the approval a majority of the committee’s members are present, including at least one external director.

Compensation Committee

Following the listing of our ordinary shares on the Nasdaq Global Market, our compensation committee will consist of Dr. John William Poduska, Glenn Muir and Wayne B. Weisman. Dr. John William Poduska will serve as the chair of the compensation committee.

Israeli Companies Law Requirements

Under the Israeli Companies Law, the board of directors of a public company must appoint a compensation committee. The compensation committee must be comprised of at least three directors, including all of the external directors, one of whom must be the chair of the compensation committee. The external directors must constitute a majority of the members of the compensation committee; however, so long as our securities are traded on the Nasdaq Global Market, we do not have a controlling shareholder, the compensation committee meets other Israeli Companies Law composition requirements and our composition committees meets the requirements of U.S. law and the Nasdaq Global Market, we will generally not have to meet this majority requirement. The compensation committee may not include the chairman of the board; a controlling shareholder of the company or a relative of a controlling shareholder; a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder; or a director who derives most of his or her income from a controlling shareholder.

The duties of the compensation committee include the recommendation to the company’s board of directors of a policy regarding the terms of engagement of directors and of specified members of senior management, to which we refer as a compensation policy. That compensation policy must be adopted by the company’s board of directors, after considering the recommendations of the compensation committee, and will need to be brought for approval by the company’s shareholders, which approval requires a Special Approval for Compensation (as defined below under “—Approval of Related Party Transactions under Israeli Law—Fiduciary Duties of Directors and Executive Officers”). We will be required to adopt a compensation policy within nine months following our listing on the Nasdaq Global Market.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including compensation, benefits, exculpation, insurance and indemnification. The compensation policy must take into account certain factors, including advancement of the company’s objectives, the company’s business plan and its long-term strategy, and creation of appropriate incentives. It must also consider, among other things, the company’s risk management, size and the nature of its operations. The compensation policy must include certain principles, such as: a link between variable compensation and long-term performance and measurable criteria; the relationship between variable and fixed compensation; and the minimum holding or vesting period for variable, equity-based compensation.

The compensation committee is responsible for (a) recommending the compensation policy to our board of directors for its approval (and subsequent approval by our shareholders) and (b) duties related to the compensation policy and to the compensation of our directors and senior management, including:

- reviewing and making recommendations regarding our compensation policy at least every three years);
- recommending to the board of directors periodic updates to the compensation policy;
- recommending to the board of directors periodic updates to the compensation policy;
- assessing implementation of the compensation policy;
- approving compensation terms of executive officers, directors and employees affiliated with controlling shareholders; and

[Table of Contents](#)

- exempting certain compensation arrangements from the requirement to obtain shareholder approval under the Israeli Companies Law.

Listing Requirements

Under the Nasdaq Global Market corporate governance rules, we are required to maintain a compensation committee consisting of at least two independent directors. Each of the members of the compensation committee is required to be independent under the Nasdaq Global Market rules relating to compensation committee members, which are different from the general test for independence of board and committee members. Each of the members of our compensation committee satisfies those requirements.

Compensation Committee Role

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee, which include:

- the responsibilities set forth in the compensation policy;
- reviewing and approving the granting of options and other incentive awards to the extent such authority is delegated by our board of directors; and
- reviewing, evaluating and making recommendations regarding the compensation and benefits for our non-employee directors.

Nominating and Governance Committee

Following the listing of our ordinary shares on the Nasdaq Global Market, our nominating and governance committee will consist of Jeff Dykan and Glenn Muir. Jeff Dykan will serve as the chair of the nominating and governance committee. Our board of directors has adopted a nominating and governance committee charter to be effective upon the listing of our shares on the Nasdaq Global Market that will set forth the responsibilities of the nominating and governance committee, which include:

- overseeing and assisting our board in reviewing and recommending nominees for election as directors;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our company.

Compensation of Directors

Under the Israeli Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Israeli Companies Law, the approval of the shareholders at a general meeting. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply, as described below under “Disclosure of Personal Interests of a Controlling Shareholder and Approval of Certain Transactions.”

The directors are also entitled to be paid reasonable travel, hotel and other expenses expended by them in attending board meetings and performing their functions as directors of the company, all of which is to be determined by the board of directors.

External directors are entitled to remuneration subject to guidelines set forth in the regulations promulgated under the Israeli Companies Law.

For additional information, see “—Compensation of Officers and Directors.”

Internal Auditor

Under the Israeli Companies Law, the board of directors of an Israeli public company must appoint an internal auditor recommended by the audit committee, who must be independent of the company's principal shareholders, directors and senior management, and independent auditor.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. We intend to appoint an internal auditor following the closing of this offering.

Approval of Related Party Transactions Under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Israeli Companies Law codifies the fiduciary duties that office holders owe to a company. Each person listed in the table under "Management—Executive Officers and Directors" is an office holder under the Israeli Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to any such action.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her duties or personal affairs;
- refrain from exploiting any business opportunity of the company in order to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Israeli Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may have, and all related material information or documents, concerning any existing or proposed transaction with the company. A personal interest includes the individual's own interest and, in some cases, a personal interest of such person's relative or an entity in which such individual, or his or her relative, is a 5% or greater shareholder, director or general manager, or in which he or she has the right to appoint at least one director or the general manager – but does not include a personal interest stemming only from ownership of our shares.

If an office holder has a personal interest in a transaction, approval by the board of directors is required for the transaction. Once an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of duty of loyalty. A company may not, however, approve a transaction or action unless it is in the best interests of the company, or if the office holder is not acting in good faith.

[Table of Contents](#)

Special approval is required for an extraordinary transaction, which under the Israeli Companies Law is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors. The compensation of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval first by the company's compensation committee, then by the company's board of directors and, if such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's compensation policy or if the office holder is the Chief Executive Officer (apart from a number of specific exceptions), then such arrangement is subject to shareholder approval by a simple majority, which must also include at least a majority of the shares voted by all shareholders who are neither controlling shareholders nor have a personal interest in such compensation arrangement (alternatively, in addition to a simple majority, the total number of shares voted against the compensation arrangement by non-controlling shareholders and shareholders who do not have a personal interest in the arrangement may not exceed 2% of our outstanding shares). We refer to this as the Special Approval for Compensation. Arrangements regarding the compensation, indemnification or insurance of a director require the approval of our compensation committee, board of directors and shareholders by a simple majority, in that order, and under certain circumstances, a Special Approval for Compensation.

Generally, a person who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the board of directors or the audit committee (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the board of directors or the audit committee (as applicable) have a personal interest in the approval of a transaction, then all directors may participate in discussions of the board of directors or the audit committee (as applicable) on such transaction and in the voting, but shareholder approval is also required for such transaction.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Pursuant to the Israeli Companies Law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In this context, a controlling shareholder includes a shareholder who holds 25% or more of our outstanding shares if no other shareholder holds more than 50% of our outstanding shares. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. The approval of the audit committee, the board of directors and the shareholders of the company, in that order, is required for (a) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, (b) our engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to us, (c) the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder or (d) our employment of a controlling shareholder or his or her relative, other than as an office holder. In addition to shareholder approval by a simple majority, the transaction must be approved by a simple majority, which must also include at least a majority of the shares voted by all shareholders who do not have a personal interest in the transaction (alternatively, in addition to a simple majority, the total number of shares voted against the transaction by shareholders who do not have a personal interest in it may not exceed 2% of our outstanding shares), which we refer to as a Special Majority.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable under the circumstances.

Arrangements regarding the compensation, indemnification or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee, board of directors and shareholders, in that order, by a Special Majority, and the terms must be consistent with our compensation policy.

[Table of Contents](#)

Pursuant to regulations promulgated under the Israeli Companies Law, certain transactions with a controlling shareholder or his or her relative, or with directors, that would otherwise require approval of our shareholders may be exempt from shareholder approval upon certain determinations of our audit committee and board of directors. Under these regulations, we must publish these determinations, and a shareholder holding at least 1% of our outstanding shares may, within 14 days of after publication, demand shareholder approval despite such determinations.

Shareholder Duties

Pursuant to the Israeli Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.

In addition, a shareholder also has a general duty to refrain from discriminating against other shareholders.

In addition, certain shareholders have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Israeli Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Indemnification, Insurance and Exculpation of Directors and Officers

Under the Israeli Companies Law, we may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event:

- financial liability in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on our activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by our board of directors as reasonable under the circumstances, and such undertaking must detail these foreseen events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her us, on our behalf, or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

Table of Contents

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

- a breach of the duty of loyalty to us, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm us;
- a breach of duty of care to us or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and
- a financial liability imposed on the office holder in favor of a third party.

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

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

We may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to us as a result of a breach of duty of care. We may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Israeli Companies Law, exculpation, indemnification and insurance of our office holders must be approved by our compensation committee and board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See “—Approval of Related Party Transactions under Israeli Law.”

We have entered into indemnification agreements with our office holders to exculpate, indemnify and insure them to the fullest extent permitted or to be permitted by our articles of association, the Israeli Companies Law and the Israeli Securities Law, 5728-1968.

We have obtained directors and officers liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law.

Code of Business Conduct and Ethics

We intend to adopt a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a “code of ethics” as defined in Item 16B of Form 20-F promulgated by the SEC. Upon the effectiveness of the registration statement of which this prospectus forms a part, the full text of the Code of Business Conduct and Ethics will be posted on our website at <http://rewalk.com/>. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of the SEC's Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

Compensation of Officers and Directors

The aggregate compensation expensed and share-based compensation and other payments expensed by us and our subsidiaries to our directors and executive officers with respect to the year ended December 31, 2013 was \$1.8 million. This amount includes approximately \$0.3 million set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry.

Employment Agreements with Executive Officers

We have entered into written employment agreements with all of our executive officers. Each of these agreements contains provisions regarding non-competition, confidentiality of information and ownership of inventions. The non-competition provision applies for a period that is generally 12 months following termination of employment. The enforceability of covenants not to compete in Israel and the United States is subject to limitations. In addition, we are required to provide notice prior to terminating the employment of our executive officers, other than in the case of a termination for cause.

Directors' Service Contracts

Other than with respect to our directors that are also executive officers, there are no arrangements or understandings between us, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their service as directors of our company.

Share Option Plans

2012 Equity Incentive Plan

On March 30, 2012, we adopted our 2012 Equity Incentive Plan, or the 2012 Plan, which was approved by our shareholders on the same date. The 2012 Plan provides for the grant of options, restricted shares, restricted share units, share appreciation rights, performance units, performance shares and other shares or cash awards to our company's and our affiliates' respective employees, directors and consultants. The initial reserved pool of shares under the 2012 Plan is 26,000 ordinary shares. In the event that any award shall for any reason expire or terminate without having been exercised or paid in full, the shares not acquired shall revert to the 2012 Plan and again become available for issuance. No participant may be granted during any one year period awards covering more than 26,000 ordinary shares in the aggregate.

The 2012 Plan will be administered by our board of directors, unless and until the board delegates administration to a committee, which shall determine the grantees of awards and the terms of the grant, including, exercise prices, vesting schedules, acceleration of vesting and the other matters necessary in the administration of the 2012 Plan. Awards under the 2012 Plan may be granted until ten years after the date on which the 2012 Plan was approved by our shareholders.

Options granted under the 2012 Plan will either be incentive share options pursuant to Section 422 of the Internal Revenue Code or nonstatutory share options. Options generally vest as determined by the board or committee. Options, other than certain incentive share options described below, must have an exercise price not less than 100% of the fair market value of an underlying share on the date of grant. Options, other than certain incentive share options described below, that are not exercised within ten years from the grant date expire, unless otherwise determined by our board of directors or its designated committee, as applicable. Incentive share options granted to a person holding more than 10% of our voting power will expire within five years from the date of the grant and must have an exercise price at least equal to 110% of the fair market value of an underlying share on the date of grant. Unless otherwise provided in an option agreement, in the event of termination of employment or services for reasons of disability or death, the grantee, or in the case of death, his or her legal

[Table of Contents](#)

successor, may generally exercise options that have vested prior to termination within a period of one year from the date of disability or death (or the expiration of the term of the option, if earlier). If a grantee's employment or service is terminated for any other reason, the grantee may generally exercise his or her vested options within 90 days of the date of termination (or the expiration of the term of the option, if earlier).

Share appreciation rights are awards entitling a grantee to receive a payment representing the difference between the base price per share of the right and the fair market value of a share on the date of exercise subject to any terms or conditions as the board or committee may determine in the award agreement. Share appreciation rights are payable in cash, shares of equivalent value or a combination thereof.

Restricted share awards are ordinary shares that are awarded to a grantee subject to the satisfaction of the terms and conditions established by the board or committee in the award agreement. Until such time as the applicable restrictions lapse, restricted shares are subject to forfeiture and may not be sold, assigned, pledged or otherwise disposed of by the participant who holds those shares.

Restricted share units are awards covering a number of hypothetical units with respect to shares that are granted subject to such vesting and transfer restrictions and conditions of payment as the board or committee may determine. Restricted share units are payable in cash, shares of equivalent value or a combination thereof.

Performance share awards are awards denominated in shares which may be earned in whole or part upon attainment of performance goals or other vesting criteria as the board or committee may determine.

Performance units are awards covering a number of hypothetical units with respect to shares that may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the board or committee may determine. Performance units are payable in cash, shares of equivalent value or a combination thereof.

Awards under the 2012 Plan may be made subject to performance goals relating to one or more business criteria and may provide for a targeted level or levels of achievement.

In the event that any change is made to the shares without consideration to the company (through merger, consolidation, reorganization, recapitalization, share dividend or similar event), the class and number of shares available for issuance, maximum award limits and any outstanding awards under the 2012 Plan will be appropriately adjusted. In the event of a change in control, either (i) the surviving entity may assume and continue outstanding awards (or substitute similar awards) in all or in part or (ii) if the surviving entity does not assume and continue awards (or substitute similar awards), unvested awards will be forfeited and vested award shall terminate if not exercised at or prior to the change in control. Notwithstanding the foregoing, in the event of a change in control, the board, in its discretion, may accelerate the vesting of any or all awards, in whole or in part.

2012 Israeli Sub Plan

The 2012 Israeli Sub Plan provides for the grant by us of awards pursuant to Sections 102 and 3(i) of the Israeli Income Tax Ordinance and the rules and regulations promulgated thereunder. The Israeli Tax Authority, to which we refer as the ITA, approved the 2012 Israeli Sub-Plan, as required by applicable law. The 2012 Israeli Sub Plan provides for options and share awards to be granted to our or our affiliates' employees, directors and officers who are not controlling shareholders and who are considered Israeli residents, to the extent that such options or awards either are (i) intended to qualify for special tax treatment under the "capital gains track" provisions of Section 102(b)(2) of the Ordinance or (ii) not intended to qualify for such special tax treatment. The 2012 Israeli Sub Plan also provides for the grant of options under Section 3(i) of the Ordinance to our Israeli non-employee service providers and controlling shareholders, which are not eligible for such special tax treatment.

2012 U.S. Sub Plan

The 2012 U.S. Sub Plan applies to grants to participants who are citizens or residents of the United States on the date of grant of an award. Under the 2012 U.S. Sub Plan, the board may require a participant to represent that he or she is acquiring securities for investment purposes and without a view to distribution thereof. Shares will not be issued under the U.S. Sub Plan unless the issuance complies with the requirements of any stock exchange

[Table of Contents](#)

on which the shares are then listed or quoted, any securities or tax laws and all other applicable laws. All shares delivered under the U.S Sub Plan will be subject to such transfer orders and other restrictions as our board of directors may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the shares are then listed and any applicable laws. Our obligations under the U.S. Sub Plan will be conditioned on the payment by the participant of all applicable withholding taxes.

The U.S. Plan contains provisions relating solely to participants located in California, which generally provide that in the event of termination of employment or services for reasons of disability or death, the participant, or in the case of death, his or her legal successor, may generally exercise options that have vested prior to termination within a period of six months from the date of disability or death (or the expiration of the term of the option, if earlier). If a participant's employment or service is terminated for any other reason, the grantee may generally exercise his or her vested options within 30 days of the date of termination (or the expiration of the term of the option, if earlier).

2006 Stock Option Plan

In November of 2006, we adopted our 2006 Stock Option Plan, which we refer to as the 2006 Plan. The 2006 Plan provides for the grant of (i) options without a trustee pursuant to Section 102 of the Israeli Income Tax Ordinance, or the Ordinance, (ii) options allocated to a trustee under the capital gains track pursuant and subject to the provisions of Section 102 of the Ordinance, (iii) options allocated to a trustee under the ordinary income track pursuant and subject to the provisions of Section 102 of the Ordinance, and (iv) options granted pursuant to Section 3(i) of the Ordinance. Stock options under the 2006 Plan are generally granted to our employees who are considered Israeli residents, members of our board or consultants, provided that (x) options granted pursuant to Section 102 of the Ordinance may be granted only to persons considered to be Israeli residents who are our employees or office holders, as such terms are defined in Section 102 of the Ordinance, but excluding any person who is deemed to be a controlling party within the meaning of the Ordinance, and (y) options granted pursuant to Section 3(i) of the Ordinance may be granted only to persons considered to be Israeli residents, who are not our employees or who are deemed to be controlling parties within the meaning of the Ordinance. In addition, the 2006 Plan contemplates issuances to our employees in jurisdictions other than Israel, with respect to which the administrator is empowered to make the requisite adjustments in the 2006 Plan to reflect the laws of such jurisdictions. The initial reserved pool of shares under the 2006 Plan was 3,448 non-voting "B" ordinary shares, and an increase of up to 7,500 non-voting "B" ordinary shares was approved by our board of directors in November 2009. In the event that any option shall for any reason expire or terminate without having been exercised, the shares not acquired shall revert to the 2006 Plan and again become available for issuance.

The 2006 Plan is administered by our board of directors, unless the board delegates administration to a committee, which determines the grantees of options and the types of options to be granted, approves the terms and conditions of options, exercises such powers and performs such acts necessary or expedient to promote the best interests of the company with respect to the 2006 Plan. Our board of directors may, at any time, amend, alter, suspend or terminate the 2006 Plan, but may not thereby impair the rights of any grantee without his or her consent.

The terms of options granted under the 2006 Plan are determined by the administrator and set forth in an option agreement. Such terms include the type of option, the term of the option, the exercise price and the vesting schedule. Unless otherwise stated in an option agreement, each option expires on the tenth anniversary of the effective date of the option unless an initial public offering of the company's shares takes place prior to such date, in which case each option shall expire two years from such initial public offering.

The 2006 Plan provides for treatment of options upon various terminations of employment or other service to the company, including the period for which the vested period of option can be exercised following termination and, in some cases (such as termination due to disability, death or retirement), the exercisability of the portion of the option that would have become vested on the next vesting date.

The number of shares covered by or underlying each outstanding option and the number of shares which have been authorized for issuance under the 2006 Plan shall be appropriately adjusted in the case of any increase

[Table of Contents](#)

or decrease in the number of issued shares resulting from a share split, reverse share split, recapitalization, combination or reclassification of the shares, rights issues or any other increase or decrease in the number of issued Shares in each case effected without receipt of consideration by the company. In the event of a merger or acquisition, each outstanding option shall be assumed or an equivalent award substituted by the successor company or a parent or subsidiary of the successor company. In the event that the successor company refuses to assume or substitute outstanding options, such options shall be deemed fully exercisable upon the closing of the transaction. In the event of a voluntary liquidation which is not considered a merger or acquisition under the 2006 Plan, each grantee shall be notified and have the right to exercise the vested options within five days.

Outstanding Equity Awards

The following table presents certain data for our equity incentive plans as of July 1, 2014.

Plan	Total of ordinary shares reserved for option grants	Shares available for future grants	Aggregate number of options exercised	Aggregate number of options outstanding	Weighted average exercise price of outstanding options
2012 Plan	62,368	7,117	20	55,231	\$ 25.32
2006 Plan	7,161	—	412	6,749	\$ 7.15

PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of the date of this prospectus and after this offering by:

- each person or entity known by us to own beneficially more than 5% of our outstanding shares;
- each of our directors and executive officers individually; and
- all of our executive officers and directors as a group.

The beneficial ownership of ordinary shares is determined in accordance with the rules of the Securities and Exchange Commission and generally includes any ordinary shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem shares subject to options or warrants that are currently exercisable or exercisable within 60 days of July 1, 2014, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of ordinary shares beneficially owned prior to the offering is based on 341,966 ordinary shares outstanding as of July 1, 2014, assuming the conversion of all outstanding ordinary A shares, ordinary B shares and preferred shares as of that date, but excluding ordinary shares issuable in connection with the exercise of outstanding warrants or outstanding options, into ordinary shares. The percentage of ordinary shares beneficially owned after the offering is based on ordinary shares to be outstanding immediately after the offering. Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the ordinary shares listed below have sole investment and voting power with respect to such shares.

As of July 1, 2014, we had four holders of record of our ordinary shares in the United States. These shareholders held in the aggregate 33.4% of our outstanding ordinary shares.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their ordinary shares. See “Description of Share Capital—Voting Rights.” Unless otherwise noted below, each shareholder’s address is ReWalk Robotics Ltd., Kochav Yokneam Building, Floor 6, P.O. Box 161, Yokneam Ilit 20692, Israel.

A description of any material relationship that our principal shareholders have had with us or any of our predecessors or affiliates within the past three years is included under “Certain Relationships and Related Party Transactions.”

Name of Beneficial Owner	Shares Beneficially Owned Prior to Offering		Shares Beneficially Owned After the Offering	
	Number	Percent	Number	Percent
5% or Greater Shareholders:				
Entities affiliated with SCP Vitalife Partners(1)	98,951	28.4%		
Yaskawa Electric Corporation(2)	86,776	25.4%		
Israel Healthcare Ventures 2 L.P.(3)	64,580	18.4%		
Entities affiliated with Pontifax(4)	36,830	10.6%		
Previz Ventures L.P.(5)	22,300	6.5%		

Table of Contents

Name of Beneficial Owner	Shares Beneficially Owned Prior to Offering		Shares Beneficially Owned After the Offering	
	Number	Percent	Number	Percent
Directors and Executive Officers:				
Larry Jasinski(6)	6,646	1.9%		
Dr. Amit Goffer(7)	12,682	3.7%		
Ami Kraft	*	*		
Ofir Koren	*	*		
Jodi Gricci	*	*		
Ori Schellas	—	—		
John Hamilton	*	*		
Miri Pariente	*	*		
Jeff Dykan(8)	98,951	28.4%		
Dr. Hadar Ron	—	—		
Asaf Shinar	—	—		
Wayne B. Weisman(9)	98,951	28.4%		
Aryeh (Arik) Dan	—	—		
Yasushi Ichiki	—	—		
Glenn Muir	—	—		
Dr. John William Poduska	—	—		
Directors and executive officers as a group(10)	123,136	34.0%		

* Less than 1%

- (1) Consists of 64,078 ordinary shares and warrants to purchase 3,662 ordinary shares held by SCP Vitalife Partners II L.P. (“SCP Vitalife Partners II”), 21,402 ordinary shares and warrants to purchase 1,223 ordinary shares held by SCP Vitalife Partners (Israel) II L.P. (“SCP Vitalife Partners Israel II”), 3,846 ordinary shares held by Vitalife Partners (Overseas) L.P. (“Vitalife Partners Overseas”), 1,272 ordinary shares held by Vitalife Partners (Israel) L.P. (“Vitalife Partners Israel”), 1,286 ordinary shares held by Vitalife Partners (D.C.M) L.P. (“Vitalife Partners DCM”) and 2,182 ordinary shares currently held by the Office of the Chief Scientist, or OCS, that Vitalife Partners Overseas, Vitalife Partners Israel and Vitalife Partners DCM have the right to acquire from OCS. SCP Vitalife II Associates, L.P. (“SCP Vitalife Associates”) is the general partner of the foregoing entities and SCP Vitalife II GP, Ltd. (“SCP Vitalife GP”) is the general partner of SCP Vitalife Associates. Winston J. Churchill, Jeff Dykan, Abraham Ludomirski, and Wayne B. Weisman are the directors of SCP Vitalife GP and, as such, share voting and dispositive power over the shares held by the foregoing entities. The principal business address of SCP Vitalife Partners II, SCP Vitalife Associates, SCP Vitalife GP, and Messrs. Churchill and Weisman is 1200 Liberty Ridge Drive, Suite 300, Wayne, Pennsylvania 19087. The principal business address of SCP Vitalife Partners Israel II, Vitalife Partners Israel, Vitalife Partners Overseas, Vitalife Partners DCM, Mr. Dykan and Dr. Ludomirski is 32B Habarzel Street, Ramat Hachayal, Tel Aviv 69710, Israel.
- (2) Yaskawa Electric Corporation is a widely-held Japanese corporation the securities of which are listed on the Tokyo Stock Exchange. Its address is 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan.
- (3) Consists of 54,657 ordinary shares and warrants to purchase 9,923 ordinary shares held by Israel Healthcare Ventures 2 L.P. (“IHCV”). IHCV2 General Partner Limited, a company incorporated under the laws of the Island of Guernsey, is the sole general partner of IHCV, and has voting control and investment power over the shares held by IHCV, but disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein. IHCV2 General Partner Limited has authorized Mr. Gordon Snelling and/or Mrs. P.M. Witford to exercise its voting and dispositive rights. The shareholder’s address is Level Four North, Town Mills Trinity Square, St. Peter Port, GY1 3HN, Island of Guernsey.
- (4) Consists of 15,251 ordinary shares and warrants to purchase 2,771 ordinary shares held by Pontifax (Cayman) II, L.P., 11,457 ordinary shares and warrants to purchase 2,087 ordinary shares held by Pontifax (Israel) II, L.P., and 4,452 ordinary shares and warrants to purchase 812 ordinary shares held by Pontifax (Israel) II—Individual Investors, L.P. Pontifax Management II L.P. (“Pontifax Management”) is the general partner of the foregoing entities, and Pontifax Management 2 G.P. (2007) Ltd. (“Pontifax Management GP”) is the general partner of Pontifax Management. Mr. Tomer Kariv and Mr. Ran Nussbaum are directors of

Table of Contents

Pontifax Management GP and, as such, hold voting and/or dispositive power over the shares held by these entities. The principal business address of the foregoing entities and individuals is 14 Shenkar Street, Herzeliya 46140, Israel.

- (5) Consists of 22,016 ordinary shares and warrants to purchase 284 ordinary shares held by Previz Ventures L.P. The general partner of Previz Ventures L.P. is Previz Ventures Management Ltd., a limited liability company in Israel, owned in equal shares by Mr. Dan Baruchi and Mr. Eliav Azulay-Oz, who also serve as its sole directors and, as such, share voting and dispositive power over the securities held by Previz Ventures L.P. The principal business address of the foregoing entities and individuals is Ackerstein Towers, Building D, 10th Floor, 12 Abba Eban Avenue, Herzeliya 46725, Israel.
- (6) Consists of options to purchase ordinary shares.
- (7) Consists of 8,979 ordinary shares and options to purchase 3,703 ordinary shares. The column “Shares Beneficially Owned After the Offering” includes additional ordinary shares that Dr. Goffer is entitled to receive immediately prior to the closing of this offering pursuant to our Articles of Association and our Fourth Amended and Restated Shareholders Agreement. See “Certain Relationships and Related Party Transactions—Arrangements with Founder.”
- (8) Consists of ordinary shares beneficially owned by entities affiliated with SCP Vitalife Partners. For information about the relationship between Mr. Dykan and entities affiliated with SCP Vitalife Partners, see footnote (1) above.
- (9) Consists of ordinary shares beneficially owned by entities affiliated with SCP Vitalife Partners. For information about the relationship between Mr. Weisman and entities affiliated with SCP Vitalife Partners, see footnote (1) above.
- (10) Consists of 101,077 ordinary shares, warrants to purchase 4,885 ordinary shares, options to purchase 14,992 ordinary shares and 2,182 ordinary shares currently held by OCS. For more information about the shares held by OCS, see footnote (1) above.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Series C Preferred Share Purchase Agreement

On July 26, 2011, we entered into a Share Purchase Agreement with Israel Healthcare Ventures 2 L.P. Incorporated (“IHCV”), entities affiliated with Pontifax (Cayman) II L.P. (the “Pontifax Entities”), entities affiliated with SCP Vitalife Partners II, L.P. (the “SCP Vitalife Entities”) and the other parties named therein (the “Series C SPA”). At the time we entered into the Series C SPA, the SCP Vitalife Entities held our preferred shares, warrants to purchase our preferred shares and convertible loans previously made to us. Pursuant to the Series C SPA:

- We issued an aggregate of 51,976 of our Preferred C-1 shares and warrants to purchase an aggregate of 15,593 of our Preferred C-1 Shares to IHCV and the Pontifax Entities for an aggregate purchase price in cash of \$5.5 million.
- We issued 11,341 of our Preferred C-1 Shares and warrants to purchase 3,402 of our Preferred C-1 Shares to the SCP Vitalife Entities for a purchase price in cash of \$1.2 million. We also issued 6,182 of our Preferred C-2 Shares and warrants to purchase 1,483 of our Preferred C-1 Shares to the SCP Vitalife Entities in connection with the conversion of \$0.5 million of principal and interest outstanding under convertible loans previously made to us.
- We issued additional Preferred C-1 Shares and Preferred C-2 Shares and warrants to purchase Preferred C-1 Shares to other parties on the same terms as noted above.

The Preferred C-1 Shares were issued at a price per share of \$105.815 and the Preferred C-2 shares were issued at a price per share of \$84.652. The convertible loans were made in 2010 and bore interest at an annual rate of 7%. The warrants have an exercise price of \$105.815 per share and are exercisable until the earliest of: (i) three years from date of grant, (ii) the consummation of a specified change of control transaction, or (iii) the consummation of this offering. All of our Preferred C Shares have the same rights and preferences and shall automatically convert into ordinary shares immediately prior to the closing of this offering.

Series D Preferred Share Purchase Agreement

On September 24, 2013, we entered into a Share Purchase Agreement with Yaskawa Electric Corporation, or Yaskawa, IHCV, the Pontifax Entities, the SCP Vitalife Entities and the other parties named therein (the “Series D SPA”). At the time we entered into the Series D SPA, IHCV, the Pontifax Entities, the SCP Vitalife Entities owned, and held warrants to purchase, our preferred shares and held convertible loans previously made to us. Pursuant to the Series D SPA:

- We issued 82,645 of our Preferred D-1 Shares to Yaskawa for a purchase price in cash of \$10.0 million (price per Preferred D-1 Share of \$121.00). In connection with this issuance, we entered into other agreements with Yaskawa. See “—Agreements with Yaskawa.”
- We issued an aggregate of 67,591 of our Preferred D-2 shares to IHCV, the Pontifax Entities and the SCP Vitalife Entities in connection with the conversion of an aggregate of \$6.5 million of principal and interest outstanding under convertible loans previously made to us (price per Preferred D-2 Share of \$96.80).
- We issued additional Preferred D-2 shares to other parties at the same price per share noted above and issued Preferred D-3 Shares and Preferred D-4 shares to other parties.

The convertible loans were made from December 2012 through June 2013 and bore interest at an annual rate of 7%. All of our Preferred D Shares have the same rights and preferences and will automatically convert into ordinary shares immediately prior to the closing of this offering.

The Series D SPA provides that Yaskawa shall be issued 1,377 additional Preferred D-1 Shares for no consideration on April 1, May 1, June 1 and July 1, 2014, and shall be issued an additional 1,378 Preferred D-1

[Table of Contents](#)

Shares for no consideration on August 1 and September 1, 2014, if the following two events have not occurred as of such date: (i) receipt of FDA clearance to market ReWalk Personal in the United States and (ii) reimbursement by any German insurance provider of the full cost of at least one ReWalk Personal. Pursuant to this arrangement, we issued 1,377 Preferred D Shares to Yaskawa on each of April 1, May 1 and June 1, 2014. As of June 30, 2014, Yaskawa agreed that both of these events had been satisfied.

Kreos Line of Credit

On June 19, 2014, we entered into a loan agreement with Kreos Capital IV (Expert Fund) Limited, or Kreos, pursuant to which Kreos agreed to extend a line of credit to us of \$5.0 million. In connection with this extension of credit, we granted Kreos warrants to purchase 5,372 preferred shares, or to the extent exercised after the closing of this offering, the same number of ordinary shares. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Kreos Line of Credit.”

Series E Preferred Share Purchase Agreement

On June 26, 2014, we entered into a Share Purchase Agreement with Gabriel Capital Fund (US), L.P. and affiliated entities (together, “Gabriel”), and the other parties named therein (the “Series E SPA”). The transaction is scheduled to close in July 2014. At the time we entered into the Series E SPA, certain parties thereto, including entities affiliated with SCP Vitalife Partners, Israel Healthcare Ventures 2 L.P., entities affiliated with Pontifax and Previz Ventures L.P., owned, and held warrants to purchase, our preferred shares.

Pursuant to the Series E SPA, we will issue an aggregate of 60,337 of our Preferred E Shares and warrants to purchase an aggregate of 30,169 Preferred E Shares (which, to the extent they are outstanding following the closing of this offering, shall convert on a one-to-one basis into warrants to purchase our ordinary shares) to Gabriel and the other investors named in the Series E SPA for an aggregate purchase price in cash of \$13.0 million. The Preferred E Shares were issued at a price of \$215.45 per share. The warrants have an exercise price of \$258.54 per share and are exercisable until four years from date of grant, subject to certain adjustments.

Amended and Restated Shareholders’ Rights Agreement

In connection with our series E financing round, we entered into an Amended and Restated Shareholders’ Rights Agreement with certain of our shareholders (collectively, the “Significant Shareholders”) which provides each of those shareholders with the registration rights described below. For a description of the shareholdings of these shareholders, see “Principal Shareholders.”

Form F-1 Demand Rights. At any time following the closing of this offering, subject to the 180-day lock-up agreements entered into with the underwriters in connection with this offering, upon the written request of the requisite holders, we will be required to file a registration statement on Form F-1 with respect to the Registrable Securities (as defined below) requested to be included in the registration statement. Following a request to effect such a registration, we will be required to give notice of the request to the other Significant Shareholders and offer them an opportunity to include their Registrable Securities in the registration statement. We will not be required to effect more than four registrations on Form F-1. Of the four potential demand registrations: (i) one may be initiated by the holders of at least 65% of the issued and outstanding preferred shares, including Yaskawa, (ii) one may be initiated by the holders of at least 65% of the issued and outstanding preferred shares, including IHCV, (iii) one may be initiated by the holders of at least 65% of the issued and outstanding preferred shares, including the SCP Vitalife Entities and (iv) one may be initiated by the holders of at least 50% of the issued and outstanding preferred E shares. “Registrable Securities” means (i) our ordinary shares to be issued upon conversion of our preferred shares, (ii) our ordinary shares held by our founder, (iii) shares issued in respect of shares referred to in (i) and (ii) above and (iv) any shares issued pursuant to a share split, combination thereof or other similar recapitalization with respect to any of the shares described in clauses (i), (ii) or (iii) above.

Form F-3 Demand Rights. After we become eligible under applicable securities laws to file a registration statement on Form F-3, which will not be until at least 12 months after the closing of this offering, upon the

[Table of Contents](#)

request of any holder of our preferred shares, we will be required to file a registration statement on Form F-3 in respect of such Registrable Securities. Following a request to effect such a registration, we will be required to give notice of the request to the other Significant Shareholders and offer them an opportunity to include their Registrable Securities in the registration statement. We will not be required to effect an offering pursuant to a registration statement on Form F-3 more than twice in any 12-month period and are only required to do so if the aggregate proceeds from any such offering are estimated in good faith to be in excess of \$1.0 million.

Piggyback Registration Rights. Following the closing of this offering, holders of Registrable Securities will have the right to request that we include their Registrable Securities in any registration statement filed by us in the future for the purposes of a public offering by us or any other person other than holders of Registrable Securities, subject to specified exceptions.

Cutback. In the event that the managing underwriter of shares to be distributed pursuant to a demand registration or in connection with a piggyback registration advises holders of Registrable Securities that marketing factors require a limitation on the number of shares that can be included in the offering, Registrable Securities will be included in the registration statement in an agreed order of preference among the holders of registration rights.

Termination. All registration rights described above will terminate on the fifth anniversary of the closing of this offering. In addition, with respect to any holder of registrable securities that holds less than 5% of our outstanding shares, registration rights will terminate when the shares held by such shareholder can be sold within a 90 day period pursuant to Rule 144 under the Securities Act.

Expenses. We will pay all expenses in carrying out the foregoing registrations other than selling shareholders' underwriting discounts and commissions and transfer taxes.

Arrangements with Founder

Under our articles of association in effect prior to this offering and the Fourth Amended and Restated Shareholders Agreement to become effective prior to the consummation of this offering, immediately prior to the closing of this offering, our founder, Dr. Amit Goffer, has the right to receive, for no consideration, shares or immediately exercisable options with cashless exercise in an amount such that the value of his interests equals 6% of our valuation. We expect to issue ordinary shares to Dr. Goffer pursuant to this right immediately prior to the closing of this offering. See "Principal Shareholders."

Although Dr. Goffer devotes the substantial majority of his time to us, we have also entered into an agreement with him related to his independent business venture, Rehamed Technologies Ltd. This agreement provides that, among other things, Dr. Goffer's obligations, duties and responsibilities to us shall not be adversely affected by such venture, and we shall have the royalty-free right to use at our sole discretion, at any time and on an exclusive basis, any intellectual property which is not our property and which is developed by Dr. Goffer, alone or jointly with others, during the period in which Dr. Goffer is our employee, consultant or board member and three years thereafter, in the field of exoskeleton only, and all derivatives thereof created by or for us shall be exclusively owned by us.

Agreements with Yaskawa

On September 24, 2013, we entered into a Strategic Alliance Agreement with Yaskawa Electric Corporation. Pursuant to the Strategic Alliance Agreement, we and Yaskawa will collaborate in the following areas, among others:

- marketing, distribution and commercialization of our products by Yaskawa, subject to a separate distribution agreement;
- marketing and distribution of future Yaskawa healthcare equipment products by us in the scope of our sales network; and

[Table of Contents](#)

- improvement and quality control of our products by applying Yaskawa's know-how and expertise in motion control and robotics.

The Strategic Alliance Agreement also provides for the creation of a joint steering committee to meet quarterly to review, among other things, sales targets for our products by Yaskawa, opportunities for us to sell Yaskawa products, possibilities for quality improvements to our products by applying Yaskawa's expertise and future research and development for our products. In the future, subject to any necessary regulatory clearance, we are entitled to market and sell certain of Yaskawa's products currently under development, which consist of complementary products to the ReWalk, in the United States and Europe. While the terms of any such arrangement, including with respect to any compensation we may receive, have not yet been agreed, we expect that any such compensation would take the form of a percentage discount off of each product's list price or another customary arrangement. The term of the agreement is ten years, but it may be terminated by either party after seven years or upon 60 days' notice in the event of an uncured default under the agreement.

We and Yaskawa also entered into an Exclusive Distribution Agreement which provides that Yaskawa will be our exclusive distributor in Japan, China (including Hong Kong and Macau), Taiwan, South Korea, Singapore and Thailand. In addition, if we desire to sell any exoskeleton products into any regional market in the Asian and Pacific regions (other than Australia, New Zealand or India), Yaskawa will have a right of first refusal to serve as distributor in those markets, subject to an agreement on minimum purchase requirements. In addition, if we offer better pricing to any other distributor than what we offer Yaskawa, Yaskawa will be entitled to that pricing. The initial term of the Exclusive Distribution Agreement is ten years. Either party may terminate the agreement upon 90 days' written notice after seven years or upon an event of default under the agreement or a bankruptcy event of the other party. Through July 1, 2014, Yaskawa had paid us an aggregate of \$88,000 pursuant to this agreement.

We also entered into an agreement with Yaskawa obligating us to provide seven days' notice to Yaskawa in the event that we receive and are considering an acquisition proposal. That agreement will automatically terminate upon the closing of this offering.

In connection with entering into these agreements, Yaskawa purchased our Series D-1 Preferred Shares. See "— Series D Preferred Share Purchase Agreement."

Agreements with Directors and Officers

Employment Agreements. We have entered into written employment agreements with each of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. We have also entered into customary non-competition, confidentiality of information and ownership of inventions arrangements with our executive officers. However, the enforceability of the noncompetition provisions may be limited under applicable law.

Options. Since our inception we have granted options to purchase our ordinary shares to our officers and certain of our directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our option plans under "Management—Share Option Plans." If the relationship between us and an executive officer or a director is terminated, except for cause (as defined in the various option plan agreements), options that are vested will generally remain exercisable for ninety days after such termination.

Exculpation, Indemnification and Insurance. Our articles of association permit us to exculpate, indemnify and insure certain of our office holders to the fullest extent permitted by the Israeli Companies Law. We have entered into indemnification agreements with our office holders, exculpating them from a breach of their duty of care to us to the fullest extent permitted by law and undertaking to indemnify them to the fullest extent permitted by law, subject to certain exceptions, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance. See "Management—Indemnification, Insurance and Exculpation of Directors and Officers."

DESCRIPTION OF SHARE CAPITAL

The following descriptions of share capital and provisions of our articles of association are summaries and are qualified by reference to the articles of association to be effective upon the closing of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The description of the ordinary shares reflects changes to our capital structure that will occur upon the closing of this offering.

Share Capital

Upon the closing of this offering, our authorized share capital will consist solely of _____ ordinary shares, par value NIS 0.01 per share, of which _____ shares will be issued and outstanding (assuming that the underwriters do not exercise their option to purchase additional ordinary shares).

All of our issued and outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

Registration Number and Purposes of the Company

Our registration number with the Israeli Registrar of Companies is 51-3121376. Our purpose as set forth in our articles of association is to engage in any lawful activity.

Voting Rights

Pursuant to our articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. Shareholders may vote at a general meeting either in person, by proxy or by written ballot.

Transfer of Shares; Share Ownership Restrictions

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the shares are listed for trade. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of Directors

Our ordinary shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors described under “Management—External directors.”

Under our articles of association, our board of directors must consist of not less than _____ but no more than _____ directors, including two external directors as required by the Israeli Companies Law. Pursuant to our articles of association, other than the external directors, for whom special election requirements apply under the Israeli Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares, participating and voting at the relevant meeting. In addition, our directors, other than the external directors, are divided into three classes that are each elected at a general meeting of our shareholders every three years, in a staggered fashion (such that one class is elected each year), and serve on our board of directors unless they are removed by a vote of 65% of the total voting power of our shareholders at a general or special meeting of our shareholders or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our articles of association. In addition, our articles of association allow our board of directors to appoint new

[Table of Contents](#)

directors and appoint directors to fill vacancies on the board of directors to serve for a term of office equal to the remaining period of the term of office of the directors(s) whose office(s) have been vacated. External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances, and may be removed from office pursuant to the terms of the Israeli Companies Law. See “Management—Board of Directors—External Directors.”

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Israeli Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company’s articles of association provide otherwise. Our articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Israeli Companies Law, a company may make a distribution of dividends out of its profits on the condition that there is no reasonable concern that the distribution may prevent the company from meeting its existing and expected obligations when they fall due. The Companies Law defines such profit as retained earnings or profits accrued in the last two years, whichever is greater, according to the last reviewed or audited financial statements of the company, provided that the date of the financial statements is not more than six months before the distribution.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our articles of association as extraordinary general meetings. Our board of directors may call extraordinary general meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Israeli Companies Law provides that our board of directors is required to convene an extraordinary general meeting upon the written request of (i) any two of our directors or one-quarter of the members of our board of directors or (ii) one or more shareholders holding, in the aggregate, either (a) five percent or more of our outstanding issued shares and one percent of our outstanding voting power or (b) five percent or more of our outstanding voting power.

Subject to the provisions of the Israeli Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting. Furthermore, the Israeli Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;

[Table of Contents](#)

- appointment of external directors;
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of director's powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Israeli Companies Law and our articles of association require that notice of any annual general meeting or extraordinary general meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

Under the Israeli Companies Law and under our articles of association, shareholders are not permitted to take action via written consent in lieu of a meeting.

Voting Rights

Quorum requirements

The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights. A meeting adjourned for lack of a quorum is generally adjourned to the same day in the following week at the same time and place or to a later time or date if so specified in the notice of the meeting. At the reconvened meeting, any two or more shareholders present in person or by proxy shall constitute a lawful quorum.

Vote Requirements

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Israeli Companies Law or by our articles of association. Under the Israeli Companies Law, each of (i) the approval of an extraordinary transaction with a controlling shareholder and (ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if not extraordinary) requires, the approval described above under "Management—Approval of related party transactions under Israeli law—Disclosure of personal interests of controlling shareholders and approval of certain transactions." Under our articles of association, the alteration of the rights, privileges, preferences or obligations of any class of our shares requires the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. Our articles of association also require that the removal of any director from office (other than our external directors) or the amendment of the provisions of our amended articles relating to our staggered board requires the vote of 65% of the total voting power of our shareholders. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Israeli Companies Law, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by voting deed and voting on the resolution.

Access to Corporate Records

Under the Israeli Companies Law, shareholders generally have the right to review: minutes of our general meetings; our shareholders register and principal shareholders register, our articles of association and annual financial statements; and any document that we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction with a related party that requires shareholder approval under the

[Table of Contents](#)

related party transaction provisions of the Israeli Companies Law. We may deny a request to review a document if we believe it has not been made in good faith, that the document contains a trade secret or patent or that the document's disclosure may otherwise impair our interests.

Registration Rights

For a discussion of registration rights we have granted to our existing shareholders prior to this offering, please see "Certain Relationships and Related Party Transactions—Amended and Restated Shareholders' Rights Agreement."

Acquisitions under Israeli Law

Full Tender Offer. A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital (or of a class thereof) is required by the Israeli Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If as a result of a full tender offer the purchaser would own more than 95% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. The law provides for appraisal rights if any shareholder files a request in court within six months following the consummation of a full tender offer, but the purchaser is entitled to stipulate that tendering shareholders forfeit their appraisal rights. If as a result of a full tender offer the purchaser would own 95% or less of the issued and outstanding share capital of the company or of the applicable class, the purchaser may not acquire shares that will cause its shareholding to exceed 90% of the issued and outstanding share capital of the company or of the applicable class.

Special Tender Offer. The Israeli Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company, unless there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company, subject to certain exceptions.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, controlling shareholders, holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger. The Israeli Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Israeli Companies Law are met, by a majority vote of each party's shares, and, in the case of the target company, a majority vote of each class of its shares, voted on the proposed merger at a shareholders meeting.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as

[Table of Contents](#)

the case may be) 25% or more of the voting rights or the right to appoint directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same Special Majority approval that governs all extraordinary transactions with controlling shareholders (as described under "Management—Approval of related party transactions under Israeli law—Disclosure of personal interests of controlling shareholders and approval of certain transactions").

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders of the company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

Anti-takeover Measures under Israeli Law

The Israeli Companies Law allow us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. As of the closing of this offering, no preferred shares will be authorized under our articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our articles of association, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Israeli Companies Law as described above in "—Voting Rights."

Transfer Agent and Registrar

Upon the listing of our ordinary shares for trading on the Nasdaq Global Market, the transfer agent and registrar for our ordinary shares will be American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Listing

We have applied to have our ordinary shares listed on the Nasdaq Global Market under the symbol "RWLK."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares. Future sales of substantial amounts of ordinary shares, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could adversely affect the prevailing market price for our ordinary shares or impair our ability to raise equity capital.

Upon completion of this offering, we will have an aggregate of _____ ordinary shares outstanding. Of these shares, the _____ shares sold in this offering by us will be freely tradable without restriction or further registration under the Securities Act, unless purchased by “affiliates” as that term is defined under Rule 144 of the Securities Act, who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below. The remaining _____ shares, representing _____ of our outstanding shares will be held by our existing shareholders. These shares will be “restricted securities” as that phrase is defined in Rule 144 under the Securities Act. Subject to certain contractual restrictions, including the lock-up agreements described below, holders of restricted shares will be entitled to sell those shares in the public market pursuant to an effective registration statement under the Securities Act or if they qualify for an exemption from registration under Rule 144.

As a result of lock-up agreements described below, and the provisions of Rules 144 and 701 under the Securities Act, the restricted securities will be available for sale in the public market as follows:

<u>Date</u>	<u>Number of Shares Eligible for Sale</u>
At the date of this prospectus	
Up to 180 days after the date of this prospectus	
180 days after the date of this prospectus	

Sales of these shares in the public market after the restrictions under the lock-up agreements lapse, or the perception that those sales may occur, could cause the prevailing market price to decrease or to be lower than it might be in the absence of those sales or perceptions.

Lock-up Agreements

We, our executive officers and directors, and the holders of substantially all of our outstanding ordinary shares, have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any ordinary shares or any securities convertible into or exchangeable for ordinary shares except for the ordinary shares offered in this offering without the prior written consent of Barclays Capital Inc. and Jefferies LLC for a period of 180 days after the date of this prospectus, subject to certain customary exceptions.

Eligibility of Restricted Shares for Sale in the Public Market

The _____ ordinary shares that are not being sold in this offering, but which will be outstanding at the time this offering is complete, will be eligible for sale into the public market, under the provisions of Rule 144 commencing after the expiration of the restrictions under the lock-up agreements, subject to volume restrictions discussed below under “—Rule 144.”

Rule 144

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

[Table of Contents](#)

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our ordinary shares or the average weekly trading volume of our ordinary shares on the during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Options

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register ordinary shares reserved for issuance under our equity incentive plans. The registration statement on Form S-8 will become effective automatically upon filing.

Ordinary shares issued upon exercise of a share option and registered under the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the 180-day lock-up agreements executed in connection with this offering expire.

Registration Rights

Following the completion of this offering, the holders of up to ordinary shares are entitled to request that we register their ordinary shares under the Securities Act, subject to cutback for marketing reasons and certain other conditions. These shareholders are also entitled to “piggyback” registration rights, which are also subject to cutback for marketing reasons and certain other conditions. Registration of such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of such registration. See “Certain Relationships and Related Party Transactions—Amended and Restated Shareholders’ Rights Agreement.” Any sales of securities by these shareholders could have a material adverse effect on the trading price of our ordinary shares.

TAXATION AND ISRAELI GOVERNMENT PROGRAMS APPLICABLE TO OUR COMPANY

The following is a brief summary of the material Israeli tax laws applicable to us and certain Israeli Government programs that benefit us.

General Corporate Tax Structure in Israel

In August 2013, the Israeli Knesset approved an increase in the corporate tax rate for Israeli companies to 26.5% of taxable income for 2014 and thereafter. However, the effective tax rate payable by a company that derives income from a Beneficiary Enterprise or a Preferred Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are subject to tax at the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.” We believe that we currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an “Industrial Company” as a company resident in Israel, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an “Industrial Enterprise” owned by it. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- amortization over an eight-year period of the cost of purchased know-how and patents and rights to use a patent and know-how which are used for the development or advancement of the Industrial Enterprise;
- under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
- expenses related to a public offering are deductible in equal amounts over three years.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon the approval of any governmental authority. The Israeli tax authorities may determine that we do not qualify as an Industrial Company, which could entail our loss of the benefits that relate to this status. There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets) by “Industrial Enterprises” (as defined under the Investment Law).

The Investment Law was significantly amended effective April 1, 2005, or the 2005 Amendment, and further amended as of January 1, 2011, or the 2011 Amendment. Pursuant to the 2005 Amendment, tax benefits granted in accordance with the provisions of the Investment Law prior to its revision by the 2005 Amendment remain in force but any benefits granted subsequently are subject to the provisions of the 2005 Amendment. Similarly, the 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply.

Tax Benefits Subsequent to the 2005 Amendment

The 2005 Amendment applies to new investment programs commencing after 2004, but does not apply to investment programs approved prior to April 1, 2005. The 2005 Amendment provides that terms and benefits included in any certificate of approval that was granted before the 2005 Amendment became effective (April 1, 2005) will remain subject to the provisions of the Investment Law as in effect on the date of such approval. Pursuant to the 2005 Amendment, the Investment Center will continue to grant Approved Enterprise status to qualifying investments. The 2005 Amendment, however, limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as a Approved Enterprise, such as provisions generally requiring that at least 25% of the Beneficiary Approved income be derived from exports.

The 2005 Amendment provides that a certificate of approval from the Investment Center will only be necessary for receiving cash grants. As a result, it was no longer necessary for a company to obtain a Beneficiary Enterprise certificate of approval in order to receive the tax benefits previously available under the alternative benefits track. Rather, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set forth in the amendment. In order to receive the tax benefits, the 2005 Amendment states that a company must make an investment which meets all of the conditions, including exceeding a minimum investment amount specified in the Investment Law. Such investment allows a company to receive "Beneficiary Enterprise" status, and may be made over a period of no more than three years from the end of the year in which the company chose to have the tax benefits apply to its Beneficiary Enterprise.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Beneficiary Enterprise depends on, among other things, the geographic location in Israel of the Beneficiary Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income generated by the Beneficiary Enterprise for a period of between two to ten years, depending on the geographic location of the Beneficiary Enterprise in Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company in each year. The benefits period is limited to 12 or 14 years from the year the company first chose to have the tax benefits apply, depending on the location of the company. A company qualifying for tax benefits under the 2005 Amendment which pays a dividend out of income derived by its Beneficiary Enterprise during the tax exemption period will be subject to corporate tax in respect of the amount of the dividend (grossed-up to reflect the pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate which would have otherwise been applicable. Dividends paid out of income attributed to a Beneficiary Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty.

The benefits available to a Beneficiary Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet these conditions, it may be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index, and interest, or other monetary penalties.

Tax Benefits Under the 2011 Amendment

The 2011 Amendment canceled the availability of the benefits granted to companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not wholly-owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 15% with respect to its income derived by its Preferred Enterprise in 2011 and 2012, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 10%. Under the 2011 Amendment, such corporate tax rate was reduced from 15% and 10%, respectively, to 12.5% and 7%, respectively, in 2013 and 2014 and to 12% and 6% in 2015 and thereafter, respectively. However, in August 2013, the Israeli Knesset

[Table of Contents](#)

approved an amendment to the Investment Law, pursuant to which such scheduled gradual reduction was repealed beginning in 2014 and the rates would revert to 16% and 9% (as applicable) in 2014 and thereafter. Our facilities are located in a specified development zone.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 15% or such lower rate as may be provided in an applicable tax treaty will apply). Under the recent amendment, announced in August 2013, beginning in 2014, dividends paid out of income attributed to a Preferred Enterprise will be subject to a withholding tax rate of 20% (instead of 15%).

The 2011 Amendment also provided transitional provisions to address companies already enjoying existing tax benefits under the Investment Law. These transitional provisions provide, among other things, that unless an irrevocable request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011: (i) the terms and benefits included in any certificate of approval that was granted to a Beneficiary Enterprise which chose to receive grants before the 2011 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval, and subject to certain other conditions; (ii) terms and benefits included in any certificate of approval that was granted to a Beneficiary Enterprise which had participated in an alternative benefits track before the 2011 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval, provided that certain conditions are met; and (iii) a Beneficiary Enterprise can elect to continue to benefit from the benefits provided to it before the 2011 Amendment came into effect, provided that certain conditions are met.

From time to time, the Israeli Government has discussed reducing the benefits available to companies under the Investment Law. The termination or substantial reduction of any of the benefits available under the Investment Law could materially increase our tax liabilities.

MATERIAL U.S. AND ISRAELI TAX CONSEQUENCES FOR OUR SHAREHOLDERS

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Material Israeli Tax Consequences

The following is a discussion of the material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. Because parts of this discussion are based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of more than 25% in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. Such exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be a business income.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the disposition of shares by a shareholder who (i) is a U.S. resident (for purposes of the treaty), (ii) holds the shares as a capital asset, and (iii) is entitled to claim the benefits afforded to such person by the treaty, is generally exempt from Israeli capital gains tax. Such exemption will not apply if: (i) the capital gain arising from the disposition can be attributed to a permanent establishment in Israel; (ii) the shareholder holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (iii) such U.S. resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In such case, the sale, exchange or disposition of our ordinary shares should be subject to Israeli tax, to the extent applicable; however, under the United States-Israel Tax Treaty, the taxpayer would be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations under U.S. law applicable to foreign tax credits. The United States-Israel Tax Treaty does not relate to U.S. state or local taxes.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source.

Taxation of Non-Israeli Shareholders on Receipt of Dividends

Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, unless relief is provided in a treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. A "substantial

[Table of Contents](#)

shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Dividends paid on publicly traded shares, like our ordinary shares, to non-Israeli residents are generally subject to Israeli withholding tax at a rate of 25%, unless a different rate is provided under an applicable tax treaty, provided that a certificate from the Israeli Tax Authority allowing for a reduced withholding tax rate is obtained in advance. Under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the United States-Israel Tax Treaty) is 25%. The United States Israel Tax Treaty provides for reduced tax rates on dividends if (a) the shareholder is a U.S. corporation holding at least 10% of our issued voting power during the part of the tax year that precedes the date of payment of the dividend and held such minimal percentage during the whole of its prior tax year, and (b) not more than 25% of the Israeli company’s gross income consists of interest or dividends, other than dividends or interest received from subsidiary corporations or corporations 50% or more of the outstanding voting shares of which is owned by the Israeli company. The reduced treaty rate, if applicable, is 15% in the case of dividends paid from income derived from Beneficiary or Preferred Enterprise or 12.5% otherwise. We cannot assure you that in the event we declare a dividend we will designate the income out of which the dividend is paid in a manner that will reduce shareholders’ tax liability.

If the dividend is attributable partly to income derived from a Beneficiary Enterprise or Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. U.S. residents who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for United States federal income tax purposes in the amount of the taxes withheld, subject to detailed rules contained in U.S. tax legislation.

Material U.S. Federal Income Tax Consequences

The following is a description of the material U.S. federal income tax consequences relating to the acquisition, ownership and disposition of our ordinary shares by a U.S. Holder (as defined below). This description addresses only the U.S. federal income tax consequences to U.S. Holders that are initial purchasers of our ordinary shares pursuant to the offering and that will hold such ordinary shares as capital assets. This description does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules, including, without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- brokers, dealers or traders in securities, commodities or currencies;
- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code, respectively;
- certain former citizens or long-term residents of the United States;
- persons that received our shares as compensation for the performance of services;
- persons that will hold our shares as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or holders that will hold our shares through such an entity;
- S corporations;
- holders that acquire ordinary shares as a result of holding or owning our preferred shares;

[Table of Contents](#)

- holders whose “functional currency” is not the U.S. Dollar; or
- holders that own directly, indirectly or through attribution 10.0% or more of the voting power or value of our shares.

Moreover, this description does not address the U.S. federal estate, gift or alternative minimum tax consequences, or any state, local or foreign tax consequences, of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the U.S. Internal Revenue Code of 1968, as amended, or the Code, existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurances that the U.S. Internal Revenue Service, or IRS, will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or that such a position would not be sustained. Holders should consult their own tax advisors concerning the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of our ordinary shares in their particular circumstances.

For purposes of this description, a “U.S. Holder” is a beneficial owner of our ordinary shares that, for United States federal income tax purposes, is:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if such trust has validly elected to be treated as a United States person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of our ordinary shares in its particular circumstance.

You should consult your tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of our ordinary shares.

Distributions

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” if you are a U.S. Holder, the gross amount of any distribution made to you with respect to our ordinary shares before reduction for any Israeli taxes withheld therefrom, other than certain distributions, if any, of our ordinary shares distributed pro rata to all our shareholders, generally will be includible in your income as dividend income to the extent such distribution is paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles. Therefore, if you are a U.S. Holder you should expect that the entire amount of any distribution generally will be reported as dividend income to you. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may qualify for the preferential rates of taxation with respect to dividends on ordinary shares if certain requirements, including stock holding period requirements, are satisfied by the recipient and the company is eligible for the benefits of the United States-Israel Tax Treaty. However,

[Table of Contents](#)

such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. To the extent that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a return of your adjusted tax basis in our ordinary shares and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder has held our ordinary shares for more than one year as of the time such distribution is received.

Subject to certain conditions and limitations, Israeli tax withheld on dividends may be deducted from your taxable income or credited against your U.S. federal income tax liability. If you are a U.S. Holder, dividends paid to you with respect to our ordinary shares will generally be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. However, for periods in which we are a “United States-owned foreign corporation,” a portion of dividends paid by us may be treated as U.S. source solely for purposes of the foreign tax credit. We would be treated as a United States-owned foreign corporation if 50% or more of the total value or total voting power of our stock is owned, directly, indirectly or by attribution, by United States persons. To the extent any portion of our dividends is treated as U.S. source income pursuant to this rule, the ability of a U.S. Holder to claim a foreign tax credit for any Israeli withholding taxes payable in respect of our dividends may be limited. A U.S. Holder entitled to benefits under the United States-Israel Tax Treaty may, however, elect to treat any dividends as foreign source income for foreign tax credit purposes if the dividend income is separated from other income items for purposes of calculating the U.S. Holder’s foreign tax credit. U.S. Holders should consult their own tax advisors about the impact of, and any exception available to, the special sourcing rule described in this paragraph, and the desirability of making, and the method of making, such an election.

The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally should constitute “passive category income,” or, in the case of certain U.S. Holders, “general category income.” A foreign tax credit for foreign taxes imposed on distributions may be denied if you do not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisor to determine whether and to what extent you will be entitled to this credit.

Sale, Exchange or Other Taxable Disposition of Ordinary Shares

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” if you are a U.S. Holder, you generally will recognize gain or loss on the sale, exchange or other taxable disposition of our ordinary shares equal to the difference between the amount realized on such sale, exchange or other taxable disposition and your adjusted tax basis in our ordinary shares, and such gain or loss will be capital gain or loss. The adjusted tax basis in an ordinary share generally will be equal to the cost of such ordinary share. Except as discussed below with respect to foreign currency gain or loss, if you are a non-corporate U.S. Holder, capital gain from the sale, exchange or other taxable disposition of ordinary shares is generally eligible for a preferential rate of taxation applicable to capital gains, if your holding period for such ordinary shares exceeds one year (i.e., such gain is long-term capital gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations under the Code. Any gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

A U.S. Holder’s initial tax basis in the ordinary shares will generally be the U.S. dollar value of the purchase price of our ordinary shares on the date of purchase. If our ordinary shares are treated as traded on an “established securities market,” a cash basis U.S. Holder or, if it elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the cost of such ordinary shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. The amount realized generally will be the U.S. dollar value of the payment received determined on the date of disposition. If our ordinary shares are treated as traded on an established securities market, a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount realized (as determined on the trade date) at the spot rate of exchange on the settlement date of the sale.

[Table of Contents](#)

On the settlement date, the U.S. Holder will recognize U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of ordinary shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognized at that time.

Passive Foreign Investment Company Considerations

If we were to be classified as a “passive foreign investment company,” or PFIC, in any taxable year, a U.S. Holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation will be classified as a PFIC for federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of subsidiaries, either:

- at least 75% of its gross income is “passive income”; or
- at least 50% of the average quarterly value of its total gross assets (which, assuming we were a CFC for the year being tested may be measured by the adjusted tax basis of our assets or, if we were not a CFC, the total value of our assets may be measured in part by the market value of our ordinary shares, which is subject to change) is attributable to assets that produce “passive income” or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation’s income. If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns our ordinary shares, regardless of whether we continue to meet the tests described above.

Based on the composition of our income and the composition and estimated fair market values of our assets, we do not believe that we were a PFIC for the taxable year ended December 31, 2013 and based on our future projections, we do not expect to be a PFIC for the taxable year ending December 31, 2014. There can be no assurance that we will not be considered a PFIC for any taxable year. PFIC status is determined as of the end of the taxable year and depends on a number of factors, including the value of a corporation’s assets and the amount and type of its gross income. Furthermore, because the value of our gross assets is likely to be determined in large part by reference to our market capitalization, a decline in the value of our ordinary shares may result in our becoming a PFIC. Even though we have determined that we were not a PFIC for the year ended December 31, 2013, there can be no assurance that the IRS will agree with our conclusion.

Under certain attribution rules, if we are a PFIC, U.S. Holders will be deemed to own their proportionate share of our PFIC subsidiaries, such subsidiaries referred to as “lower-tier PFICs,” and will be subject to U.S. federal income tax in the manner discussed below on (1) a distribution to us on the shares of a “lower-tier PFIC” and (2) a disposition by us of shares of a “lower-tier PFIC,” both as if the holder directly held the shares of such “lower-tier PFIC.”

If an entity is treated as a PFIC for any taxable year during which a U.S. Holder holds (or, as discussed in the previous paragraph, is deemed to hold) its ordinary shares, such holder will be subject to adverse U.S. federal income tax rules. In general, if a U.S. Holder disposes of shares of a PFIC (including an indirect disposition or a constructive disposition of shares of a “lower-tier PFIC”), gain recognized or deemed recognized by such holder

[Table of Contents](#)

would be allocated ratably over such holder's holding period for the shares. The amounts allocated to the taxable year of disposition and to years before the entity became a PFIC, if any, would be treated as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for such taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to such allocated amounts. Further, any distribution in respect of shares of a PFIC (or a distribution by a lower-tier PFIC to its shareholders that is deemed to be received by a U.S. Holder) in excess of 125% of the average of the annual distributions on such shares received or deemed to be received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation in the manner described above. In addition, dividend distributions made to you will not qualify for the preferential rates of taxation applicable to long-term capital gains discussed above under "Distributions."

Where a company that is a PFIC meets certain reporting requirements, a U.S. Holder can avoid certain adverse PFIC consequences described above by making a "qualified electing fund", or QEF, election to be taxed currently on its proportionate share of the PFIC's ordinary income and net capital gains. However, we do not intend to comply with the necessary accounting and record keeping requirements that would allow a U.S. Holder to make a QEF election with respect to us.

If we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange," a U.S. Holder may make a mark-to-market election with respect to our ordinary shares (but not the shares of any lower-tier PFICs), which may help to mitigate the adverse tax consequences resulting from our PFIC status (but not that of any lower-tier PFICs). Our ordinary shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement are disregarded). The Nasdaq Global Market is a qualified exchange for this purpose and, consequently, if the ordinary shares are regularly traded, the mark-to-market election will be available to a U.S. Holder; however, there can be no assurance that trading volumes will be sufficient to permit a mark-to-market election. In addition, because a mark-to-market election with respect to us does not apply to any equity interests in "lower-tier PFICs" that we own, a U.S. Holder generally will continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as equity interests in a PFIC for U.S. federal income tax purposes.

If a U.S. Holder makes the mark-to-market election, for each year in which we are a PFIC, the holder will generally include as ordinary income the excess, if any, of the fair market value of ordinary shares at the end of the taxable year over their adjusted tax basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted tax basis of our ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, the holder's tax basis in our ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain recognized on a sale or other disposition of our ordinary shares will be treated as ordinary income. Any losses recognized on a sale or other disposition of our ordinary shares will be treated as ordinary loss to the extent of any net mark-to-market gains for prior years. U.S. Holders should consult their own tax advisors regarding the availability and consequences of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to our ordinary shares if we have "lower-tier PFICs" for which such election is not available. Once made, the mark-to-market election cannot be revoked without the consent of the IRS unless our ordinary shares cease to be "regularly traded."

If a U.S. Holder owns ordinary shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. Holder's federal income tax return for that year. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

U.S. Holders should consult their tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules.

[Table of Contents](#)

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their dividend income and net gains from the disposition of ordinary shares. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares.

Backup Withholding Tax and Information Reporting Requirements

United States backup withholding tax and information reporting requirements may apply to certain payments to certain holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, our ordinary shares made within the United States, or by a United States payor or United States middleman, to a holder of our ordinary shares, other than an exempt recipient (including a payee that is not a United States person that provides an appropriate certification and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, ordinary shares within the United States, or by a United States payor or United States middleman, to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. Any amounts withheld under the backup withholding rules will be allowed as a credit against the beneficial owner’s U.S. federal income tax liability, if any, and any excess amounts withheld under the backup withholding rules may be refunded, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your tax advisor concerning the tax consequences of your particular situation.

UNDERWRITING

Barclays Capital Inc. and Jefferies LLC are acting as the representatives of the underwriters and the joint book-running managers of this offering. Under the terms of an underwriting agreement, which will be filed as an exhibit to the registration statement, each of the underwriters named below has severally agreed to purchase from us the respective number of ordinary shares shown opposite its name below:

Underwriters	Number of Shares
Barclays Capital Inc.	
Jefferies LLC	
Canaccord Genuity Inc.	
Total	

The underwriting agreement provides that the underwriters obligation to purchase ordinary shares depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the ordinary shares offered hereby (other than those ordinary shares covered by their option to purchase additional shares as described below), if any of the shares are purchased;
- the representations and warranties made by us to the underwriters are true;
- there is no material change in our business or the financial markets; and
- we deliver customary closing documents to the underwriters.

The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us for the shares.

	No Exercise	Full Exercise
Per share	\$	\$
Total	\$	\$

The representatives have advised us that the underwriters propose to offer the ordinary shares directly to the public at the public offering price on the cover of this prospectus and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of \$ per share. After the offering, the representatives may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be \$ (excluding underwriting discounts and commissions). We have also agreed to reimburse the underwriters for certain of their expenses, in an amount of up to \$, incurred in connection with review by FINRA of the terms of this offering, as set forth in the underwriting agreement.

Option to Purchase Additional Shares

We have granted the underwriters an option exercisable for 30 days after the date of this prospectus to purchase, from time to time, in whole or in part, up to an aggregate of shares at the public offering price less underwriting discounts and commissions. This option may be exercised to the extent the underwriters

[Table of Contents](#)

sell more than _____ shares in connection with this offering. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's percentage underwriting commitment in the offering as indicated in the table at the beginning of this Underwriting Section.

Lock-Up Agreements

We, all of our directors and executive officers and holders of substantially all of our outstanding shares and options to purchase ordinary shares have agreed that, for a period of 180 days after the date of this prospectus, we and they will not directly or indirectly, without the prior written consent of each of Barclays Capital Inc. and Jefferies LLC, (1) offer for sale, sell, pledge, or otherwise dispose (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) of any ordinary shares (including, without limitation, ordinary shares that may be deemed to be beneficially owned by the us or them in accordance with the rules and regulations of the SEC and ordinary shares that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for ordinary shares (other than the ordinary shares being sold in this offering and shares issued pursuant to employee benefit plans, qualified share option plans, or other employee compensation plans existing on the date of this prospectus), or sell or grant options, rights or warrants with respect to any ordinary shares or securities convertible into or exchangeable for ordinary shares, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of ordinary shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ordinary shares or other securities, in cash or otherwise, (3) make any demand for or exercise any right or file or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any ordinary shares or securities convertible, exercisable or exchangeable into ordinary shares or any of our other securities, or (4) publicly disclose the intention to do any of the foregoing.

Barclays Capital Inc. and Jefferies LLC, in their sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release ordinary shares and other securities from lock-up agreements, Barclays Capital Inc. and Jefferies LLC will consider, among other factors, the holder's reasons for requesting the release, the number of ordinary shares and other securities for which the release is being requested and market conditions at the time. At least three business days before the effectiveness of any release or waiver of any of the restrictions described above with respect to an officer or director of the Company, Barclays Capital Inc. and Jefferies LLC will notify us of the impending release or waiver and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver, except where the release or waiver is effected solely to permit a transfer of ordinary shares that is not for consideration and where the transferee has agreed in writing to be bound by the same terms as the lock-up agreements described above to the extent and for the duration that such terms remain in effect at the time of transfer.

Offering Price Determination

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price will be negotiated between the representatives and us. In determining the initial public offering price of our ordinary shares, the representatives will consider:

- the history and prospects for the industry in which we compete;
- our financial information;
- the ability of our management and our business potential and earning prospects;
- the prevailing securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded shares of generally comparable companies.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

The underwriters may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the ordinary shares, in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares, purchasing shares in the open market, or both. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Syndicate covering transactions involve purchases of the ordinary shares in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the ordinary shares originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our ordinary shares or preventing or retarding a decline in the market price of the ordinary shares. As a result, the price of the ordinary shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The Nasdaq Global Market or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ordinary shares. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on Internet sites or through other online services maintained by one or more of the underwriters or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

[Table of Contents](#)

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Listing on the Nasdaq Global Market

We have applied to have our ordinary shares listed on the Nasdaq Global Market under the symbol "RWLK."

Stamp Taxes

If you purchase ordinary shares offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Other Relationships

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for the issuer and its affiliates, for which they received or may in the future receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt, equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments of the issuer or its affiliates. The underwriters and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Selling Restrictions

This prospectus does not constitute an offer to sell to, or a solicitation of an offer to buy from, anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorized, (ii) in which any person making such offer or solicitation is not qualified to do so or (iii) in which any such offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offer of the shares of ordinary shares or possession or distribution of this prospectus or any other offering or publicity material relating to the ordinary shares in any country or jurisdiction (other than the U.S.) where any such action for that purpose is required. Accordingly, each underwriter has undertaken that it will not, directly or indirectly, offer or sell any ordinary shares or have in its possession, distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of ordinary shares by it will be made on the same terms.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any ordinary shares which are the subject of the offering contemplated herein may not be made in that Relevant Member State, except that an offer to the

[Table of Contents](#)

public in that Relevant Member State of any ordinary shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined under the Prospectus Directive;
- by the underwriters to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ordinary shares result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any ordinary shares under, the offers contemplated here in this prospectus will be deemed to have represented, warranted and agreed to and with each underwriter and us that:

- it is a qualified investor as defined under the Prospectus Directive; and
- in the case of any ordinary shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the ordinary shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in the circumstances in which the prior consent of the representatives of the underwriters has been given to the offer or resale or (ii) where ordinary shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of such ordinary shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation and the provision above, the expression an “offer of ordinary shares to the public” in relation to any ordinary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ordinary shares to be offered so as to enable an investor to decide to purchase or subscribe for the ordinary shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000, or the FSMA, as received in connection with the issue or sale of the ordinary shares in circumstances in which Section 21(1) of the FSMA does not apply to us. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the ordinary shares in, from or otherwise involving the United Kingdom.

Notice to Residents of Canada

The ordinary shares may be sold only to purchasers purchasing as principal that are both “accredited investors” as defined in National Instrument 45-106 Prospectus and Registration Exemptions and “permitted clients” as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ordinary shares must be made in accordance with an exemption from the prospectus requirements and in compliance with the registration requirements of applicable securities laws.

Switzerland

This document, as well as any other material relating to the shares which are the subject of the offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by the issuer from time to time. This document, as well as any other material relating to the shares, is personal and confidential and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

[Table of Contents](#)

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and any offer of the ordinary shares is directed only at investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum.

EXPENSES RELATED TO THE OFFERING

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the offer and sale of ordinary shares in this offering. All amounts listed below are estimates except the SEC registration fee, Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq Global Market listing fee.

<u>Itemized expense</u>	<u>Amount</u>
SEC registration fee	\$
FINRA filing fee	
Nasdaq Global Market listing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Transfer agent and registrar fees	
Miscellaneous	
Total	\$

LEGAL MATTERS

The validity of the ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Goldfarb Seligman & Co., Tel Aviv, Israel. Certain legal matters in connection with this offering relating to U.S. federal and New York State law will be passed upon for us by White & Case LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Meitar Liguornik Geva Leshem Tal, Ramat Gan, Israel with respect to Israeli law, and by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York with respect to U.S. law.

EXPERTS

The consolidated financial statements as of December 31, 2012 and 2013 and for each of the two years in the period ended December 31, 2013 included in this Prospectus and Registration Statement have been audited by Kost, Forer, Gabbay and Kasierer, a member of Ernst & Young Global Limited, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in auditing and accounting. The report contains an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern as described in Note 1(e) to the financial statements. The offices of Kost, Forer, Gabbay and Kasierer are located at 3 Aminadav St., Tel Aviv, 6706703 Israel.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and any Israeli experts named in this registration statement, most of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because a majority of our assets and most of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or certain of our directors and officers may be difficult to collect within the United States.

We have been informed by our legal counsel in Israel, Goldfarb Seligman & Co., Tel Aviv, that it may be difficult to assert U.S. securities laws claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that

[Table of Contents](#)

Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact which can be a time-consuming and costly process. Matters of procedure will also be governed by Israeli law.

We have irrevocably appointed our subsidiary, ReWalk Robotics, Inc., as our agent to receive service of process in any action against us in any United States federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. Subject to specified time limitations and legal procedures, Israeli courts may enforce a non-appealable foreign judgment in a civil matter, provided that, among other things:

- the judgment is obtained after due process before a court of competent jurisdiction, according to the laws of the foreign state in which the judgment is given and the rules of private international law currently prevailing in Israel;
- the prevailing law of the foreign state in which the judgment is rendered allows for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and to present his or her evidence;
- the judgment is not contrary to the public policy of Israel, and the enforcement of the civil liabilities set forth in the judgment is not likely to impair the security or sovereignty of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties;
- an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the foreign court; and
- the judgment is enforceable according to the laws of Israel and according to the law of the foreign state in which the relief was granted.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. Traditionally, in an action before an Israeli court to recover an amount in a non-Israeli currency, the Israeli court issues a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus a per annum statutory rate of interest set on a quarterly basis by Israeli regulations. Judgment creditors must bear the risk of unfavorable exchange rates. The trend in recent years has increasingly been for Israeli courts to enforce a foreign judgment in the foreign currency specified in the judgment, in which case there are also applicable rules regarding the payment of interest.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the Securities and Exchange Commission allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material aspects of the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the Securities and Exchange Commission without charge at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. The Securities and Exchange Commission also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the Commission. Our filings with the Securities and Exchange Commission are also available to the public through the Commission's website at <http://www.sec.gov>.

We are not currently subject to the informational requirements of the Exchange Act. Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements will file reports with the Securities and Exchange Commission. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the Securities and Exchange Commission as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the Securities and Exchange Commission, within four months after the end of each fiscal year, or such applicable time as required by the Commission, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the Commission, on Form 6-K, unaudited quarterly financial information for the first three quarters of each fiscal year within 60 days after the end of each such quarter, or such applicable time as required by the Commission.

REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2013

U.S. DOLLARS IN THOUSANDS

INDEX

	<u>Page</u>
Report of Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-5
Statements of Changes in Shareholders' Equity (Deficiency)	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Consolidated Financial Statements	F-8



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)

We have audited the accompanying consolidated balance sheets of ReWalk Robotics Ltd. (formerly Argo Medical Technologies Ltd.) (the “Company”) and its subsidiaries as of December 31, 2013, and the related consolidated statements of operations, changes in shareholders’ equity (deficiency) and cash flows for the years then ended, and the related notes to the consolidated financial statement. These financial statements are the responsibility of Company’s board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2012 and 2013, and the related consolidated results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1e, the Company has incurred losses in the amount of \$ 12,177,000 during the year ended December 31, 2013, and has an accumulated deficit of \$ 26,906,000 as of December 31, 2013. Its ability to continue to operate is dependent upon obtaining additional financial support. These conditions, among other matters described in Note 1e, raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Tel-Aviv, Israel
May 16 , 2014
Except for Note 14 to which
the date is July 10, 2014

/s/ KOST FORER GABBAY & KASIERER
KOST FORER GABBAY & KASIERER
A member of Ernst & Young Global

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	<u>December 31,</u>		<u>March 31,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>
			Unaudited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 769	\$ 8,860	\$ 5,158
Marketable securities	—	—	143
Trade receivable	234	304	131
Prepaid expenses and other current assets	180	469	1,124
Inventories	560	973	1,228
Total current assets	<u>1,743</u>	<u>10,606</u>	<u>7,784</u>
LONG-TERM ASSETS			
Lease deposits	61	54	62
Property and equipment, net	261	356	382
Severance pay fund	29	43	43
Total long-term assets	<u>351</u>	<u>453</u>	<u>487</u>
Total assets	<u>\$2,094</u>	<u>\$11,059</u>	<u>\$ 8,271</u>

The accompanying notes are an integral part of the consolidated financial statements.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands (except share and per share data)

	December 31		March 31, 2014	Pro Forma liabilities and shareholders equity at March 31, 2014
	2012	2013		
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
CURRENT LIABILITIES:				
Convertible loans	\$ 682	\$ —	\$ —	\$ —
Trade payables	935	945	988	
Employees and payroll accruals	295	564	633	
Deferred revenues and customers advances	—	198	197	
Other liabilities	194	196	204	
Total current liabilities	2,106	1,903	2,022	
LONG-TERM LIABILITIES				
Warrants to purchase convertible preferred shares	2,168	3,341	5,333	—
Deferred revenues	49	123	122	
Accrued severance pay	35	61	60	
Total long-term liabilities	2,252	3,525	5,515	182
Total liabilities	4,358	5,428	7,537	2,204
COMMITMENTS AND CONTINGENT LIABILITIES				
Shareholders' equity (deficiency):				
Convertible preferred share				
Preferred A, B, C and D share of NIS 0.01 par value—Authorized: 351,000, 532,677 and 532,677 shares at December 31, 2012, 2013 and March 31, 2014 (unaudited), respectively; Issued and outstanding: 161,718, 327,403 and 327,403 shares at December 31, 2012, 2013 and March 31, 2014 (unaudited), respectively; Aggregate liquidation preference of \$16,050, \$35,852 and \$36,539 at December 31, 2012, 2013 and March 31, 2014 (unaudited), respectively; pro forma (unaudited): no shares, issued and outstanding				
	*)	*)	*)	*)
Share capital				
Ordinary share of NIS 0.01 par value—Authorized: 9,649,000 , 9,467,392 and 9,467,392 shares at December 31, 2012, 2013 and March 31, 2014 (unaudited), respectively; Issued and outstanding: 10,316, 10,316 and 10,432 shares at December 31, 2012, 2013 and March 31, 2014 (unaudited); pro forma (unaudited): 363,403 shares issued and outstanding				
	*)	*)	*)	*)
Additional paid-in capital	12,465	32,537	32,691	40,739
Accumulated deficit	(14,729)	(26,906)	(31,957)	(31,957)
Total shareholders' equity (deficiency)	(2,264)	5,631	734	8,782
Total liabilities and shareholders' equity (deficiency)	\$ 2,094	\$ 11,059	\$ 8,271	\$ 10,986

*) Represents an amount lower than \$1

The accompanying notes are an integral part of the consolidated financial statements.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF OPERATIONS
U.S. dollars in thousands (except share and per share data)

	Year ended December 31		Three months ended March 31,	
	2012	2013	2013	2014
			Unaudited	
Revenues	\$ 972	\$ 1,588	\$ 550	\$ 445
Cost of revenues	983	2,017	587	643
Gross loss	(11)	(429)	(37)	(198)
Operating expenses:				
Research and development	1,757	2,463	396	1,082
Sales and marketing, net	2,334	4,091	898	1,215
General and administrative	1,657	1,762	407	540
Total operating expenses	5,748	8,316	1,701	2,837
Operating loss	5,759	8,745	1,738	3,035
Financial expenses, net	878	3,410	547	2,005
Loss before income taxes	6,637	12,155	2,285	5,040
Income taxes	21	22	8	11
Net loss	<u>\$ 6,658</u>	<u>\$ 12,177</u>	<u>\$ 2,293</u>	<u>\$ 5,051</u>
Net loss per share of ordinary share, basic and diluted	<u>\$(742.75)</u>	<u>\$(1,341.58)</u>	<u>\$(252.08)</u>	<u>\$(552.34)</u>
Weighted average number of shares used in computing net loss per share of ordinary share, basic and diluted	<u>10,316</u>	<u>10,316</u>	<u>10,316</u>	<u>10,388</u>
Pro forma net loss per share of ordinary share, basic and diluted (unaudited)				<u>\$ (8.42)</u>
Pro forma weighted average number of shares used in computing net loss per share of ordinary share, basic and diluted (unaudited)				<u>363,359</u>

The accompanying notes are an integral part of the consolidated financial statements.

REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.) AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

U.S. dollars in thousands (except share data)

	Convertible Preferred Shares		Ordinary Share		Additional paid-in capital	Accumulated deficit	Total shareholders' equity (deficiency)
	Number	Amount	Number	Amount			
Balance as of January 1, 2012	103,872	\$ *)	10,316	\$ *)	\$ 7,242	\$ (8,071)	\$ (829)
Conversion of convertible loans into Series C convertible preferred share	9,612	*)	—	—	1,017	—	1,017
Issuance of Series C convertible preferred share, net of issuance expense in an amount of \$3	48,234	*)	—	—	4,093	—	4,093
Share-based compensation to employees and non employees	—	—	—	—	113	—	113
Net loss	—	—	—	—	—	(6,658)	(6,658)
Balance as of December 31, 2012	161,718	*)	10,316	*)	12,465	(14,729)	(2,264)
Conversion of convertible loans into Series D convertible preferred share	81,677	*)	—	—	9,896	—	9,896
Issuance of Series D convertible preferred share, net of issuance expense in an amount of \$204	84,008	*)	—	—	9,961	—	9,961
Share-based compensation to employees and non employees	—	—	—	—	215	—	215
Net loss	—	—	—	—	—	(12,177)	(12,177)
Balance as of December 31, 2013	327,403	*)	10,316	*)	32,537	(26,906)	5,631
Share-based compensation to employees and non employees	—	—	—	—	152	—	152
Issuance of ordinary share upon exercise of stock options by employees	—	—	116	*)	2	—	2
Net loss	—	—	—	—	—	(5,051)	(5,051)
Balance as of March 31, 2014 (unaudited)	327,403	*)	10,432	*)	32,691	(31,957)	734

*) Represents an amount lower than \$1.

The accompanying notes are an integral part of the consolidated financial statements.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands**

	Year ended December 31		Three months ended March 31,	
	2012	2013	2013	2014
	Unaudited			
Cash flows from operating activities:				
Net loss	\$(6,658)	\$(12,177)	\$(2,293)	\$(5,051)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	61	92	18	24
Share-based compensation	113	215	48	152
Deferred taxes	(42)	16	3	8
Financial expenses related to convertible loans	6	2,166	281	—
Revaluation of fair value of warrants to purchase convertible preferred share	832	1,111	198	1,992
Changes in assets and liabilities:				
Trade receivables	(234)	(70)	57	173
Prepaid expenses and other current assets	62	(305)	(119)	(663)
Inventories	(265)	(413)	(47)	(255)
Trade payables	440	10	527	43
Employees and payroll accruals	138	269	(76)	69
Deferred revenues and advances from customers	(21)	272	102	(2)
Other liabilities	181	2	(130)	8
Severance pay, net	—	12	—	(1)
Net cash used in operating activities	<u>(5,387)</u>	<u>(8,800)</u>	<u>(1,431)</u>	<u>(3,503)</u>
Cash flows from investing activities:				
Change in long-term deposits	(38)	7	18	(8)
Purchase of marketable securities	—	—	—	(143)
Purchase of property and equipment	(148)	(187)	(33)	(50)
Net cash used in investing activities	<u>(186)</u>	<u>(180)</u>	<u>(15)</u>	<u>(201)</u>
Cash flows from financing activities:				
Issuance of convertible loans	682	7,048	818	—
Issuance of Series C convertible preferred share, including warrants, net	5,101	—	—	—
Issuance of ordinary share upon exercise of stock options by employees	—	—	—	2
Issuance of Series D convertible preferred share, net	—	10,023	—	—
Net cash provided by financing activities	<u>5,783</u>	<u>17,071</u>	<u>818</u>	<u>2</u>
Increase (decrease) in cash and cash equivalents	210	8,091	(628)	(3,702)
Cash and cash equivalents at beginning of period	559	769	769	8,860
Cash and cash equivalents at end of period	<u>\$ 769</u>	<u>\$ 8,860</u>	<u>\$ 141</u>	<u>\$ 5,158</u>
Supplemental disclosures of non-cash flow information				
Conversion of convertible loan into Series C convertible preferred share	<u>\$ 1,017</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Conversion of convertible loan into Series D convertible preferred share	<u>\$ —</u>	<u>\$ 9,896</u>	<u>\$ —</u>	<u>\$ —</u>
Warrants to purchase Series D convertible preferred share	<u>\$ —</u>	<u>\$ 62</u>	<u>\$ —</u>	<u>\$ —</u>
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	<u>\$ —</u>	<u>\$ 123</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of the consolidated financial statements.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 1:- GENERAL

a. ReWalk Robotics Ltd. (“RRL” and together with its subsidiaries, collectively, the “Company”) was incorporated under the laws of the State of Israel on June 20, 2001 and commenced operations on the same date.

b. RRL has two wholly-owned subsidiaries: (i) ReWalk Robotics, Inc. (“RRI”) incorporated under the laws of U.S. on February 15, 2012 and (ii) Argo Medical Technologies GmbH (“AMG”) incorporated under the laws of Germany on January 14, 2013.

c. The Company has developed and commercializes the ReWalk system, an innovative exoskeleton that enables wheelchair-bound persons to walk once again. The ReWalk system consists of a light wearable brace support suit which integrates motors at the joints, rechargeable batteries, an array of sensors and a computer-based control system that fits over the clothes of the users. There are currently two products: ReWalk Personal and ReWalk Rehabilitation. ReWalk Personal is designed for everyday use by individuals at home and in their communities, and is custom-fit for each user. ReWalk Rehabilitation is designed for the clinical rehabilitation environment and provides a valuable means of exercise and therapy for individuals with lower limb disabilities. It also enables individuals to evaluate their capacity for using a ReWalk Personal system for home use in the future.

d. The Company markets and sells its products directly to institutions and individuals and through third-party distributors. The Company sells its products directly primarily in Germany and the United States and primarily through distributors in other markets. In direct markets, the Company has established relationships with rehabilitation centers and the spinal cord injury community, and in its indirect markets, the Company’s distributors maintain these relationships. Sales of ReWalk Personal are generated primarily from the patient base at the Company’s rehabilitation centers, referrals through the spinal cord injury community and direct inquiries from potential users. RRI markets and sells products mainly in the United States and Canada. AMG sell the Company’s products mainly in Germany and Europe, respectively.

e. The Company has incurred losses in the amount of \$12,177 during the year ended December 31, 2013. The Company has an accumulated deficit in the total amount of \$26,906 as of December 31, 2013 and as of that date the accumulated negative cash flow from operating activity is in the amount of \$8,800. These conditions raise substantial doubts about the Company’s ability to continue as a going concern. The Company’s ability to continue to operate is dependent upon raising additional funds to finance its activities. According to the management’s estimates, based on the Company’s budget, if the Company is not successful in obtaining additional capital resources to maintain its operational activities, there is substantial doubt that the Company will be able to continue its activity after September 30, 2014. The Company is in a process of raising funds in coming months, prior to the initial public offering (“IPO”). The Company plans to have its securities listed on the NASDAQ Global Market in the third quarter of 2014, for the purpose of raising capital to finance its operations. There can be no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development and commercialization of its products. The financial statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue as a going concern.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared according to United States generally accepted accounting principles (“U.S. GAAP”), applied on a consistent basis, as follows:

a. Use of Estimates:

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions. The Company’s management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Company’s management evaluates estimates, including those related to inventories, fair values of preferred share warrants, fair values of share-based awards and contingent liabilities. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

b. Financial Statements in U.S. Dollars:

Most of the revenues and costs of the Company are denominated in United States dollars (“dollars”). Some of the Company’s and its subsidiaries’ revenues and costs are incurred in Euros and New Israeli Shekels (“NIS”); however, the selling prices are linked to the Company’s price list which is determined in dollars, the budget is managed in dollars and the Company’s management believes that the dollar is the primary currency of the economic environment in which the Company and each of its subsidiaries operate. Thus, the dollar is the Company’s and its subsidiaries’ functional and reporting currency.

Accordingly, transactions denominated in currencies other than the functional currency are re-measured to the functional currency in accordance with Accounting Standards Codification (“ASC”) No. 830, “Foreign Currency Matters” at the exchange rate at the date of the transaction or the average exchange rate in the quarter. At the end of each reporting period, financial assets and liabilities are re-measured to the functional currency using exchange rates in effect at the balance sheet date. Non-financial assets and liabilities are re-measured at historical exchange rates. Gains and losses related to re-measurement are recorded as financial income (expense) in the consolidated statements of operations as appropriate.

c. Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, RRI and AMG. All intercompany transactions and balances have been eliminated upon consolidation.

d. Pro Forma Consolidated Balance Sheet (unaudited)

Immediately prior to the closing of a qualified initial public offering, all of the outstanding convertible preferred shares will automatically convert into ordinary shares. The March 31, 2014 pro forma consolidated balance sheet has been prepared assuming the automatic conversion of all outstanding convertible preferred shares into 327,403 ordinary shares and the exercise of all warrants, which are exercisable through the initial public offering, for 25,568 ordinary shares (see Note 10).

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Pro Forma Net Loss Per Share of Ordinary Share (unaudited)

The unaudited pro forma basic net loss per share and diluted net loss per share for the three month period ended March 31, 2014, assumes the conversion of the outstanding convertible preferred shares into ordinary shares and the exercise of outstanding warrants for ordinary shares (see Note 10) as of the latest of the beginning of the period or the issuance date. The net loss of \$(5,051) was adjusted to \$(3,059) in order to eliminate the revaluation of the warrants liability.

f. Cash Equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less, at the date acquired.

g. Inventories:

Inventories are stated at the lower of cost or market value. Inventory reserves are provided to cover risks arising from slow-moving items or technological obsolescence. The Company and its subsidiaries periodically evaluate the quantities on hand relative to historical, current and projected sales volume. Based on this evaluation, an impairment charge is recorded when required to write-down inventory to its market value.

Cost is determined as follows:

Raw materials, auxiliary materials and spare parts- on the basis of raw materials cost on “first in, first out” basis.

Finished products- on the basis of raw materials and manufacturing costs on an average basis.

The Company regularly evaluates the ability to realize the value of inventory based on a combination of factors, including the following: historical usage rates and forecasted sales according to outstanding backlogs. Purchasing requirements and alternative usage are explored within these processes to mitigate inventory exposure. When recorded, the reserves are intended to reduce the carrying value of inventory to its net realizable value. In the year ended December 31, 2012 and 2013, the Company wrote off inventory in the amount of \$91 and \$88, respectively. In the three months period ended March 31, 2014 (unaudited), the Company did not written off inventory. If actual demand for the Company’s products deteriorates, or market conditions are less favorable than those projected, additional inventory reserves may be required.

h. Related party:

The Company has a substantial shareholder named Yaskawa Electric Corporation (“YEC”).

In September 2013 the Company entered into a share purchase agreement (see Note 9c) and a strategic alliance with YEC, pursuant to which YEC has agreed to distribute the Company’s products, in addition to providing sales, marketing, service and training functions, in Japan, China (including Hong-Kong and Macau), Taiwan, South Korea, Singapore and Thailand.

As of December 31, 2013 a related party receivable in the amount of \$88 was included in trade receivable, and reflected all revenues from YEC in the year ended December 31, 2013. As of March 31, 2014 (unaudited), there was no outstanding related party receivable.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Property and Equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computer equipment	33
Office furniture and equipment	6 – 10 (mainly 10)
Machinery and laboratory equipment	15
Leasehold improvements	Over the shorter of the lease term or estimated useful life

j. Impairment of Long-Lived Assets:

The Company's long-lived assets are reviewed for impairment in accordance with ASC No. 360, "Property, Plant and Equipment" whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability of assets (or asset group) to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2014 (unaudited), no impairment losses have been recorded.

k. Long-Term Lease Deposits:

Long-term lease deposits include long-term deposits for cars leasing.

l. Revenue Recognition:

The Company and its subsidiaries generate revenues from sales of products. The Company and its subsidiaries sell their products through a direct sales force and through distributors.

Revenues are recognized in accordance with ASC No. 605, "Revenue Recognition" ("ASC 605"), when delivery has occurred, persuasive evidence of an agreement exists, the fee is fixed and determinable, collectability is reasonably assured and no further obligations exist. Provisions are made at the time of revenue recognition for any applicable warranty cost expected to be incurred.

The timing for revenue recognition amongst the various products and customers is dependent upon satisfaction of such criteria and generally varies from shipment to delivery to the customer depending on the specific shipping terms of a given transaction, as stipulated in the agreement with each customer.

Other than pricing terms which may differ due to the different volumes of purchases between distributors and end-users, there are no material differences in the terms and arrangements involving direct and indirect customers.

The Company's products sold through agreements with distributors are non-exchangeable, non-refundable, non-returnable and without any rights of price protection or share rotation. Accordingly, the Company considers all the distributors to be end-users.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company does not grant a right of return for its products.

In respect of sale of systems with training, the Company considers the elements in the arrangement to be a single unit of accounting. In accordance with ASC 605, the Company has concluded that the training is essential to the functionality of the Company's systems. Therefore the Company recognizes revenue for the system and training only after delivery in accordance with the agreement delivery terms to the customer and after the training has been completed, once all other revenue recognition criteria have been met.

In certain cases, when product arrangements are bundled with extended warranty, the separation of the extended warranty falls under the scope of ASC 605-20-25-1 through 25-6, and the separately price of the extended warranty stated in the agreement is deferred and recognized ratably over the extended warranty period.

Deferred revenue includes primarily unearned amounts received in respect of service contracts but not yet recognized as revenues.

m. Accounting for Share-Based Compensation:

The Company accounts for share-based compensation in accordance with ASC No. 718, "Compensation-Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an Option-Pricing Model ("OPM"). The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations.

The Company recognizes compensation expenses for the value of its awards granted based on the straight-line method over the requisite service period of each of the awards, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on actual historical pre-vesting forfeitures.

The Company selected the Black-Scholes-Merton option pricing model as the most appropriate fair value method for its share-option awards. The option-pricing model requires a number of assumptions, of which the most significant are the fair market value of the underlying ordinary share, expected share price volatility and the expected option term. Expected volatility was calculated based upon certain peer companies that the Company considered to be comparable. The expected option term represents the period of time that options granted are expected to be outstanding. The expected option term is determined based on the simplified method in accordance with Staff Accounting Bulletin No. 110, as adequate historical experience is not available to provide a reasonable estimate. The simplified method will continue to apply until enough historical experience is available to provide a reasonable estimate of the expected term. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

The fair value of the ordinary shares underlying the share options has historically been determined by the Company's board of directors. Because there has been no public market for the Company's ordinary share, the board of directors has determined fair value of the ordinary share at the time of grant of the option by considering a number of objective and subjective factors including data from other comparable companies, sales of ordinary shares and convertible preferred share to unrelated third parties, operating and financial performance, the lack of liquidity of capital share and general and industry specific economic outlook, amongst other factors. The fair value of the underlying ordinary share will be determined by the board of directors until such time as the Company's ordinary share is listed on an established stock exchange or national market system.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Since the distributions and participation rights to security holders are different in a sale/liquidation scenario versus an IPO, the valuation of the Company was performed using a weighted average of the values derived from the following scenarios 1) discounted cash flow (DCF) model. The OPM method was then employed to allocate the enterprise value amongst the Company's various equity classes, deriving a fully marketable value per share for the ordinary share; 2) IPO scenario and 3) Implied value approach. Before the per share value was determined, a discount for lack of marketability and a voting right differential was applied, as applicable, to the ordinary share and the founders share.

The fair value for options granted in 2012 and 2013 is estimated at the date of grant using a Black-Scholes-Merton option pricing model with the following assumptions:

	December 31	
	2012	2013
Expected volatility	85%	70%-75%
Risk-free rate	0.92%-1.04%	0.95%-2.08%
Dividend yield	0%	0%
Expected term (in years)	6.02-6.08	6.02-6.08
Share price	\$44.69-\$49.81	\$65.14-\$104.52

There was no options grant during the three month period ended March 31, 2014 (unaudited).

The Company accounts for options granted to consultants and other service providers under ASC 718 and ASC No. 505, "Equity-based payments to non-employees." The fair value of these options was estimated using a Black-Scholes option-pricing model. In 2012 and 2013 the non-cash compensation expenses related to consultants and other service providers were immaterial.

The non-cash compensation expenses related to employees for the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2014 (unaudited), amounted to \$113, \$215 and \$152, respectively.

n. Research and Development Costs:

Research and development costs are charged to the consolidated statement of operations as incurred.

o. Income Taxes:

The Company accounts for income taxes in accordance with ASC No. 740, "Income Taxes" ("ASC 740"), using the liability method whereby deferred tax assets and liability account balances are determined based on the differences between financial reporting and the tax basis for assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to the amounts that are more likely-than-not to be realized.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company accrues interest and penalties related to unrecognized tax benefits in its taxes on income.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Warrants to Purchase Convertible Preferred Share:

The Company accounts for freestanding warrants to purchase shares of its convertible preferred share as a liability on the balance sheets at fair value. The warrants to purchase convertible preferred share are recorded as a liability because the underlying shares of convertible preferred share are contingently redeemable (upon a deemed liquidation event) and, therefore, may obligate the Company to transfer assets at some point in the future. The warrants are subject to re-measurement to fair value at each balance sheet date and any change in fair value is recognized as a component of financial income (expense), net, on the statements of operations. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrants, the completion of a deemed liquidation event or the conversion of convertible preferred share into ordinary share (See Note 10).

q. Warranty:

The Company provides a two-year standard warranty for its products. The Company records a provision for the estimated cost to repair or replace products under warranty at the time of sale. Factors that affect the Company's warranty reserve include the number of units sold, historical and anticipated rates of warranty repairs and the cost per repair.

The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

As of December 31, 2012 and 2013 and March 31, 2014 (unaudited), the provision for warranty amounted to \$131, \$170 and \$206, respectively, and was presented under other liabilities.

r. Concentrations of Credit Risks:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and trade receivables.

The Company's cash and cash equivalents are invested in major banks in Israel, the United States and Germany. Such deposits in the United States may be in excess of insured limits and are not insured in other jurisdictions. The Company maintains cash and cash equivalents with diverse financial institutions and monitors the amount of credit exposure to each financial institution.

The Company's trade receivables are geographically diversified and derived primarily from sales to customers in various countries, mainly in the United States and Europe. Concentration of credit risk with respect to trade receivables is limited by credit limits, ongoing credit evaluation and account monitoring procedures. The Company performs ongoing credit evaluations of its distributors based upon a specific review of all significant outstanding invoices. The Company writes off receivables when they are deemed uncollectible and having exhausted all collection efforts. As of December 31, 2012 and 2013 and March 31, 2014 (unaudited), the Company did not record any allowance for doubtful accounts.

s. Accrued Severance Pay:

Pursuant to Israel's Severance Pay Law, Israeli employees are entitled to severance pay equal to one month's salary for each year of employment, or a portion thereof. All of the employees of the RRL (except for

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

one employee as mentioned below) elected to be included under section 14 of the Severance Pay Law, 1963 ("section 14"). According to this section, these employees are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 release the Company from any future severance payments (under the above Israeli Severance Pay Law) in respect of those employees; therefore, related assets and liabilities are not presented in the balance sheet.

One employee of RRL has not elected to be included under section 14. As such, RRL has a liability for severance pay pursuant to Israeli law, based on the most recent monthly salary of the employee multiplied by the number of years of employment as of the balance sheet date. RRL liability is provided for by monthly accrual and deposits with severance pay funds and insurance policies.

The deposited funds include profits accumulated up to the balance sheet date. The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to Israel's Severance Pay Law or labor agreements.

Total Company expenses related to severance pay amounted to \$89, \$126 and \$39 for the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2014 (unaudited), respectively.

t. Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

A three tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivable and trade payables approximate their fair value due to the short-term maturity of such instruments.

u. Basic and Diluted Net Loss Per Share:

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of ordinary shares outstanding during the period.

Diluted net loss per share is computed by giving effect to all potential shares of ordinary shares, including stock options, convertible preferred share warrants, to the extent dilutive, all in accordance with ASC No. 260, "Earning Per Share".

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The following table sets forth the computation of the Company's basic and diluted net loss per share of Ordinary share:

	Year ended December 31		Three months ended March 31,	
	2012	2013	2013	2014
			Unaudited	
Net loss	\$ (6,658)	\$ (12,177)	\$ (2,293)	\$ (5,051)
Convertible Preferred Shares dividend	(1,004)	(1,663)	(307)	(687)
Net loss attributable to Ordinary shares	(7,662)	(13,840)	(2,600)	(5,738)
Shares used in computing net loss per share of Ordinary shares, basic and diluted	10,316	10,316	10,316	10,388
Net loss per share of Ordinary share, basic and diluted	<u>\$(742.75)</u>	<u>\$(1,341.58)</u>	<u>\$(252.08)</u>	<u>\$(552.34)</u>

Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential shares of ordinary shares outstanding would have been anti-dilutive.

v. Contingent liabilities

The Company accounts for its contingent liabilities in accordance with ASC No. 450, "Contingencies". A provision is recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

With respect to legal matters, provisions are reviewed and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. As of December 31, 2012 and 2013, the Company is not a party to any litigation that could have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

w. Government grants

Government grants received by the Company relating to categories of operating expenditures are credited to the consolidated statements of income during the period in which the expenditure to which they relate is charged. Royalty and non-royalty-bearing grants from the Israeli Office of the Chief Scientist ("OCS"), from the Israel-U.S. Binational Industrial Research and Development Foundation ("BIRD") and from the Israeli Fund for Promoting Overseas Marketing for funding certain approved research and development projects and sales and marketing activities are recognized at the time when the Company is entitled to such grants, on the basis of the related costs incurred, and are included as a deduction from research and development or sales and marketing expenses (see Note 7b).

The Company recorded non-royalty-bearing grants in the amount of \$45 and \$101 for the years ended December 31, 2012 and 2013, respectively, as part of the sales and marketing expenses.

The Company recorded royalty expenses in the amount of \$40, \$136 and \$28 for the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2014 (unaudited), respectively, as part of the cost of revenues.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 3:- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	<u>December 31,</u>		<u>March 31,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>
			<u>Unaudited</u>
Government institutions	\$ 90	\$269	\$ 421
Advances to suppliers	—	—	279
Prepaid expenses	3	63	51
Deposit	—	53	56
Deferred tax	42	26	18
Contract manufacturer	45	58	299
	<u>\$180</u>	<u>\$469</u>	<u>\$ 1,124</u>

NOTE 4:- INVENTORIES

	<u>December 31,</u>		<u>March 31,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>
			<u>Unaudited</u>
Raw materials	\$502	\$837	\$ 827
Finished products	58	136	401
	<u>\$560</u>	<u>\$973</u>	<u>\$ 1,228</u>

NOTE 5:- PROPERTY AND EQUIPMENT, NET

	<u>December 31,</u>		<u>March 31,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>
			<u>Unaudited</u>
Cost:			
Computer equipment	\$147	\$250	\$ 275
Office furniture and equipment	62	83	100
Machinery and laboratory equipment	170	220	195
Leasehold improvements	14	27	60
	<u>393</u>	<u>580</u>	<u>630</u>
Accumulated depreciation	<u>132</u>	<u>224</u>	<u>248</u>
Property and equipment, net	<u>\$261</u>	<u>\$356</u>	<u>\$ 382</u>

Depreciation expenses amounted to \$ 61, \$ 92, \$ 18 and \$ 24, for the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2013 and 2014 (unaudited), respectively.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 6:- SHORT TERM CONVERTIBLE LOANS

In October 2011, the Company entered into several convertible loans agreements with certain existing shareholders and unrelated parties in an aggregate principal amount of \$ 1 million with such loans bearing annual interest of 7%. Upon the second closing of the Series C Transaction, the above convertible loans were converted into 9,612 convertible preferred C shares on January 31, 2012 at a price per share of \$105.815. A total amount of \$1,017 of the above convertible loans was converted into series C convertible preferred share and was classified to additional paid-in capital in shareholders' equity (deficiency).

In December 2012, certain of the Company's existing shareholders signed an agreement to make several convertible loans in an aggregate principal amount of \$1.5 million with such loans bearing annual interest of 7%. The convertible loans were made during December 2012 and January 2013. Under the loan agreements, the convertible loan amount and accrued interest will be repaid by the Company to each lender (in proportion to its portion of the principal amount), on December 31, 2013, unless earlier there is a closing of an investment by any investor(s), the convertible loan amount shall be automatically converted into ordinary shares of the Company at a price per share equal to the price per share paid by the investors, reduced by a percentage equal to 0.167% multiplied by the number of days elapsed from the date of the disbursement of the principal amount by the applicable lender until the conversion date. In no event will the discount exceed 20%.

As of December 31, 2012, the fair value of the convertible loans amounted to \$682.

During the period between April and June 2013, a number of the Company's shareholders and a new investor made additional convertible loans (with the same terms and conditions as the above mentioned convertible loans) in an aggregate principal amount of \$6.23 million.

The Company recorded the convertible loans as a liability in accordance with ASC No. 480, "Distinguishing Liabilities from Equity" ("ASC 480") as the predominant scenario of the convertible loans embodies an obligation to issue variable number of shares that at inception represents a fixed monetary amount. The fair value is measured at each respective balance sheet date.

Upon the closing of the Series D Transaction, on September 24, 2013, all the above convertible loans were converted into 81,677 convertible preferred D shares at a price per share of \$96.8—\$103 (which reflects 14.9%-20% discount rate) in accordance with the series D convertible preferred share purchase agreement. The total amount of convertible loans converted (including accrued interest and revaluation financial expenses) was \$9,896, which was classified to additional paid-in capital in shareholders' equity (deficiency).

Financial expenses related to convertible loans amounted to \$6 and \$2,166 in the years ended December 31, 2012 and 2013, respectively.

NOTE 7:- COMMITMENTS AND CONTINGENT LIABILITIES

a. Lease Commitments:

The Company rents its facilities in all locations under operating leases with lease periods expiring in 2014-2015. RRL and AMG lease cars for its employees under operating lease agreements expiring at various dates in 2016.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 7:- COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

Aggregate minimum rental commitments under non-cancelable leases as of March 31, 2014 (unaudited) for the upcoming years were as follows:

2014	\$ 90
2015	50
	<u>\$140</u>

Total rent expenses for the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2013 and 2014 (unaudited) were \$116, \$156, \$37 and \$42, respectively.

RRL and AMG lease motor vehicles under cancelable operating lease agreements. RRL and AMG have an option to be released from this agreement, which may result in penalties in a maximum amount of approximately \$ 30 as of March 31, 2014 (unaudited).

b. Royalties:

The Company's research and development efforts are financed, in part, through funding from the OCS and BIRD. Since the Company's inception through March 31, 2014 (unaudited), the Company received funding from the OCS in the total amount of \$450 and from BIRD in the total amount of \$500. Out of the \$450 in funding from the OCS, a total amount of \$50 were royalty bearing grants, while a total amount of \$400 was received in consideration of 5,237 convertible preferred A shares. The Company is obligated to pay royalties to the OCS, amounting to 3%-3.5% of the sales of the products and other related revenues generated from such projects, up to 100% of the grants received. The royalty payment obligations also bear interest at the LIBOR rate. The obligation to pay these royalties is contingent on actual sales of the applicable products and in the absence of such sales, no payment is required. The Company is obligated to pay royalties to the BIRD amounting to 5% of the sales of the products and other related revenues generated from such projects, up to 150% of the grants received.

As of March 31, 2014 (unaudited), the aggregate contingent liability to the OCS and to the BIRD amounted to \$6 and \$763, respectively. The Israeli Research and Development Law provides that know-how developed under an approved research and development program may not be transferred to third parties without the approval of the OCS. Such approval is not required for the sale or export of any products resulting from such research or development. The OCS, under special circumstances, may approve the transfer of OCS-funded know-how outside Israel, in the following cases:

(a) the grant recipient pays to the OCS a portion of the sale price paid in consideration for such OCS-funded know-how or in consideration for the sale of the grant recipient itself, as the case may be, which portion will not exceed six times the amount of the grants received plus interest (or three times the amount of the grant received plus interest, in the event that the recipient of the know-how has committed to retain the R&D activities of the grant recipient in Israel after the transfer); (b) the grant recipient receives know-how from a third party in exchange for its OCS-funded know-how; (c) such transfer of OCS-funded know-how arises in connection with certain types of cooperation in research and development activities; or (d) if such transfer of know-how arises in connection with a liquidation by reason of insolvency or receivership of the grant recipient.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 8:- FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value on a recurring basis include warrants for convertible preferred share. The warrants are classified as a liability in accordance with ASC 480 (see Note 10). These warrants were classified as level 3 in the fair value hierarchy since some of the inputs used in the valuation were determined based on management's assumptions. The fair value of the warrants on the issuance date and on subsequent reporting dates was determined using OPM utilizing the assumptions noted below. The fair value of the underlying preferred share price was determined by the board of directors considering, among others, third party valuations. The valuation of the Company was performed using a DCF model. The OPM method was then employed to allocate the enterprise value among the Company's various equity classes, deriving a fully marketable value per share for the preferred share. The expected terms of the warrants were based on the remaining contractual expiration period. The expected share price volatility for the shares was determined by examining the historical volatilities of a group of the Company's industry peers as there is no trading history of the Company's shares. The risk-free interest rate was calculated using the average of the published interest rates for U.S. Treasury zero-coupon issues with maturities that approximate the expected term. The dividend yield assumption was zero as there is no history of dividend payments.

The following assumptions were used to estimate the value of the warrants to purchase series C convertible preferred share:

	<u>December 31,</u> <u>2012</u>	<u>2013</u>	<u>March 31,</u> <u>2014</u> Unaudited
Expected volatility	75%	70%	70%
Risk-free rate	0.3%	0.1%	0.1%
Dividend yield	0%	0%	0%
Expected term (in years)	2.25	1.25	1.00

The following assumptions were used to estimate the value of the warrants to purchase series D convertible preferred shares:

	<u>September 24,</u> <u>2013</u> (issuance date)	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2014</u> Unaudited
Expected volatility	70%	70%	70%
Risk-free rate	0.2%	0.1%	0.1%
Dividend yield	0%	0%	0%
Expected term (in years)	1.5	1.25	1.00

The change in the fair value of warrants to purchase convertible preferred shares liability is summarized below:

	<u>Balance at</u> <u>beginning</u> <u>of period</u>	<u>Issuance of</u> <u>warrants to</u> <u>purchase</u> <u>preferred</u> <u>share</u>	<u>Exercise of</u> <u>warrants to</u> <u>purchase</u> <u>preferred</u> <u>share</u>	<u>Change</u> <u>in</u> <u>fair</u> <u>value</u>	<u>Balance at</u> <u>end of</u> <u>period</u>
December 31, 2012	\$ 328	\$ 1,008	\$ —	\$ 832	\$ 2,168
December 31, 2013	\$ 2,168	\$ 62	\$ —	\$ 1,111	\$ 3,341
March 31, 2014 (unaudited)	\$ 3,341	\$ —	\$ —	\$ 1,992	\$ 5,333

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY)

a. Composition of convertible preferred share capital and ordinary shares capital:

	Authorized			Issued and outstanding			
	December 31,		March 31,	December 31,		March 31,	
	2012	2013	2014	2012	2013	2014	
			Unaudited			Unaudited	
			Number of shares				
Preferred shares of NIS 0.01 par value:							
Series A Preferred shares	11,000	11,000	11,000	10,677	10,677	10,677	
Series B Preferred shares	100,000	100,000	100,000	63,880	63,880	63,880	
Series C-1 Preferred shares	200,000	200,000	200,000	67,486	67,486	67,486	
Series C-2 Preferred shares	40,000	40,000	40,000	19,675	19,675	19,675	
Series D-1 Preferred shares	—	100,000	100,000	—	84,008	84,008	
Series D-2 Preferred shares	—	69,387	69,387	—	69,387	69,387	
Series D-3 Preferred shares	—	10,323	10,323	—	10,323	10,323	
Series D-4 Preferred shares	—	1,967	1,967	—	1,967	1,967	
Total Preferred shares	351,000	532,677	532,677	161,718	327,403	327,403	
Ordinary shares of NIS 0.01 par value:							
Ordinary A shares	9,549,000	9,367,392	9,367,392	10,000	10,000	10,000	
Ordinary B non-voting shares	100,000	100,000	100,000	316	316	432	
Total ordinary shares	9,649,000	9,467,392	9,467,392	10,316	10,316	10,432	

b. Convertible Preferred Share Rights:

Series A Convertible Preferred, Series B Convertible Preferred, Series C Convertible Preferred and Series D Convertible Preferred shares confer upon their holders all the rights conferred by ordinary shares, in addition to certain rights set forth in the Company's articles of association, inter alia, the following:

1. Right to receive dividends—No payment of any dividends shall be declared or paid on any class of shares of the Company unless an equal and ratable dividend is first declared and paid to holders of series C Convertible Preferred and Series D Convertible Preferred shares.

2. Liquidation rights—In the event of any event of liquidation, the Company will distribute to holders of the convertible preferred shares, prior to and in preference to any payments to any of the holders of any other classes of shares, a per share amount equal to the original issuance price for each of their shares. The liquidation order is such that Series D, Series C, Series B and Series A shareholders are entitled, in that order, to receive any distribution of any asset, capital, earnings or surplus funds of the Company. All remaining assets shall be distributed among all the shareholders pro rata in proportion to the number of shares held by them on a converted basis.

3. Voting rights—Each share of preferred share shall be entitled to the number of votes equal to the number of shares of ordinary shares into which such shares of Preferred share may be converted according to the conversion rate in effect at the time of such vote, as set forth in the Company's articles of association.

4. Automatic and optional conversion:

Each convertible preferred share is convertible at the option of the holder into the number of ordinary shares determined by dividing the original issue price by the applicable conversion price. The original issue price per

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

share is \$73.51 for Series A and for Series B, \$105.815 for Series C and \$121 for Series D. At the current conversion prices, each share of Series A, Series B, Series C and Series D will convert into ordinary shares on a 1-for-1 basis. The conversion price per share for convertible preferred shares is adjusted for certain recapitalizations, splits, combinations, ordinary shares dividends or similar events. Each preferred share automatically converts into Ordinary A Shares at the applicable conversion price then in effect, immediately prior to, and conditioned upon, the earlier of (i) the closing of a Qualified Initial Public Offering ("QIPO"), or (ii) the written consent of preferred shareholders holding at least 70% of all outstanding preferred shares. The applicable conversion rate at which the preferred shares are to be converted immediately prior to a QIPO shall be deemed the conversion rate as adjusted in accordance with the price per share at which the Company issues its securities in such QIPO.

c. Preferred Share purchase agreements:

The Company entered into a Share Purchase Agreement dated as of September 24, 2013 (the "Series D SPA") with several existing shareholders and with a new investor, YEC, for the private placement of Series D-1, Series D-2, Series D-3 and Series D-4 convertible preferred shares in connection with the conversion of previously-issued convertible loans. Pursuant to the Series D SPA, the Company issued a total of 84,008 Series D-1 convertible preferred shares for an aggregate purchase price of \$9,961 (net of \$204 issuance expenses) and a total of 81,677 Series D-2, Series D-3 and Series D-4 convertible preferred shares, converting convertible loans of \$9,896 (including financial expenses) million, including interest. The price per share was \$121.00 per Series D-1 convertible preferred share, \$96.80 per Series D-2 convertible preferred share, \$101.197 per Series D-3 convertible preferred share and \$103.016 per Series D-4 convertible preferred share.

The Series D SPA provides that YEC shall be issued additional shares for no consideration on certain specified dates, beginning on April 1, 2014 and ending on September 1, 2014, if the following two events have not occurred as of such date: (i) receipt of FDA clearance to market ReWalk Personal in the United States and (ii) reimbursement by any German insurance provider of the full cost of at least one ReWalk Personal. An aggregate of 8,264 shares are issuable pursuant to the Series D SPA in connection with the failure to achieve both of these events (see also Note 14). The fair value of those warrants as of the issuance date and as of December 31, 2013 was immaterial. As of March 31, 2014 (unaudited), the fair value of those warrants was \$748, which was recorded as financial expenses resulting from the revaluation of the warrants to purchase Series D convertible preferred shares.

d. Ordinary shares rights:

Each ordinary A share confers upon its holders the right to participate the general meetings of the Company, to vote at such meetings (each share represents one vote) and to participate in any distribution of dividends or any other distribution of the Company's property, including the distribution of surplus assets upon liquidation.

e. Share option plans:

On March 30, 2012, the Company's board of directors adopted the ReWalk Robotics Ltd. 2012 Equity Incentive Plan (the "2012 Plan"). As of December 31, 2013 and March 31, 2014 (unaudited), the Company had reserved 12,252 and 12,276 shares of ordinary shares, respectively, available for issuance to employees, directors, officers and consultants of the Company and its subsidiaries. The options generally vest over four years. Any option that is forfeited or canceled before expiration becomes available for future grants under the 2012 Plan.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

A summary of employee share option activity during the three month period ended March 31, 2014 and 2013 (unaudited) is as follows:

	<u>Three month period ended March 31, 2014 (unaudited)</u>			
	<u>Number</u>	<u>Average exercise price</u>	<u>Average remaining contractual life (years)</u>	<u>Aggregate intrinsic value (in thousands)</u>
Options outstanding at the beginning of the year	55,803	\$23.39	8.87	\$ 4,527
Granted	—	—		
Exercised	(116)	\$16.26		
Forfeited	(24)	\$23.71		
Options outstanding at the end of the year	<u>55,663</u>	<u>\$23.40</u>	<u>8.63</u>	<u>\$ 6,683</u>
Vested and expected to vest	<u>50,232</u>	<u>\$23.33</u>	<u>8.66</u>	<u>\$ 6,034</u>
Options exercisable at the end of the year	<u>15,419</u>	<u>\$18.00</u>	<u>7.35</u>	<u>\$ 1,935</u>
	<u>Three month period ended March 31, 2013 (unaudited)</u>			
	<u>Number</u>	<u>Average exercise price</u>	<u>Average remaining contractual life (years)</u>	<u>Aggregate intrinsic value (in thousands)</u>
Options outstanding at the beginning of the year	28,872	\$20.55	8.91	\$ 1,287
Granted	1,600	\$23.71		
Exercised	—	—		
Forfeited	—	—		
Options outstanding at the end of the year	<u>30,472</u>	<u>\$20.72</u>	<u>8.72</u>	<u>\$ 1,679</u>
Vested and expected to vest	<u>25,143</u>	<u>\$20.11</u>	<u>8.63</u>	<u>\$ 1,400</u>
Options exercisable at the end of the year	<u>6,064</u>	<u>\$10.83</u>	<u>7.16</u>	<u>\$ 394</u>

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

A summary of employee share option activity during the years ended December 31, 2012 and 2013 is as follows:

	Year ended December 31, 2012			
	Number	Average exercise price	Average remaining contractual life (years)	Aggregate intrinsic value (in thousands)
Options outstanding at the beginning of the year	5,937	\$ 8.37	8.10	\$ 155
Granted	23,435	\$23.71		
Exercised	—	—		
Forfeited	(500)	\$23.71		
Options outstanding at the end of the year	<u>28,872</u>	<u>\$20.55</u>	<u>8.91</u>	<u>\$ 1,287</u>
Vested and expected to vest	<u>23,615</u>	<u>\$19.90</u>	<u>8.81</u>	<u>\$ 1,068</u>
Options exercisable at the end of the year	<u>5,441</u>	<u>\$10.11</u>	<u>7.27</u>	<u>\$ 299</u>

	Year ended December 31, 2013			
	Number	Average exercise price	Average remaining contractual life (years)	Aggregate intrinsic value (in thousands)
Options outstanding at the beginning of the year	28,872	\$20.55	8.91	\$ 1,287
Granted	26,931	\$26.42		
Exercised	—	—		
Forfeited	—	\$ —		
Options outstanding at the end of the year	<u>55,803</u>	<u>\$23.39</u>	<u>8.87</u>	<u>\$ 4,527</u>
Vested and expected to vest	<u>50,321</u>	<u>\$23.32</u>	<u>8.91</u>	<u>\$ 4,086</u>
Options exercisable at the end of the year	<u>13,148</u>	<u>\$16.83</u>	<u>7.35</u>	<u>\$ 1,153</u>

The weighted average grant date fair values of options granted during the years ended December 31, 2012 and 2013 and for the three month period ended March 31, 2013 (unaudited) were \$ 36.43, \$ 85.25 and \$ 52.65, respectively.

The aggregate intrinsic value in the table above represents the total intrinsic value that would have been received by the option holders had all option holders exercised their options on the last date of the exercise period. No option was exercised during the years ended December 31, 2012 and 2013, Total intrinsic value of options exercised for the three month period ended March 31, 2014 (unaudited) was \$ 15. As of December 31, 2013 and March 31, 2014, there was \$ 2,668 and \$ 2,516 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2012 Plan. This cost is expected to be recognized over a period of approximately 4 and 3.75 years, respectively.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

The options outstanding as of December 31, 2012 have been separated into ranges of exercise price as follows:

Range of exercise price	Options outstanding as of December 31, 2012	Weighted average remaining contractual life (years)	Options exercisable as of December 31, 2012	Weighted average remaining contractual life (years)
\$0.00-\$0.01	2,399	5.97	2,017	5.78
\$5.00	242	5.43	242	5.43
\$14.70	3,296	8.04	2,402	8.04
\$23.71	22,935	9.37	780	9.36
	<u>28,872</u>	<u>8.91</u>	<u>5,441</u>	<u>7.27</u>

The options outstanding as of December 31, 2013 have been separated into ranges of exercise price as follows:

Range of exercise price	Options outstanding as of December 31, 2013	Weighted average remaining contractual life (years)	Options exercisable as of December 31, 2013	Weighted average remaining contractual life (years)
\$0.00-\$0.01	2,399	4.97	2,399	4.97
\$5.00	242	4.43	242	4.43
\$14.70	3,296	7.04	3,227	7.04
\$23.71	25,750	8.47	7,280	8.38
\$26.74	24,116	9.99	—	—
	<u>55,803</u>	<u>8.87</u>	<u>13,148</u>	<u>7.35</u>

The options outstanding as of March 31, 2014 (unaudited) have been separated into ranges of exercise price as follows:

Range of exercise price	Options outstanding as of March 31, 2014	Weighted average remaining contractual life (years)	Options exercisable as of March 31, 2014 (unaudited)	Weighted average remaining contractual life (years)
\$0.00-\$0.01	2,399	4.72	2,399	4.72
\$5.00	242	4.18	242	4.18
\$14.70	3,200	6.79	3,200	6.79
\$23.71	25,706	8.22	8,874	8.16
\$26.74	24,116	9.74	704	9.74
	<u>55,663</u>	<u>8.63</u>	<u>15,419</u>	<u>7.35</u>

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

f. Options issued to consultants:

The Company's outstanding options granted to consultants as of March 31, 2014 (unaudited) were as follows:

<u>Issuance date</u>	<u>Options for shares of ordinary share (number)</u>	<u>Exercise price per share</u>	<u>Options exercisable (number)</u>	<u>Exercisable through</u>
March 12, 2007	908	\$ 0.01	908	March 12, 2017
May 10, 2012	250	\$23.71	120	May 10, 2022
	<u>1,158</u>		<u>1,028</u>	

The Company's outstanding options granted to consultants as of December 31, 2013 were as follows:

<u>Issuance date</u>	<u>Options for shares of ordinary share (number)</u>	<u>Exercise price per share</u>	<u>Options exercisable (number)</u>	<u>Exercisable through</u>
March 12, 2007	908	\$ 0.01	908	March 12, 2017
May 10, 2012	250	\$23.71	104	May 10, 2022
	<u>1,158</u>		<u>1,012</u>	

g. Share-based compensation expense for employees and consultants:

The Company recognized non-cash share-based compensation expense in the consolidated statements of operations as follows:

	<u>Year ended December 31</u>		<u>Three months ended March 31,</u>	
	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2014</u>
			<u>Unaudited</u>	
Cost of revenues	\$ 4	\$ 5	\$ 1	\$ 2
Research and development	25	73	10	49
Sales and marketing, net	14	42	12	42
General and administrative	70	95	25	59
Total	<u>\$ 113</u>	<u>\$215</u>	<u>\$ 48</u>	<u>\$ 152</u>

In May 2012, the Company granted its CEO options to purchase 4,596 ordinary shares at an exercise price of \$ 23.71 per share. The options will vest immediately prior to and subject to the occurrence of (i) a merger of the Company into another corporation; (ii) the consummation of a merger, acquisition or sale of the securities of the Company; or (iii) an IPO of the Company's ordinary shares ("Exit Event"). The above options vesting are also contingent upon market conditions related to the consideration paid to the shareholders of the Company in an Exit Event.

In accordance with the Company's articles of association and the Fourth Amended and Restated Shareholders Agreement, immediately prior to and subject to the occurrence of (i) the consummation of a merger, acquisition or sale of the securities of the Company ("M&A Event"); or (ii) an IPO, the Company's

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 9:- SHAREHOLDERS' EQUITY (DEFICIENCY) (Cont.)

founder and Chief Technology Officer has the right to receive (i) in case of an M&A Event, 6% of the total proceeds; or (ii) in case of an IPO, for no consideration, shares or immediately exercisable options with cashless exercise in an amount such that the value of his interests equals 6% of the Company's valuation.

According to ASC-718, compensation cost will be recognized if the performance condition is satisfied. As of December 31, 2012 and 2013 and March 31, 2014 (unaudited), no compensation cost was recognized.

NOTE 10:- WARRANTS TO PURCHASE PREFERRED SHARE

Issuance with respect to	Warrants to purchase	Issuance date	Number of warrants	Exercise price	Contractual term
Series C Transaction	Preferred C-1	06/27/2011	7,615	\$ 105.815	The earlier of: (i) a merger (ii) the consummation of an initial public offering and (iii) 3 years from the issuance date (all as stipulated in the specific warrant agreement)
Series C Transaction	Preferred C-1	01/31/2012	7,231	\$ 105.815	The earlier of: (i) a merger (ii) the consummation of an initial public offering and (iii) 3 years from the issuance date (all as stipulated in the specific warrant agreement)
Series C Transaction	Preferred C-1	05/10/2012	4,252	\$ 105.815	The earlier of: (i) a merger (ii) the consummation of an initial public offering and (iii) 3 years from the issuance date (all as stipulated in the specific warrant agreement)
Series C Transaction	Preferred C-1	08/20/2012	5,870	\$ 105.815	The earlier of: (i) a merger (ii) the consummation of an initial public offering and (iii) 3 years from the issuance date (all as stipulated in the specific warrant agreement)
Fee agreement with a service provider	Preferred D	09/24/2013	600	\$ 121	The earlier of: (i) a merger (ii) the consummation of an initial public offering and (iii) 5 years from the issuance date (all as stipulated in the specific warrant agreement)

a. In July 26, 2011, the Company signed a series C convertible preferred share purchase agreement (the "Series C Transaction") with the Company's shareholders and new investors (collectively the "Investors"), pursuant to which the Company issued to each of the Investors an aggregate amount of 67,486 convertible preferred C-1 shares, at a price per share of \$105.815 totaling to approximately \$7.1 million.

The Investment was made in three installments as follows: (i) the first installment was made at the First Closing, in an aggregate amount of approximately \$1 million by means of the issuance of 9,640 convertible preferred C-1 shares (ii) the second installment was made at the Second Closing, subject to the terms of the

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 10:- WARRANTS TO PURCHASE PREFERRED SHARE (Cont.)

agreement and fulfillment of the First Milestone, in an aggregate amount of approximately \$2.6 million, by means of the issuance of 24,102 convertible preferred C-1 shares and (iii) the third and final installment was made at the Third Closing, subject to the terms of the agreement and fulfillment of the Second Milestone, in an aggregate amount of approximately \$3.6 million, by means of the issuance of 33,744 convertible preferred C-1 shares.

In conjunction with the Series C Transaction, the Company granted warrants to purchase a number of shares of Series C-1 convertible preferred share upon achieving three milestones, each referred to as closing. At each of the Closings, the investor was granted warrants, at a price per each investment share of \$105.815 (i) to purchase an aggregate amount of 7,615 Series C-1 convertible preferred shares to the investors at the First Closing and the holders of C-2 preferred shares, subject to consummation of the First Closing (ii) to purchase an aggregate amount of 7,231 Series C-1 convertible preferred share to the investors at the Second Closing, subject to consummation of the second closing and (iii) to purchase an aggregate amount of 10,122 Series C-1 convertible preferred share to the investors at the third closing, subject to consummation of the third closing.

As of December 31, 2013, all of the three milestones were achieved and all of the above warrants were granted.

The warrants to purchase Series C-1 convertible preferred shares were determined to be freestanding instruments and were accounted under ASC 480 as a liability in the Company's financial statements. At each reporting date, the Company re-measures its warrants for convertible preferred shares to fair value using the OPM. Since the warrants to purchase Series C-1 convertible preferred shares were issued in conjunction with the Series C Transaction, the Company first allocated the fair value of the warrants to purchase Series C-1 convertible preferred shares to warrant liability, with the residual proceeds from the Series C Transaction classified as shareholders' equity (deficiency).

The fair value of the warrants to purchase Series C-1 convertible preferred shares as of June 27, 2011, January 31, 2012, May 10, 2012 and August 20, 2012 (the issuance dates) was \$43.09, \$46.74, \$57.68 and \$72.26, per warrant, respectively. As of December 31, 2012, 2013 and March 31, 2014 (unaudited), the fair value of the warrants to purchase Series C-1 convertible preferred shares was \$2,168, \$3,262 and \$4,477, respectively. The Company recorded financial expenses in the amount of \$833, \$1,094 and \$1,215 in 2012, 2013 and three month period ended March 31, 2014 (unaudited), respectively, resulting from the revaluation of the warrants to purchase Series C-1 convertible preferred shares.

b. On May 30, 2013, the Company entered into a fee agreement with one of its service providers, pursuant to which the Company granted the service provider warrants to purchase shares equal to 5% of any shares issued upon cash receipt from an external investor identified by the service provider. As part of the Series D Transaction, on September 30, 2013 the service provider was granted warrants to purchase 600 Series D convertible preferred share. The Company accounted for the warrants to purchase Series D convertible preferred shares under ASC 505 and recorded the warrants at fair value as issuance expense, which was determined to be \$ 62 as of September 24, 2013 (their issuance date), and classified as a liability in the Company's financial statement. As of December 31, 2013 and March 31, 2014 (unaudited), the fair value of the warrants to purchase Series D convertible preferred shares was \$78 and \$108, respectively. The Company recorded financial expenses in the amount of \$16 and \$30 in 2013 and during the three month period ended March 31, 2014 (unaudited), respectively, resulting from the revaluation of the warrants to purchase Series D convertible preferred shares.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 11:- INCOME TAXES

The Company's subsidiaries are separately taxed under the domestic tax laws of the jurisdiction of incorporation of each entity.

a. Corporate tax rates in Israel:

Taxable income of Israeli companies is subject to tax at the rate of 25% in 2012 and 2013, and 26.5% in 2014 and onwards.

On July 30, 2013, the Israeli Parliament (the Knesset) approved the second and third readings of the Economic Plan for 2013-2014 ("Amended Budget Law") which consists, among others, of fiscal changes whose main aim is to enhance the collection of taxes in those years.

These changes include, among others, raising the Israeli corporate tax rate from 25% to 26.5%, cancelling the lowering of the tax rates applicable to preferred enterprises (9% in development area A and 16% in other areas) and, in certain cases, increasing the tax rates on dividends within the scope of the Law for the Encouragement of Capital Investments to 20% effective from January 1, 2014. Other changes introduced by the Amended Budget Law include taxing revaluation gains effective from August 1, 2013. The provisions that set forth changes to the taxation of revaluation gains, however, will only become effective once regulations that define "non-corporate taxable retained earnings" are issued as well as regulations that set forth provisions for avoiding double taxation of assets outside of Israel. As of the date of publication of these interim financial statements, no such regulations have been issued.

The change in tax rates did not have a material effect on the Company's financial statements.

b. Profit (loss) before taxes on income is comprised as follows:

	Year ended December 31	
	2012	2013
Domestic	\$(6,671)	\$(12,219)
Foreign	34	64
	<u>\$(6,637)</u>	<u>\$(12,155)</u>

c. Taxes on income are comprised as follows:

	Year ended December 31	
	2012	2013
Current	\$ 63	\$ 6
Deferred	(42)	16
	<u>\$ 21</u>	<u>\$22</u>

	Year ended December 31	
	2012	2013
Domestic	\$ —	\$ —
Foreign	21	22
	<u>\$21</u>	<u>\$ 22</u>

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 11:- INCOME TAXES (Cont.)

d. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred tax assets as of December 31, 2012 are derived from its U.S. other temporary differences, and as of December 31, 2013 from U.S. net operating loss carry forwards.

In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. Based on the Company's history of losses, the Company established a full valuation allowance for RRL.

	December 31	
	2012	2013
Carry forward tax losses	\$ 3,445	\$ 5,744
Research and Development carry forward expenses-temporary differences	296	449
Accrual and reserves	65	52
Deferred tax assets before valuation allowance	3,806	6,245
Valuation allowance	(3,764)	(6,219)
Net deferred tax assets	\$ 42	\$ 26

e. Reconciliation of the theoretical tax expenses:

A reconciliation between the theoretical tax expense, assuming all income is taxed at the statutory tax rate applicable to income of the Company, and the actual tax expense (benefit) as reported in the consolidated statements of operations is as follows:

	Year ended December 31	
	2012	2013
Loss before taxes, as reported in the consolidated statements of operations	\$(6,637)	\$(12,155)
Statutory tax rate	25%	25%
Theoretical tax benefits on the above amount at the Israeli statutory tax rate	\$(1,659)	\$ (3,039)
Income tax at rate other than the Israeli statutory tax rate	8	7
Tax advances and non-deductible expenses including equity based compensation expenses	33	895
Operating losses and other temporary differences for which valuation allowance was provided	1,639	2,159
Actual tax expense	\$ 21	\$ 22

f. Foreign tax rates:

Taxable income of RRI was subject to tax at the rate of 35% in 2012 and 2013.

Taxable income of AMG was subject to tax at the rate of 30% in 2013.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 11:- INCOME TAXES (Cont.)

g. Tax benefits under the Law for the Encouragement of Capital Investments, 1959 (the “Investment Law”):

Conditions for entitlement to the benefits:

Under the Investment Law, in 2012 the Company has elected for “Beneficiary Enterprise” status which provides certain benefits, including tax exemptions and reduced tax rates. Income not eligible for Beneficiary Enterprise benefits is taxed at a regular rate.

Income derived from Beneficiary Enterprise from productive activity will be exempt from tax for ten years from the year in which the Company first has taxable income, providing that 12 years have not passed from the beginning of the year of election. In the event of a dividend distribution from income that is exempt from company tax, as aforementioned, the Company will be required to pay tax of 25% on that income.

In the event of distribution of dividends from the said tax-exempt income, the amount distributed will be subject to corporate tax at the rate ordinarily applicable to the Beneficiary Enterprise’s income. Tax-exempt income generated under the Company’s “Beneficiary Enterprise” program will be subject to taxes upon dividend distribution or complete liquidation.

The entitlement to the above benefits is conditional upon the Company’s fulfilling the conditions stipulated by the Law and regulations published thereunder.

On December 29, 2010, the Knesset approved an additional amendment to the Law for the Encouragement of Capital Investments, 1959. According to the amendment, a reduced uniform corporate tax rate for exporting industrial enterprises (over 25%) was established. The reduced tax rate will not be program dependent and will apply to the industrial enterprise’s entire income. The tax rates for industrial enterprises have been reduced gradually over a period of five years as follows:-In 2011-2012, the reduced tax rate for development area A will be 10% and for the rest of the country-15%. In 2013-2014, the reduced tax rate for development area A will be 7% and for the rest of the country-12.5%. Starting 2015 and thereafter, the reduced tax rate for development area A will be 6% and for the rest of the country-12%. However, in August 2013, the Israeli Knesset approved an amendment to the Investment Law, pursuant to which such scheduled gradual reduction was repealed beginning in 2014 and the rates for development area A will be 9% and for the rest of the country-16% in 2014 and thereafter.

The Company has examined the effect of the adoption of the Amendment on its financial statements, and as of the date of the publication of the financial statements, the Company estimates that it will not apply the Amendment. The Company’s estimate may change in the future.

h. Tax assessments:

RRL has final tax assessments up to and including the 2009 tax year.

RRI and AMG do not have final tax assessment, since their inception.

i. Net operating carry-forward losses for tax purposes:

As of December 31, 2013, RRL has carry-forward losses amounting to approximately \$ 22,000, which can be carried forward for an indefinite period.

As of December 31, 2013, RRI has carry-forward losses amounting to approximately \$ 60, which can be carried forward for an indefinite period.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 12:- FINANCIAL EXPENSES, NET

The components of financial income, net were as follows:

	Year ended December 31		Three months ended March 31,	
	2012	2013	2013	2014
			Unaudited	
Financial expenses related to convertible loans	\$ 6	\$ 2,166	\$ 281	\$ —
Revaluation of fair value of warrants to purchase convertible preferred share	832	1,111	198	1,992
Foreign currency transactions loss	18	93	53	5
Bank commissions	22	40	15	8
	<u>\$878</u>	<u>\$3,410</u>	<u>\$ 547</u>	<u>\$ 2,005</u>

NOTE 13:- GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER AND PRODUCT DATA

Summary information about geographic areas:

ASC 280, "Segment Reporting," establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company manages its business on the basis of one reportable segment, and derives revenues from selling systems and services (see Note 1 for a brief description of the Company's business). The following is a summary of revenues within geographic areas:

	Year ended December 31		Three months ended March 31,	
	2012	2013	2013	2014
			Unaudited	
Revenues based on customer's location:				
Israel	\$ —	\$ 83	\$ —	\$ —
United States	364	941	273	329
Europe	608	476	277	116
Japan	—	88	—	—
Total revenues	<u>\$972</u>	<u>\$1,588</u>	<u>\$ 550</u>	<u>\$ 445</u>
			<u>December 31,</u>	<u>March 31,</u>
			2012	2013
				2014
				Unaudited
Long-lived assets by geographic region:				
Israel		\$ 232	\$ 294	\$ 311
United States		29	52	61
Germany		—	10	10
		<u>\$261</u>	<u>\$356</u>	<u>\$ 382</u>

(*) Long-lived assets are comprised of property and equipment, net (long term lease deposits and severance pay fund are not included).

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 13:- GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER AND PRODUCT DATA (Cont.)

Major customers data as a percentage of total revenues:

	<u>December 31,</u>		<u>March 31,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>
			<u>Unaudited</u>
Customer A	24%	*)	*)
Customer B	18%	*)	10%
Customer C	13%	*)	17%
Customer D	10%	—	—
Customer E	—	—	15%
Customer F	—	—	18%
Customer G	—	—	19%
Customer H	—	—	19%

*) Less than 10%

NOTE 14:- SUBSEQUENT EVENTS

The Company evaluates events or transactions that occur after the balance sheet date but prior to the issuance of consolidated financial statements to identify matters that require additional disclosure. For its consolidated financial statements as of December 31, 2013 and for the year then ended, the Company evaluated subsequent events through May 16, 2014, the date that the consolidated financial statements were issued. For the interim consolidated financial statements as of March 31, 2014 (unaudited) and for the three months then ended (unaudited), the Company evaluated subsequent events through June 25, 2014, the date that the interim consolidated financial statements were issued. Except as described below, the Company has concluded that no subsequent event has occurred that requires disclosure.

a. Pursuant to Series D SPA, since the Company had not received FDA clearance to market ReWalk Personal in the United States, the Company issued a total of 4,131 Preferred D Shares to YEC (1,377 on April 1, 2014, 1,377 on May 1, 2014 and 1,377 on June 1, 2014).

b. On April 9, 2014 the board of directors approved a grant of 5,159 options to purchase the Company's ordinary shares to several employees, at an exercise price of \$26.74 per share, vesting over four years.

c. In June 2014 the Company received FDA clearance to market its ReWalk Personal product in the United States.

d. On June 19, 2014, the Company entered into a loan agreement with Kreos Capital IV (Expert Fund) Limited ("Kreos") pursuant to which Kreos agreed to grant a line of credit to the Company of \$5.0 million. The line of credit is available for drawdown until September 30, 2014, with a minimum required drawdown of \$1.0 million. Amounts drawn will be repaid in 36 monthly installments. Pursuant to the loan agreement, the Company must pay a transaction fee of 1.0% of the total amount of the line of credit upon both the execution and the expiration of the loan agreement. Pursuant to the loan agreement, the Company will grant to Kreos a security interest over all of the Company's assets, including intellectual property and equity interests in its subsidiaries. In connection with this agreement, the Company granted Kreos warrants to purchase 5,372 Series D-1 convertible preferred shares, or to the extent exercised after the closing of this offering, the same number of ordinary shares.

**REWALK ROBOTICS LTD. (FORMERLY ARGO MEDICAL TECHNOLOGIES LTD.)
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share data)**

NOTE 14:- SUBSEQUENT EVENTS (Cont.)

e. On June 26, 2014, the Company entered into a Share Purchase Agreement with Gabriel Capital Fund (US), L.P. and affiliated entities, and the other parties named therein (the "Series E SPA"). The transaction is scheduled to close in July 2014. Pursuant to the Series E SPA, the Company will issue an aggregate of 60,337 of its Preferred E Shares and warrants to purchase an aggregate of 30,169 Preferred E Shares (which, to the extent they are outstanding following the closing of this offering, shall convert on a one-to-one basis into warrants to purchase the Company's ordinary shares) to Gabriel and the other investors named in the Series E SPA for an aggregate purchase price in cash of \$13.0 million. The Preferred E Shares were issued at a price of \$215.45 per share. The warrants have an exercise price of \$258.54 per share and are exercisable until four years from date of grant, subject to certain adjustments.

Shares



ReWalk Robotics Ltd.

Ordinary Shares

**Barclays
Jefferies**

Canaccord Genuity

, 2014

Until , 2014 (25 days after the date of this prospectus), all dealers that buy, sell or trade our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II
Information not required in prospectus

Item 6. Indemnification of Directors and Officers

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our articles of association to be effective upon the closing of this offering include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

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

- financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf, or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

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

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and
- a financial liability imposed on the office holder in favor of a third party.

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

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;

Table of Contents

- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See “Management—Approval of Related Party Transactions under Israeli Law.”

We have entered into indemnification agreements with our office holders to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by our articles of association that will be in effect upon the closing of this offering, the Israeli Companies Law and the Israeli Securities Law, 5728-1968.

We have obtained directors’ and officers’ liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law.

Item 7. Recent Sales of Unregistered Securities

During the past three years, we issued securities which were not registered under the Securities Act as set forth below. We believe that each of such issuances was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S under the Securities Act.

The following is a summary of transactions during the preceding three fiscal years involving sales of our securities that were not registered under the Securities Act:

- Pursuant to a share purchase agreement between us and the shareholders identified therein, between July 2011 and August 2012 (i) we issued 67,486 Preferred C-1 Shares for a price per share of \$105.815 and warrants to purchase up to 20,247 of our Preferred C-1 Shares at a price per share of \$105.815 and (ii) we issued 19,675 Preferred C-2 Shares to the lenders identified therein at a price per share of \$84.652 and warrants to purchase up to 4,721 of our Preferred C-1 Shares at a price per share of \$105.815 pursuant to the conversion of a previously-issued convertible loan.
- Pursuant to a share purchase agreement between us and the shareholders identified therein, in September 2013 (i) we issued 84,008 Preferred D-1 Shares at a price per share of \$121 to the investors identified therein and 600 warrants to purchase Preferred D Shares to one of the brokers involved in the transaction and (ii) we issued an aggregate of 81,677 Preferred D-2/3/4 Shares at a prices per share of ranging from \$96.80 to \$103.016 to the lenders identified therein pursuant to the conversion of a previously-issued convertible loan.
- Pursuant to a loan agreement between us and Kreos Capital IV (Expert Fund) Limited, in June 2014 we issued warrants to purchase 5,372 preferred shares, or to the extent exercised after the closing of this offering, the same number of ordinary shares.
- Pursuant to a share purchase agreement between us and the shareholders identified therein, in July 2014 (i) we will issue 60,337 Preferred E Shares at a price per share of \$215.454 and warrants to purchase 30,169 Preferred E Shares to the investors identified therein.
- Since January 1, 2011 and until June 1, 2014, we granted share options to employees and directors under our stock option plans covering an aggregate of 59,071 shares, with exercise prices ranging from \$14.702 to \$26.740 per share. As of the date of this registration statement, 116 of these options have been exercised, while 524 of these options have been forfeited and cancelled without being exercised.
- In April 2014, May 2014 and June 2014, pursuant to the series D share purchase agreement described above, we issued an aggregate of 4,131 Preferred D-1 Shares to Yaskawa Electric Corporation for no additional consideration.

No underwriter or underwriting discount or commission was involved in any of the transactions set forth in Item 7.

[Table of Contents](#)

Item 8. Exhibits and Financial Statement Schedules

- (a) The Exhibit Index is hereby incorporated herein by reference.
- (b) Financial Statement Schedules.

All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the Consolidated Financial Statements and related notes thereto.

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

1. To provide the underwriters specified in the Underwriting Agreement, at the closing, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
2. That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
3. That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Marlborough, Massachusetts on this 10th day of July, 2014.

REWALK ROBOTICS LTD.

By: /s/ Larry Jasinski
Name: Larry Jasinski
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints Larry Jasinski and Ami Kraft, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act separately and full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on July 10, 2014 in the capacities indicated:

<u>Signatures</u>	<u>Title</u>
<u> /s/ Larry Jasinski </u> Larry Jasinski	Director and Chief Executive Officer (Principal Executive Officer)
<u> /s/ Ami Kraft </u> Ami Kraft	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u> /s/ Dr. Amit Goffer </u> Dr. Amit Goffer	Director, President and Chief Technical Officer
<u> /s/ Jeff Dykan </u> Jeff Dykan	Chairman of the Board
<u> /s/ Dr. Hadar Ron </u> Dr. Hadar Ron	Director
<u> /s/ Asaf Shinar </u> Asaf Shinar	Director
<u> /s/ Wayne B. Weisman </u> Wayne B. Weisman	Director

[Table of Contents](#)

/s/ Yasushi Ichiki

Yasushi Ichiki

Director

/s/ Aryeh Dan

Aryeh Dan

Director

/s/ Glenn Muir

Glenn Muir

Director

REWALK ROBOTICS, INC.

Authorized Representative in the United States

By: /s/ Larry Jasinski

Name: Larry Jasinski

Title: Director and Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
1.1	Form of Underwriting Agreement*
3.1	Articles of Association of the Registrant*
3.2	Form of Articles of Association of the Registrant to become effective upon closing of this offering*
4.1	Specimen share certificate*
5.1	Opinion of Goldfarb Seligman & Co., Israeli counsel to the Registrant, as to the validity of the ordinary shares (including consent)*
10.1	Letter of Agreement, dated July 11, 2013, between the Registrant and Sanmina Corporation†
10.2	Strategic Alliance Agreement, dated September 24, 2013, between the Registrant and Yaskawa Electric Corporation
10.3	Exclusive Distribution Agreement, dated September 24, 2013, between the Registrant and Yaskawa Electric Corporation†
10.4	Confidentiality and Non-Disclosure Agreement, dated September 24, 2013, between the Registrant and Yaskawa Electric Corporation
10.5	Side Letter, dated September 30, 2013, between the Registrant and Yaskawa Electric Corporation
10.6	Series D Preferred Share Purchase Agreement, dated September 24, 2013, by and among the Registrant and the other parties named therein
10.7	Series E Preferred Share Purchase Agreement, dated June 26, 2014, by and among the Registrant and the parties named therein*
10.8	Loan Agreement, dated June 19, 2014, between the Registrant and Kreos Capital IV (Expert Fund) Limited
10.9	Amended and Restated Shareholders' Rights Agreement to be effective upon the consummation of this offering, by and among the Registrant and the other parties named therein*
10.10	Fourth Amended and Restated Shareholders Agreement to be effective upon the consummation of this offering, by and among the Registrant and the shareholders party thereto*
10.11	Form of indemnification agreement by and between the Registrant and each of its directors and executive officers*
10.12	2012 Equity Incentive Plan
10.13	2012 Israeli Equity Incentive Sub Plan
10.14	2012 U.S. Equity Incentive Sub Plan
10.15	2006 Stock Option Plan
10.16	2014 Equity Incentive Plan*
21.1	List of subsidiaries of the Registrant
23.1	Consent of Kost, Forer, Gabbay and Kasierer, a member of Ernst & Young Global Limited
23.2	Consent of Goldfarb Seligman & Co. (included in Exhibit 5.1)*
24.1	Power of Attorney (included in signature page to Registration Statement)
99.1	Consent of Dr. John William Poduska to be named as a director nominee

* To be filed by amendment.

† Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a confidential treatment request.

LETTER OF AGREEMENT

This Letter of Agreement (“**LOA**”) is made and entered into as of this 11th day of July 2013 (“**Effective Date**”) between **Argo Medical Technologies Ltd.**, an Israeli corporation having its principal place of business at Cohav Yokneam Building, Yokneam Ilit P.O.B 161, Israel 20692 (“**Customer**”) and **Sanmina Corporation** and its subsidiaries, (collectively “**Sanmina**”), a Delaware corporation having its principal place of business at 2700 North First Street, San Jose, California 95134.

1. Customer and Sanmina are establishing a business relationship under which Customer may, among other things, have Sanmina procure components, parts, and raw material (collectively “**Components**”) to manufacture, assemble, test, inspect configure and ship products detailed in documentation provided by Customer to Sanmina from time to time (“**Products**”) in accordance with Customer’s purchase orders (“**Orders**”) submitted by Customer from time to time and accepted by Sanmina. The unit prices for the Products (“**Prices**”) and the related financial liability for the procurement of Components for such Products (“**Component Liability**”) are as demonstrated in **Appendix A** hereto, as may be amended in writing by mutual consent of the parties from time to time. This LOA is for the purpose of authorizing Sanmina to begin work immediately in lieu of a fully negotiated manufacturing services agreement (“**MSA**”). This LOA implies no commitment to enter into a MSA. Both parties acknowledge that the execution of a MSA is contingent upon the mutual consent of the parties, and that should the MSA not be executed, the terms of this LOA shall be the sole governing agreement until terminated by either party. The parties agree that all Orders accepted by Sanmina shall be based on the terms contained in this LOA, unless replaced by a MSA. Customer shall provide Sanmina’s Credit Department upon request a completed credit application. Sanmina shall provide Customer with an initial credit limit, which shall be reviewed (and, if necessary, adjusted) from time to time with periodic financial updates from Customer in order to maintain a credit limit. The credit limit may be reduced upon five (5) days’ prior written notice to Customer. In the event Customer exceeds its credit limit, Sanmina shall have the right to stop shipments of Product and stop loading new Orders and Forecasts until Customer makes a sufficient payment to bring its account within the credit limit provided.

2. Prices are in U.S. Dollars and are subject to change by mutual consent. Prices were agreed by the parties based on (i) the specifications, (ii) the projected volumes and run rates and other assumptions agreed by the parties and (iii) shipment FCA Sanmina’s facility of manufacture (Incoterms 2010). Prices specifically exclude (1) export licensing of the Product and payment of broker’s fees, duties, tariffs or other similar charges, (2) taxes (other than those based on the net income of Sanmina); and (3) tooling or non-recurring expenses. Payment terms for Products are net thirty (30) days after the date of the invoice which shall not be issued prior to shipment of such Product, *provided that* if Customer has no credit from Sanmina, such payment shall be made upon shipment (but subject always to receipt of invoice). Customer shall pay Sanmina in advance for its Component Liability and Customer acknowledges that Sanmina will not place any orders for Components until such time as Sanmina has received the advance payment in full from Customer to cover its Component Liability. It is clarified that Component Liability pre-paid by Customer for any Product shall be deducted from the Price payable for such Product.

3. Customer may also provide Sanmina with forecasts for future requirements of Products (“**Forecasts**”). Provided that Sanmina has received an advanced payment from Customer to cover its Component Liability in full, Sanmina will procure the quantity and type of Components necessary to manufacture the quantities of Product set forth in the Order and Forecast in accordance with its standard material ordering policies available at www.sanmina-sci.com (“**Policies**”), and agrees to be financially responsible for all Components ordered in accordance with the Policies. Customer guarantees the obligations of each of its subsidiaries or affiliates that places Orders or Forecasts pursuant to this LOA, and agrees to be jointly liable for all such obligations.

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

4. Sanmina warrants that, for a period of one year from the date of manufacture of the Product, the Product will be free from defects in workmanship. Products shall be considered free from defects in workmanship if they are manufactured in accordance with the most current version of IPC-A-600 or IPC-A-610. Sanmina shall, at its option and at its expense (and as Customer's sole and exclusive remedy for breach of any warranty), repair, replace or issue a credit for Product found to have defective workmanship during the warranty period. In addition, Sanmina will administer and pass through to Customer (to the extent that they are transferable) manufacturers' Component warranties and manage such warranties on Customer's behalf, but does not independently warrant Components. THE SOLE REMEDY UNDER THIS WARRANTY SHALL BE THE REPAIR, REPLACEMENT, OR CREDIT FOR DEFECTS AS STATED ABOVE. THIS WARRANTY IS THE SOLE WARRANTY GIVEN BY SANMINA AND IS IN LIEU OF ANY OTHER WARRANTIES EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, NON INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE, EACH OF WHICH IS SPECIFICALLY DISCLAIMED. Compliance with "RoHS", "REACH" and other environmental legislation worldwide shall be as separately agreed by the parties.

5. Customer may terminate this LOA or cancel an Order hereunder upon written notice to Sanmina. Sanmina will make commercially reasonable efforts to return Components to vendors (provided that Sanmina shall not be so obligated for Components which have a line item value of less than \$1000).

Termination for Cause: either party may terminate this LOA or an Order for default if the other party materially breaches and has not cured within thirty (30) days after the defaulting party is notified in writing of the material breach. Cure period for payment-related breaches shall be five (5) business days from receipt of notice. **Termination Based on other than Sanmina Breach:** if this LOA or an Order is terminated by Customer for any reason *other than* a breach by Sanmina (including but not limited to a force majeure or termination for convenience), Customer shall pay Sanmina: (1) the Order price for all finished Product existing at the time of termination; (2) Sanmina's cost (including labor, Components, and mark-up on Components and labor as set forth in Appendix A hereto) for work in process; and (3) Component inventory pursuant to Section 3 above. **Termination Based on Sanmina's Breach:** if Customer terminates this LOA or cancels an Order as a result of an uncured breach by Sanmina, Customer shall pay (1) the Order price for finished Product at the time of termination; (2) Sanmina's cost (including labor, Components) for work in process; and (3) Component inventory pursuant to Appendix A hereto and Section 3 **excluding** Sanmina markup or acquisition cost on Components relating to such uncured breach. Sanmina remains liable to Customer for damages pursuant to this LOA. Customer shall be responsible for Sanmina's documented cost to perform Customer-authorized non-recurring engineering or associated program duties. Provided that the Customer has no outstanding receivable, upon termination, Sanmina will deliver to Customer all Products and Components. Further, upon termination Sanmina will promptly deliver to Customer any and all documentation and other property owned by Customer or for which Customer has paid under this LOA.

6. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES, OR ANY DAMAGES WHATSOEVER RESULTING FROM LOSS OF USE, DATA OR PROFITS, EVEN IF SUCH OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FOR THE PURPOSE OF THIS SECTION, BOTH LOST PROFITS AND DAMAGES RESULTING FROM VALUE ADDED TO THE PRODUCT BY CUSTOMER SHALL BE CONSIDERED CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL SANMINA'S LIABILITY FOR A PRODUCT (WHETHER ASSERTED AS A TORT OR CONTRACT CLAIM) EXCEED THE AMOUNTS PAID TO SANMINA FOR SUCH PRODUCT HEREUNDER. IN NO EVENT SHALL EITHER PARTY'S LIABILITY FOR ALL CLAIMS ARISING OUT OF OR RELATING TO THIS LOA EXCEED THE LESSER OF EITHER \$[***] OR [***] PERCENT ([***]%) OF THE TRAILING

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12 MONTHS OF REVENUE FOR PRODUCT PAID FOR UNDER THIS LOA (THE “CAP”). THESE LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. THE CAP SHALL NOT APPLY TO LIMIT (i) CUSTOMER’S OBLIGATIONS HEREUNDER FOR TERMINATION/CANCELLATION PAYMENTS, AND (ii) THERE SHALL BE NO LIMITATIONS UNDER THIS SECTION ON A PARTY’S INDEMNIFICATION OBLIGATIONS. THE LIMITATIONS SET FORTH IN THIS SECTION SHALL APPLY WHERE THE DAMAGES ARISE OUT OF OR RELATE TO THIS LOA.

7. Sanmina shall promptly indemnify, defend, and hold Customer and its affiliates, shareholders, directors, officers, employees, contractors, agents, and other representatives harmless from all third party demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses (including fees and disbursements of counsel) of every kind (collectively, “**Claim(s)**”) (a) based upon personal injury or death or injury to property (other than damage to the Product itself, which is handled in accordance with Sanmina’s warranty) to the extent caused by the negligent or willful acts or omissions of Sanmina or its officers, employees, subcontractors or agents and/or (b) arising from or relating to any actual or alleged infringement, misappropriation, or alleged violation of any intellectual property rights relating to Sanmina’s manufacturing processes.

8. Customer shall promptly indemnify, defend, and hold Sanmina harmless from and against every Claim (a) based upon personal injury or death or injury to property to the extent caused by the negligent or willful acts or omissions of Customer or its officers, employees, subcontractors, or agents, (b) arising from or relating to any actual or alleged infringement, misappropriation or alleged violation of any intellectual property rights relating to a Product or portion of a Product, or (c) that the Product has a design defect or fails to comply with “RoHS”, “WEEE”, “REACH” (or other environmental legislation) where such failure was not the responsibility of Sanmina.

9. The parties hereby agree to amend the Non-Disclosure Agreement (“**NDA**”) entered into between the parties on April 25, 2013 such that the meaning of “*Information*” (as defined therein) shall also include (without derogation from any other meaning included therein) any information related to Company’s shareholders (as the terms “*Company*” is defined therein). The NDA (as herein amended) is hereby incorporated herein by reference. A copy of the NDA (prior to the above amendment) is annexed hereto as **Appendix B**.

10. Any and all intellectual property rights and other rights in and to the Products and its underlying technology, including without limitation any derivatives thereof, and including further any changes or improvements therein made following contribution by Sanmina, shall be retained by Customer at all times, and no right therein is granted to Sanmina by virtue of this LOA or otherwise.

11. This LOA and its attachments make up the entire agreement between the parties and supersede prior discussions, except for the NDA incorporated in this LOA (as amended hereby). The parties expressly reject any pre-printed terms and conditions of any Order, acknowledgment, or any other form document of either party. The terms hereof may be amended only by a writing executed by authorized representatives of the parties. This LOA will not be assigned by either party without the other party’s prior written consent except that subject to Section 3, Customer may assign its rights and obligations hereunder without the need for consent to any affiliate or successor. Customer shall be the exporter of record for all Products shipped hereunder, and shall comply with all applicable export control statutes and regulations. This LOA shall be construed in accordance with the substantive laws of California (excluding its conflicts of laws principles). The parties acknowledge and agree that the state courts of Santa Clara County or federal courts of the Northern District of California shall have exclusive jurisdiction and venue to adjudicate any and all disputes in connection with this LOA. The provisions of the United Nations Conventions on Contracts for the International Sale of Goods shall not apply to this LOA.

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ACCEPTED AND AGREED TO:

SANMINA CORPORATION

CUSTOMER

By: _____ /s/ Mark Kraizer
Name: _____ Mark Kraizer
Title: _____ VP & General Manager
Sanmina Israel

By: _____ /s/ Ami Kraft
Name: _____ Ami Kraft
Title: _____ CFO
Argo
Medical Technologies Ltd.

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LOA Appendix A

Pricing

The price model agreed between Sanmina and Argo Medical Technologies is as follows:

[***]

The price model above and the Qty of the system refers to minimum order quantities (“MOQs”) to be agreed by the parties from time to time.

Numerical Examples:

[***]

NRE Charges:

[***]

For extra engineering services Sanmina will charge [*] USD per hour.**

Component Liability:

Liability for Components shall be determined between the Parties on a case-by-case basis.

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Argo

Medical Technologies, Ltd.

The ReWalk™ Project

מכשיר להולכת נכי גפיים תחתונות

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

WHEREAS, Argo Medical Technologies Ltd., having an address at Kochav Yokneam Building, POB 161, Yokneam 20692, Israel (hereinafter, together with any affiliate thereof, "**Company**"), possesses confidential and proprietary information, methods and technology in connection with a device and methods for overcoming impeded locomotion disability, and related devices that utilize similar principles and technology (hereinafter "**Product**");

WHEREAS, Sanmina- having an address at P.O.B 102 Maa'lot 24952 Israel (hereinafter "**Recipient**"), desires to provide to the Company certain out sourcing services, as may be agreed in writing between the Company and Recipient from time to time (the "**Services**"); and

WHEREAS, the Company may disclose to Recipient from time to time, at its discretion, certain Information (as defined below) to enable Recipient to provide the Services (the "**Purpose**") and;

NOW, THEREFORE, to induce disclosure by the Company of such Information, Recipient hereby undertakes and agrees as follows (the "**Undertaking**"):

1. The term "**Information**" means any and all confidential and proprietary information of, or related to, the Company, including but not limited to any and all specifications, methods, prototypes, technology (including production technology), computer programs, and any and all records, data, methods, techniques, processes, projections, plans, marketing and/or pricing information, materials, financial statements, memoranda, analyses, notes and any other data or information (in whatever form), as well as improvements and know-how related thereto, relating to or concerning the Company, the Company's suppliers or products, irrespective of form, but shall not include information that (i) was already known to or independently developed by the Recipient prior to its disclosure as demonstrated by reasonable and tangible evidence satisfactory to the Company; (ii) shall have appeared in any printed publication or patent or shall have become a part of the public knowledge except as a result of breach of this Undertaking by the Recipient; (iii) shall have been received by the Recipient from another person or entity having no obligation to the Company or the Company's suppliers; or (iv) is approved in writing by the Company for release by the Recipient.

2. Recipient (i) shall treat all Information as strictly confidential, (ii) shall not disclose any Information to any other person or entity, other than Recipient's employees, officers and directors, with a need to know who have confidentiality obligations at least as restrictive as those contained herein, without the prior written consent of the Company, (iii) shall protect the Information with at least the same degree of care and confidentiality as it affords its own confidential information, at all times exercising at least a high degree of care in such protection, and (iv) shall not use any Information in any manner except for Purpose.

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3. The Recipient acknowledges and agrees that the Information is and shall remain proprietary to the Company. All copies of the Information shall be returned to the Company immediately upon request without retaining copies thereof.
4. It is understood and agreed that any disclosure of Information shall not grant the Recipient any express, implied or other license or rights to patents or trade secrets of the Company, whether or not patentable, nor shall it constitute or be deemed to create a partnership, joint venture or other like engagement. Further, Recipient agrees that it shall not remove or otherwise alter any of the trademarks or service marks, serial numbers, logos, copyrights, notices or other proprietary notices, if any, fixed or attached to Information or any part thereof.
5. Neither this Undertaking nor the disclosure or receipt of Information shall constitute or imply any promise or intention by Company to receive Services from the Recipient, or any commitment by Company with respect to present or future relationship with Recipient.
6. The Recipient's Undertakings herein shall be binding upon it and its affiliates, subsidiaries or successors and shall continue until permission is specifically granted in writing to the Recipient by the Company to release the Information.
7. Recipient acknowledges that violation of its obligations hereunder could cause the Company irreparable harm (including, but not limited to, the loss of patent rights) which could not be reasonably or adequately compensated for in damages resulting from an action of law and, therefore, that Recipient's agreements hereunder shall be enforceable both under law or in equity, by injunction or otherwise, without the necessity of posting a bond.
8. This Undertaking shall be exclusively governed by, construed and enforced in accordance with the laws of the State of Israel, the courts of which shall have exclusive jurisdiction over any dispute hereunder. A determination that any term of this Undertaking is void or unenforceable shall not affect the validity or enforceability of any other term or condition and any such invalid provision shall be construed and enforced (to the extent possible) in accordance with the original intent of the parties as herein expressed.

IN WITNESS WHEREOF, the Recipient has executed this Undertaking on April 25, 2013.

RECIPIENT

By: _____ /s/ Nir Marko
Title: _____ Director Business Development
Sanmina -Sci

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STRATEGIC ALLIANCE AGREEMENT

This Strategic Alliance Agreement is entered into as of September 24, 2013 (the "Effective Date") by and between **Yaskawa Electric Corporation**, a limited company duly organized and existing under the law of Japan, having its address at 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu, Fukuoka, 806-0004, Japan. (Business Identity Code 2908-01-010767, hereinafter referred to as "YEC") and **Argo Medical Technologies Ltd.**, a private company duly organized and existing under the law of Israel, having its address at Kokhav Yokneam Building, P.O. Box 161, Yokneam Ilit 20692, Israel (Business Identity Code 51-312137-6, hereinafter referred to as "ARGO").

RECITALS:

- (A) Argo is a venture company engaged in the business of healthcare robotics, and possesses valuable know-how regarding development, marketing and distribution of bipedal exoskeleton equipment for individuals with spinal cord injuries, multiple sclerosis or cerebral palsy in North America and the European Union.
- (B) YEC is a leading company engaged in the business of electrical engineering and robotics, and possesses valuable know-how regarding development, manufacturing, marketing and distribution of various innovative solutions globally.
- (C) The parties hereto recognize that the sales volume and demand of customers for healthcare equipment utilizing robotics technologies has increased and may increase further in the future.
- (D) The agreements have so far been reached between the parties hereto in regard to the formation and operation of a strategic alliance with the goal of evaluation, development and commercialization of such healthcare products.

NOW, THEREFORE, YEC AND ARGO AGREE AS FOLLOWS:

AGREEMENTS:**1. SCOPE OF STRATEGIC ALLIANCE**

The parties acknowledge that the purpose of this agreement shall be to seek and develop possibilities for collaboration in the following areas:

- (a) Marketing, distribution, and commercialization of ARGO's products by YEC, subject to the terms and conditions contained in this Agreement and a separate Distribution Agreement being entered into concurrently with this Agreement (hereafter "DA").
- (b) Marketing and distribution of future YEC products in the area of healthcare equipment by ARGO within the scope of its sales network.

- (c) Improvement of ARGO's products by applying YEC's know-how and expertise in the field of motion control and robotics, especially improvements necessary for YEC to successfully market ARGO's products within the scope agreed to in the DA.
- (d) Quality improvements of ARGO's Products by applying YEC's know-how and expertise in the field of motion control and robotics.
- (e) Definition of the responsibilities and areas of coverage of YEC and ARGO in the future research and development of ARGO's products, as to be defined in detail on a case-by-case basis with separate joint development agreements in the future.

2. INVESTMENT BY YEC

As part of the implementation and execution of this Agreement, both parties agree to enter into a separate Share Purchase Agreement (hereafter "SPA"), at the same time and subject to the execution of the DA. Upon the terms and subject to the conditions contained in the SPA, YEC has agreed to purchase Series D-1 Convertible Preferred Shares of ARGO, par value NIS 0.01 each. The obligations of ARGO under this Agreement will not become invalid in case that YEC sells part or all of its shares of ARGO to another party.

3. DISTRIBUTION OF ARGO'S PRODUCTS BY YEC

As part of the implementation and performance of this Agreement, both parties are entering into the DA concurrently with this Agreement. Pursuant to the DA, and subject to its terms, ARGO agreed to appoint YEC as the exclusive distributor of its products in the Territory specified therein, and YEC agreed to market and distribute Argo's products in a professional manner. In case the DA is terminated in accordance with the terms and conditions of the DA, this provision shall be considered void.

4. JOINT STEERING COMMITTEE

YEC and ARGO agree to pursue further opportunities for collaboration in the areas of research and development, manufacturing, marketing and sales, for the purposes stated in this Agreement. As a platform to discuss such opportunities, YEC and ARGO agree to form a Joint Steering Committee (hereafter "JSC"), which will meet at least four (4) times per year, once in every quarter, for the following purposes:

- (a) Subject to the DA being in effect, to review and share the progress of marketing and sales of ARGO Products by YEC and ARGO worldwide, as defined in the DA.
- (b) Subject to the DA being in effect, to establish sales targets and minimum purchase requirements for ARGO's Products under the distribution relationship that is defined in the DA.

- (c) To discuss the possibilities of sales of YEC's products in the healthcare field using ARGO's sales network.
- (d) To discuss possibilities for improvements of ARGO's Products, especially improvements necessary for YEC to successfully market ARGO's products as defined in the DA, by granting YEC access to cost information and applying YEC's know-how and expertise in the field of motion control and robotics.
- (e) To discuss the responsibilities and areas of coverage of YEC and ARGO in the future research and development of ARGO Products, and to establish rules for proper compensation of the developing party for usage and/or licensing of any invention, know-how and improvement created by such party in the course of joint development.
- (f) To discuss the potential for licensed manufacturing of ARGO's Products by YEC.
- (g) To discuss the potential for quality improvements of ARGO's Products by applying YEC's know-how and expertise in the field of motion control and robotics.

5. TERM

This Agreement will be effective as of the Effective Date. Unless sooner terminated in accordance with the provisions hereof, the initial term of this Agreement ("**Initial Term**") will be ten (10) years from the Effective Date, *provided that* at any time following the 7th anniversary of such date, either party may terminate such strategic alliance upon not less than 60 days' prior written notice to the other party. After the Initial Term, this Agreement may only be renewed if authorized officers of ARGO and YEC agree in writing at least thirty (30) days before the expiration of the Initial Term or any renewal term to a renewal, including the period of the renewal term. "**Term**" means the Initial Term and any such renewal term. The parties may terminate this Agreement during the Term as follows:

- (a) Termination by either party. Either party may terminate this Agreement by giving written notice of termination to the other party, which termination will be effective immediately upon such notice, if the other party defaults in the performance of any of its material obligations provided for in this Agreement and fails to cure such default within sixty (60) days after receipt of notice from the other party of such default, unless a plan for remedying such default has been proposed by the defaulting party and accepted by the non-defaulting party within such period.
- (b) Termination by both parties. ARGO and YEC may terminate this Agreement at any point provided that both parties agree in writing to such a termination.

6. COORDINATION

A contact person for each party will coordinate the efforts of that party under this agreement. The initial contact person for each party is as follows:

Yaskawa Electric Corporation

Kei Shimizu
806-0004
2-1 Kurosakishiroishi, Yahatanishi-ku
Kitakyushu, Fukuoka, 806-0004
Tel: +81 93 645 8949
Fax: +81 93 645 8948
E-mail: shimizu@yaskawa.co.jp

Argo Medical Technologies Ltd.

Larry Jasinski
33 Locke Drive, 2nd Floor
c/o Argo Medical Technologies, Inc
Marlborough, MA 01752
USA
Tel: +1 (508)251-1154
Fax: +1 (508)251-2970
E-mail: larry.jasinski@rewalk.com

A party's contact person may be changed at any time by giving notice of the change to the other party. The notice must include the name and contact information for the new contact person. The contact person for each party must be available at reasonable times and on reasonable notice to meet with, converse with, or otherwise communicate with the contact person for the other party regarding issues arising under this agreement.

7. RELATIONSHIP OF PARTIES

Nothing herein contained shall be construed to imply a joint venture, partnership or principal-agent relationship between YEC and ARGO, and neither party shall have the right, power or authority to obligate or bind the other in any manner whatsoever, except as otherwise agreed in writing. During the performance of any of the collaborative efforts set forth in this Agreement, ARGO's employees will not be considered employees of YEC, and vice versa.

8. INTELLECTUAL PROPERTY; CO-DEVELOPMENT, IMPROVEMENT, MODIFICATION

This agreement does not give either party any rights, title or interest in the other party's trade name, trademarks, copyrights, patents, trade secrets, know-how, proprietary data, confidential information, or other intellectual property (hereinafter collectively "**Intellectual Property**"). Except as expressly stipulated in this Agreement, each party shall not without any prior written consent, use, copy, modify or license the other party's Intellectual Properties supplied pursuant to this Agreement. Unless otherwise agreed between the parties or stipulated in a separate related agreement such as the SPA or DA, each party confirms and agrees that any Intellectual Properties are hereby supplied to the other party on an "as is" basis. There are no warranties by either party with respect to such Intellectual Properties, express or implied including the implied warranties of merchantability, fitness for a particular purpose and non-infringement. In the event that the parties mutually agree to explore jointly in any manner, design and/or develop new products or improve or modify ARGO's current products, the parties will negotiate, in good faith, in an attempt to conclude one or more appropriate license agreements prior to either party's use of the Intellectual Property of the other.

9. CONFIDENTIAL INFORMATION

On or prior to the execution of this Agreement, both parties shall sign a new Confidentiality and Non-Disclosure Agreement (hereinafter the “New NDA”) and both parties shall comply with any terms and conditions stipulated in the New NDA with respect to handling of any confidential information disclosed by the other party hereunder.

10. NON-SOLICITATION OF PERSONNEL

During the performance of the any of the collaborative efforts set forth in this Agreement, each of ARGO and YEC agrees not to engage in any attempt whatsoever to hire, or to engage as independent contractors, the other’s employees or independent contractors during the term of the collaboration and for a period of twelve (12) months following expiration or termination of the collaboration, except as may be mutually agreed in writing.

11. REMEDIES

Each of the parties agrees that money damages will not be a sufficient remedy for any breach of the above agreement relating to non-solicitation of personnel. Accordingly, a party will be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and the parties each further agree to waive any requirement for the securing or posting of any bond in connection with such remedy.

12. MISCELLANEOUS PROVISIONS

12.1. Assignment

Neither this Agreement nor any part of this Agreement may be assigned or transferred by either party without the prior written consent of the other party. Any assignment or transfer without such consent shall be null and void.

12.2. Notice

All notices or other communications required or desired to be sent to either of the parties will be invalid, unless made in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by recognized international courier service (*e.g.*, Federal Express, DHL, etc.) with charges prepaid, or by facsimile or electronic mail which is subject to confirmation by letter. The address for all notices or other communications required to be sent to ARGO or YEC will be the mailing address stated on the signature page to this Agreement, or such other address as may be provided from one party to the other on at least ten (10) days prior written notice. Any such notice will be effective upon the date of receipt.

12.3. Litigation Expense

If there is a default under this agreement, the defaulting party must reimburse the non-defaulting party for all costs and expenses reasonably incurred by the non-defaulting party in connection with the default, including attorney's fees. Additionally, if a suit or action is filed to enforce this agreement or with respect to this Agreement, the prevailing party is entitled to reimbursement from the other party for all costs and expenses incurred in connection with the suit or action, including reasonable attorney's fees at the trial level and on appeal.

12.4. Waiver

No waiver of any provision of this Agreement may be deemed, or will constitute, a waiver or any other provision, whether or not similar, not will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

12.5. Applicable Law

This agreement will be governed by and must be construed in accordance with the laws of the State of Israel. All disputes arising pursuant to this Agreement shall be exclusively brought in the courts of competent jurisdiction residing in Tel Aviv, Israel.

12.6. Entire Agreement

This Agreement constitutes the entire agreement between the parties with regard to the matters contained herein, and may not be amended except in a writing signed by both parties.

12.7. Severability

Immediately upon the execution by the parties of this Agreement, the Confidentiality and Non-Disclosure Agreement of August 25TH, 2011 by and between the parties and the Letter as of July 5th, 2013 shall be terminated by mutual consent of the parties hereto, and become null and void. Notwithstanding the foregoing, should this Agreement be terminated or proven to be invalid, such termination or invalidation will in no way affect, impair or invalidate any other related agreement including the SPA, DA and/or the New NDA, which will be in full force and effect. In addition, any amendment, invalidity or termination of the SPA, DA and/or the New NDA respectively or divestiture of Series D-1 Convertible Preferred Shares of ARGO by YEC will not in any way affect, impair or invalidate this Agreement.

12.8. Counterparts of the Agreement

This Agreement has been executed in two (2) identical copies, one (1) for each party.

Exclusive Distribution Agreement

This Exclusive Distribution Agreement (“**Agreement**”) is entered as of September 24, 2013 (the “**Effective Date**”) between Argo Medical Technologies Ltd. (“**ARGO**”) and Yaskawa Electric Corporation (“**YEC**”).

- A. ARGO wishes to appoint YEC as its exclusive distributor in the Territory (as defined below).
- B. This Agreement sets forth the terms and conditions of the distribution relationship.

Appointment of YEC as Distributor

1.1 ARGO hereby appoints YEC as its exclusive distributor of the Products in the Territory, subject to the appointment parameters below and to the Terms and Exhibits attached or referenced herein.

Appointment Parameters

- Distributor Name:** Yaskawa Electric Corporation, a Japanese corporation. Yaskawa Electric Corporation currently contemplates that orders will be placed, and payments made, by Yaskawa Europe Technology Ltd. (“**Agent**”). See also Section 18(a) of the General Terms attached hereto as Attachment 1.
- YEC Address:** 2-1 Kurosakishiroishi, Yahatanishi-ku
Kitakyushu, Fukuoka 806-0004 Japan
- Agent Address:**
13 Hamelacha St.
Afek Industrial Park
Rosh Ha’Ayin 48091
Israel
- Territory:** “**Territory**” means Japan, China (including Hong Kong and Macau), Taiwan, South Korea, Singapore and Thailand; *provided that* if YEC shall fail at any time during the Term to meet the Minimum Purchase Requirements for any specific place within the Territory, then the Joint Steering Committee established under the Strategic Alliance Agreement dated September 30 2013 between the parties shall discuss the possibility of redefining such place as part of the Territory. In the event of disagreement within such Joint Steering Committee with regard to such place, ARGO shall have the right, at its sole discretion, to redefine such place as part of the Territory.
- Supplemental Territory:** In the event that ARGO wishes from time to time to introduce any Products into any regional market in the Asian and Pacific regions in addition to the Territory (other than Australia, New Zealand or India), YEC shall have a right of first refusal to serve as the distributor of the Products in such regional market. ARGO shall provide YEC with advance notice of its intention to enter such regional market. If YEC expresses an interest in distributing the Products in such regional market and YEC is capable of distributing the Products in such regional market, the parties shall negotiate the Minimum Purchase Requirements for such regional market. All other terms and conditions then prevailing under this Agreement shall apply. If the parties reach agreement on the Minimum Purchase Requirements, such regional market shall be added to the Territory under this Agreement. Should the parties not reach such an agreement on the Minimum Purchase Requirements within two months of the beginning of negotiations, ARGO may appoint another distributor for such specific regional market based on Minimum Purchase Requirements materially greater than those proposed by YEC and otherwise on terms and conditions no less favorable to ARGO than those under this Agreement.

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

Field	Bipedal exoskeleton technology designed or manufactured for the use by paraplegics, quadriplegics, multiple sclerosis and cerebral palsy patients.
Market:	The “ Market ” means the following: Sales of products in the Field to all Hospitals, Rehabilitation Centers, and Physician’s Offices, other professional health care sites and individuals, whether such sales are made directly or through various distribution channels such as affiliated companies, agents, sub-distributors and resellers.
Products:	“ Products ” means all of the products in the Field that are exclusively owned by ARGO from time to time. Currently, the Products include the ReWalk Rehabilitation System and the ReWalk Personal System lines.
Pricing:	To be agreed between the parties from time to time, based on market conditions in the Territory and the resultant margins for each party. ARGO’s current distributor prices are set forth on <u>Exhibit A</u> . The parties will regularly discuss price reductions from time to time. Based on ARGO’s 2012 business plan presented to YEC, ARGO’s goal was to reduce Distributor Price to approximately US\$ [***] during 2015. YEC has indicated its desire to achieve a Distributor Price of approximately US\$ [***] by such date, by expanding collaboration with ARGO as detailed in the separately signed Strategic Alliance Agreement.
Minimum Purchase Requirements:	As defined in Exhibit C. Notwithstanding anything to the contrary in this Agreement, Exhibits or otherwise, the Minimum Purchase Requirements are provided solely for the purpose of forecasting, and in no way shall the Minimum Purchase Requirements be construed as the obligation or requirements of YEC under this Agreement. YEC will submit a business plan to ARGO by March 31, 2014, and the actual minimum purchase requirements shall be determined in accordance with such business plan.
Initial Term:	“ Initial Term ” means 120 months from the Effective Date, except as earlier terminated pursuant to the terms of this Agreement.
Term	As defined in <u>Section 17</u> .
Exhibits:	<u>Exhibit A</u> : ARGO International Distributor Price List <u>Exhibit B</u> : ARGO Sales Policy and Payment Terms <u>Exhibit C</u> : Minimum purchase requirements <u>Exhibit D</u> : ARGO Patents and Trademarks <u>Exhibit E</u> : ARGO Warranty
Exclusivity	In the event of any inconsistency between this Agreement excluding the Exhibits and the Exhibits hereto, the former shall prevail. Subject to any and all provisions of this Agreement, YEC is appointed hereunder as an exclusive distributor of the Products in the Markets within the Territory during the Term. ARGO shall not directly or indirectly sell or distribute the Products in the Markets within the Territory to any person other than YEC, and ARGO shall not sell the Products to any person outside the Territory without restricting such person from distributing or reselling the Products in the Territory.

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Attachment 1 - General Terms

These Terms are part of the Agreement. Capitalized terms that are not otherwise defined in these General Terms shall have the meanings assigned to them in the Appointment Parameters.

1. **Appointment Terms.**

- a. **Minimum Purchase Requirements.** The parties shall agree in good faith on minimum purchase quantities of Products in order to maintain exclusive rights in the Territory. The initial agreed upon quantities, which are not binding, are defined in Exhibit C, and shall be updated in accordance with the business plan referred to in Exhibit c.
 - b. **Limits of Exclusivity.** YEC's distribution rights are limited to the Market in the Territory.
 - c. **Marketing, Sales and Distribution Outside the Territory.** YEC agrees that no Products will be marketed, distributed, trained, sold or serviced, directly or indirectly, by or under the authority of YEC or any of its affiliates to any entity or person outside [the Market or] the Territory without the prior written permission of ARGO in its sole discretion. YEC agrees that it will not directly or indirectly solicit orders from or sell any Products to any person or entity outside of the [Market or] Territory, and YEC further agrees that it will not directly or indirectly solicit orders for or sell any Products in any situation where YEC reasonably should know that the Products will be resold or exported outside of the [Market or] Territory. YEC agrees to take all commercially reasonable actions to keep any purchaser of the Products from marketing, distributing or selling the Products in any market outside the Market or Territory.
 - d. **Competing Products.** YEC agrees that it and any parent, subsidiary or affiliate of YEC will not directly or indirectly market, develop, distribute or sell in the Market any Competing Products, as defined in the Definitions of this Agreement, without prior written consent of ARGO. ARGO acknowledges and agrees that nothing in this Agreement shall, in any way, restrict or prevent YEC and any parent, subsidiary or affiliate of YEC from developing designing, manufacturing, distributing, selling or otherwise any products, to the extent that it does not conflict with any other provisions In this clause. ARGO recognizes based on materials provided thereto by YEC, and YEC warrants, that at the time of the signing of this Agreement, YEC is not developing, manufacturing and selling, and it has not developed, manufactured or sold in the past, any product which constitutes a Competing Product as defined in this Agreement.
 - e. **Independent Contractor.** ARGO and YEC are each acting as an independent contractor in performing its obligations under this Agreement and neither party is the legal representative, agent, joint venturer, partner, or employee of the other for any purpose whatsoever. Neither party will have any right or authority to assume or create any obligation of any kind or to make any representation or warranty on behalf of the other party, whether express or implied, or to bind the other party in any respect.
 - f. **Expenses and Costs.** Except as otherwise specifically provided herein, each party assumes full responsibility for its own costs and expenses incurred in carrying out its respective obligations under this Agreement, including but not limited to all rent, salaries, commissions, advertising, demonstration, travel and accommodation expenses without the right to reimbursement for any portion thereof from the other party. YEC will be obligated to pay for reasonable localization costs in connection with the marketing, sale and distribution of the Products [in the Market] in the Territory pursuant to this Agreement.
2. **Taxes and Payments.** In the event that ARGO shall sell the Products to the Agent in Israel, ARGO shall provide YEC (who shall deliver it to the Agent) with a valid certificate of exemption from Israeli withholding taxes. YEC will be solely responsible for and will pay, or reimburse ARGO for, all taxes, duties, import deposits, levies, sales taxes, value added taxes, assessments and other governmental charges, however designated, which are now or hereafter imposed under or by any governmental authority or agency in the Territory, that are (a) associated with the payment of any amounts by YEC to ARGO pursuant to this Agreement (except for income taxes), or (b) based on the Products or their sale or use to or in the Territory, or (c) relate to the import of the Products into the Territory.
 3. **Orders for Products.** Subject to Section 6(b) below ("*Forecasts*"), Agent on behalf of YEC will submit purchase orders for the Products to ARGO in writing at least thirty (30) days prior to the requested delivery date for standard, unmodified Products. ARGO will deliver the Products on the requested delivery date, provided that such date is not less than thirty (30) days after the submission of a purchase order. In the event of any conflict between the terms of this Agreement and any purchase order issued by Agent on behalf of YEC and accepted by ARGO, the terms of this Agreement will prevail. All purchase orders not in compliance with this the forecast or agreed pricing hereunder may be rejected by ARGO at its sole discretion.
 - a. **Sales Policy and Payment Terms.** Subject to the terms and conditions herein, YEC agrees to purchase from ARGO, and ARGO agrees to sell to YEC, at least the minimum units of certain Products under the terms as set forth in Exhibit B.
 - b. **Delivery Terms.** ARGO delivers Products to Agent's distribution center in Israel, or if directed by Agent to make delivery to a location in the Territory, then FCA (INCOTERMS 2000) at ARGO's or its contractor's loading dock, as set forth in Exhibit A. Risk of damage, loss and delay passes to YEC, immediately following Product delivery at Agent's distribution center in Israel or the FCA delivery point, as applicable. YEC will pay all freight and transportation charges, applicable taxes, customs duties, tariffs, value-added tax, consumption tax and all other taxes and charges connected with the import into the Territory of the Products. If a purchase order issued by YEC does not contain shipping instructions, ARGO may ship, freight collect, the Products via commercially reasonable transportation at rates negotiated in good faith by ARGO. YEC will insure each shipment of the Products with a reputable insurer for the full invoice price of such shipment. ARGO reserves all rights permitted by law with respect to Products shipped or delivered, including the rights of rescission, repossession, resale, and stoppage in transit, until the full amount due from YEC to ARGO in respect of the Products has been paid.
 - c. **Return of Products.** All Products are subject to acceptance tests by YEC or Agent in accordance with the acceptance procedure mutually agreed by the parties. The parties shall

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- agree on a return authorization procedure, pursuant to which YEC or Agent, as the case may be, may return, at ARGO's expense, for replacement or a full credit, any Product that does not pass quality acceptance tests.
- d. **Product Changes.** ARGO reserves the right, upon no less than ninety (90) days prior written notice, with regard to software and one hundred and eighty (180) days prior written notice, with regard to all other material, and without incurring any liability to YEC, to: (a) alter the specifications for any Product, including packaging and instructions; (b) discontinue the manufacture of any Product; or (c) discontinue the development of any new product, whether or not such product has been announced publicly.
 - e. **Recall.** ARGO also reserves the right to recall any Products for safety or other reasons at ARGO's discretion. If ARGO becomes aware of the need or the possible need to recall any Products anywhere in the world, ARGO shall as promptly as possible notify YEC. If ARGO decides to recall any Product in the Territory, then YEC will fully cooperate with ARGO and will be responsible for the actions required to contact customers or other purchasers or users of the Products which acquired or may have acquired the Products sold by YEC in order to recall the Products sold by YEC. ARGO will replace or repair (at its option), at no charge, freight in both directions to be paid by ARGO, the recalled Products that have been returned to ARGO by YEC as a result of such recall, or at ARGO's option, will issue a credit for the actual purchase price paid by YEC for the recalled Products that have been returned to ARGO by YEC as a result of such recall. ARGO shall reimburse YEC for reasonable, pre-approved out of pocket expenses necessitated by such recall.
 - f. **Inventory of Spare Parts and Consumables.** During the Term and for 60 (sixty) months after the expiration or termination of this Agreement, ARGO shall stock the consumables and spare parts necessary for the repair and maintenance of the Products.
4. **Payments and Prices.** YEC shall pay the respective amount set forth in ARGO's agreed Price List with YEC (current version attached as Exhibit A) for sales of such product to YEC in effect at the time that ARGO accepts YEC's purchase order plus any taxes, duties and other charges (except income or withholding taxes). Special packing or handling will be at the sole expense of YEC. All payments hereunder will be made in United States dollars.
 5. **ARGO Obligations.** During the Term, ARGO will have the following obligations with respect to the Products pursuant to this Agreement:
 - a. **Regulatory approvals:** ARGO will provide to YEC supporting data and assistance for the conduct of filing of regulatory applications for the Product, *provided that* YEC shall perform all local regulatory interaction, track and communicate filings and prosecute clinical studies within hospitals and markets in the Territory, and *provided further* that (A) each party shall bear all expenses of its respective employees related to such activities, (B) where expenses (including clinical expenses, and all procedural and paperwork expenses) are incurred for the primary purpose of obtaining regulatory approval in the Territory, ARGO shall bear the cost of providing any technical data and the parties will share other expenses (which shall be agreed in advance); and (C) where expenses (including clinical expenses, and all procedural and paperwork expenses) are incurred for the primary purpose of marketing in the Territory, YEC will bear such expenses (which shall be agreed in advance).
 - b. **Training and Service support:** ARGO will initially conduct training and service courses to certify designated YEC personnel on all aspects of training and service. ARGO will provide updates on training or service on a regular basis as they occur.
 - c. **Marketing and Promotional support:** ARGO will provide publications, promotional materials and other marketing programs to YEC in English and in formats suitable to translation and reproduction in local languages. All updates will be provided as they occur.
 - d. **Sales Training:** ARGO will conduct an initial sales training program for the initial YEC sales management, and shall further provide appropriate sales training materials, methods of operation and other support programs to YEC in English for translation and reproduction in local languages. All updates will be provided as they occur.
 - e. **Other promotional activities:** ARGO will forward leads and inquires for the Territory that are received from the ARGO web site, trade shows or other means.
 6. **YEC Obligations.** YEC will have the following obligations with respect to the marketing and distribution of the Products pursuant to this Agreement:
 - a. **Business Plan.** YEC will provide to ARGO within ninety (90) days of execution of this Agreement a comprehensive one-Year business plan for the marketing, sale and distribution of the Products in the Territory for the initial Year of the Term, including projected quantities of each of the Products to be sold in the Territory. YEC will provide ARGO by December 31, 2013, for the initial Year of the Term, and by September 30 of each Year during the Term of this Agreement, following the initial Year, a new business plan for each successive Year that begins during the remainder of the Term. YEC will include in such business plans its proposed activities for advertising and promotion of the Products and the budgeted amount to be incurred for such activities for each Year. YEC will seek to implement any such plans and undertake such advertising and promotional activities and to expend such budgeted amounts on such activities during the applicable Year, subject to YEC's commercial judgment and to changes that YEC believes are appropriate in light of the circumstances. In addition, YEC will provide ARGO, within 30 days after the end of each calendar quarter and within 45 days after the end of the Year, with a report describing for each of the Products and for each such quarter or Year (i) YEC's marketing and distribution activities for each such Product, (ii) sales figures (number of units) for each such Product, and (iii) outstanding inventories of each such Product, which report will be in such form and in such detail as ARGO may reasonably require.
 - b. **Forecasts.** YEC agrees to provide ARGO with a six (6) month forecast of YEC's projected purchases of units of each of the Products during each calendar quarter no later than one hundred twenty (120) days prior to each quarter and to provide ARGO with such other information regarding the projected purchases of each such Product as ARGO may reasonably request from time to time. YEC will update such forecasts each quarter on a rolling basis for a new six (6) month period, which updated forecast must be received by ARGO no later than one hundred twenty (120) days prior to the first day of each succeeding calendar quarter. The parties will periodically review the significance and practicality of such forecasts. The rolling forecasts provided to ARGO by YEC pursuant to this section will be used for purposes of facilitating YEC's marketing plans and to meet the manufacturing and fulfillment lead times required by ARGO.

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- c. **Promotional Efforts.** YEC will diligently promote the Products in the Market using marketing, sales or other promotional materials, advertisements, press releases and public statements or communications prepared or proposed to be used by or for YEC in connection with the Products (collectively, "Marketing Materials") prepared by YEC and approved in advance by ARGO in accordance with Section 6], and to regularly participate in conferences and exhibitions targeted at customers in each of the industries in the Markets;
- d. **Sales Support Resources.** YEC will maintain throughout the Market an adequate sales team dedicated to the sale of the Products in the Territory, and such sales team will participate in training sessions provided by ARGO related to the use and application of the Products. YEC will promptly respond to all inquiries from customers in the Territory that have purchased Products from YEC, including complaints;
- e. **Training.** YEC will maintain throughout the market an adequate training organization dedicated to training hospitals and other similar centers on the current standards of training for use of the product. Training standards and updates will be provided by ARGO to YEC throughout the Term of the Agreement;
- f. **Service.** YEC will maintain throughout the market adequate service and maintenance capability dedicated to users and purchasers of the Products utilizing the current standards of service and maintenance for the use of the product. Maintenance standards and updates will be provided by ARGO to YEC throughout the Term of the agreement.
- g. **Inspection Right.** YEC will permit ARGO, not more frequently than twice every Year, upon at least 10 days' prior notice, and at ARGO's expense, to visit YEC's place of business during normal business hours and inspect its inventories, service records, and other documents relevant to the Products, but excluding any technical information not related to quality audits of the Products, as well as customer and resale price information.
- h. **Localized Packaging.** YEC will review and advise ARGO on the packaging, user manuals and instructions for the Products in the language required or advisable to be used in the Market for the distribution and sale of such Products in the Market as developed and provided by ARGO.
- i. **Regulatory approvals:** YEC shall perform all local regulatory interaction, track and communicate filings and prosecute clinical studies within hospitals and markets in the Territory, *provided that* ARGO will provide to YEC supporting data and assistance for the conduct of filing of regulatory applications for the Product, and *provided further* that (A) each party shall bear all expenses of its respective employees related to such activities, (B) where expenses (including clinical expenses, and all procedural and paperwork expenses) are incurred for the primary purpose of obtaining regulatory approval in the Territory, ARGO shall bear the cost of providing any technical data and the parties will share other expenses (which shall be agreed in advance); and (C) where expenses (including clinical expenses, and all procedural and paperwork expenses) are incurred for the primary purpose of marketing in the Territory, YEC will bear such expenses (which shall be agreed in advance).
7. **Approval of Marketing Materials.** ARGO will have the right to approve or reject any (a) Marketing Materials, including any translations of materials provided by ARGO (YEC to provide such local language versions and YEC to bear the cost of such translations), and (b) any signs, stationery, business cards or other materials used to identify
- YEC as an independent distributor of the Products in the Territory (collectively, "YEC Materials" - and collectively, with Marketing Materials referred to as "Materials"). YEC shall not publish or otherwise use any Materials, unless and until YEC has received ARGO's prior written approval, which ARGO may grant or deny at ARGO's sole discretion. Should ARGO fail to respond to a request by YEC within 30 business days, it shall be deemed to have granted approval.
8. **Ownership of Materials.** Except for the limited rights granted to the other party in this Agreement, each party reserves title, ownership and all rights and interests to all trademarks, trade names, and trade dress that are owned by such party. Upon the termination or expiration of this Agreement, each party will cease using all such materials, and, if requested by the other party, will return or destroy all such materials that remain in its custody or under its control and will certify to the other party as to the destruction of all such materials.
9. **Trademarks.**
- a. **Registration and Enforcement.** ARGO represents and warrants that ARGO owns any and all ARGO Marks and ARGO's name. ARGO shall apply on a timely basis to register and maintain the registration of the ARGO Marks throughout the Territory.
- b. **Use of the ARGO Marks by YEC.** Subject to (a) ARGO's standards, specifications and instructions, if attached hereto, and (b) ARGO's approval rights under Section 7, ARGO hereby consents to the use by YEC of the ARGO Marks on the Marketing Materials and the YEC Materials. The Products sold to YEC by ARGO hereunder will have such ARGO Marks as ARGO may determine. YEC may not use the ARGO Marks, except as provided in the foregoing or except as agreed in writing by ARGO and YEC.
- c. **Monitoring and Rules Regarding the ARGO Marks.** During the Term, YEC will afford ARGO reasonable opportunities to inspect and monitor advertising and other use by YEC of the ARGO Marks or ARGO's name in order to confirm that YEC's use is in accordance with the terms of this Agreement. YEC will acquire no right, title or interest in the ARGO Marks or ARGO's name, except the right to use as provided in Section 9(b). All use of the ARGO Marks or ARGO name by YEC will inure to the benefit of ARGO. YEC agrees (a) not to contest the rights of ARGO in or to, or the validity of, the ARGO Marks or the ARGO name, (b) not to register or apply to register or cause to be registered with any trademark or domain name registration organization the ARGO Marks or ARGO's name or any trademark, trade name, service mark, word, phrase or symbol or domain name that is identical or confusingly similar to the ARGO Marks or ARGO's name or that contains part of the ARGO Marks or the ARGO name, (c) to promptly assign to ARGO any registrations or applications for registrations with any trademark or domain name registration organization of the ARGO Marks or the ARGO name or any trademark, trade name, service mark, word, phrase or symbol or domain name that is identical or confusingly similar to the ARGO Marks or the ARGO name or that contains part of the ARGO Marks or the ARGO name, and (d) not to use any trademark, trade name, service mark, word, phrase or symbol or domain name that is identical to or confusingly similar to the ARGO Marks or the ARGO name or that contains part of the ARGO Marks or the ARGO name, except for use of the ARGO Marks expressly permitted in Section 9(b). YEC acknowledges ARGO's ownership of the ARGO Marks and ARGO's name and agrees that it will do nothing inconsistent with such ownership.

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- d. Markings of ARGO's Names and Marks. YEC may not, without the prior written consent of ARGO, remove or alter any trade names, trademarks, notices, patent numbers, serial numbers, labels, tags or other identifying marks, symbols, or legends affixed to any Products or to the packages in which the Products are placed.
- e. Termination of Use of ARGO's Names and Marks. Except to the extent required to continue to sell Products in accordance with Section 17(c) immediately upon expiration or termination of this Agreement, YEC will cease all use of the ARGO Marks and the ARGO name and will not adopt or use any trademark, trade name, service mark, logo, words, phrases or symbols which are identical to or confusingly similar to the ARGO Marks or the ARGO name or which contain part of the ARGO Marks or the ARGO name. In addition, YEC hereby authorizes ARGO and agrees to assist ARGO, if requested upon termination of this Agreement and at ARGO's sole expense, to cancel, revoke or withdraw any registration, application or use authorization permitting YEC to use the ARGO Marks or the ARGO name in the Territory and at the request of ARGO upon termination of this Agreement and at ARGO's sole expense, to execute, deliver and have notarized (if required) any assignments or other instrument transferring ownership, registration, application or use authorization of the ARGO Marks or the ARGO name to ARGO.

10. Representations; Warranty.

- a. Limited Warranty. Each party represents and warrants to the other party that (i) such party has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder; (ii) this Agreement constitutes the legal, valid and binding obligation of such party enforceable against such party in accordance with its terms; and (iii) the execution, delivery and performance of this Agreement by such party will not result in a violation of or be in conflict with any agreement to which such party is bound. In addition to the warranties set forth in Exhibit E, ARGO represents and warrants that the Products shall be free of defects in design and manufacturing of which it has knowledge. YEC warrants that it will use its reasonable efforts to market and distribute the Products in the Market in full compliance with applicable law, this Agreement, ethical business practices and a manner that reflects positively on ARGO's brand.
- b. No Other Warranties. Except for ARGO's express warranties set forth in this Agreement, including Exhibits, and except for the ARGO's implied or statutory warranties of merchantability and non-infringement, neither party makes any warranties with respect to the subject matter of this Agreement or the Products and hereby disclaims, to the fullest extent permitted by applicable law, any and all implied or statutory warranties, including any implied warranties of fitness for a particular purpose. Without limiting the generality of the foregoing, ARGO does not warrant the performance or result that YEC or any other user may obtain by using the products.

11. Indemnification and Limitation of Liability.

- a. ARGO Indemnification Obligations. Subject to Sections 11 (c) and 11(d), ARGO shall indemnify, defend, and hold YEC harmless from and against any and all losses, liabilities, costs, damages, fees and expenses, including reasonable attorneys' fees and court costs, that YEC directly incurs as a result of third party claims to the extent such claims are based upon the infringement by the Products of any patent, copyright or trademark rights, except that the foregoing indemnity by

ARGO shall not apply to any claim based solely upon or arising solely from (i) infringement caused by YEC Marks (ii) any modification or alterations to the Products, packaging and instructions for the Products expressly prohibited by ARGO in writing, (iii) ARGO Marks not authorized in writing by ARGO, (iv) any distribution of the Products outside the scope of the Agreement, (v) any use of the Products in a manner for which they were not designed or not in accordance with applicable documentation, instructions, training or guidance, (vi) YEC's continued sale or distribution of the Products subsequent to a notice from ARGO of a non-appealable judgment of infringement; provided that the foregoing exclusion shall not apply to the continued sale or distribution of those Products for which YEC has made contractual commitments to its customers prior to the settlement of such claims, as evidenced by independent documentation, (vii) any representation or warranty which is beyond the scope of representations and warranties made by ARGO and made to any third party by YEC or by any person or entity directly or indirectly related thereto, or (viii) any material breach by YEC of this Agreement. In the event of any claim for indemnification pursuant to the foregoing indemnity or if ARGO believes that any Product is likely to become subject to such a claim, ARGO shall compensate YEC for the actual direct costs, expenses and damages incurred prior to the following settlements made by ARGO, and may, at its sole option and expense: (A) modify any of the Products to render it noninfringing or replace any of the Products with a product that is non-infringing and functionally equivalent; (B) obtain a license for YEC to continue to use the Product under the terms of this Agreement; or (C) terminate this Agreement, accept the return of any units of the Product already purchased by YEC, refund any amounts YEC has paid ARGO under this Agreement for YEC's existing unsold inventory of such Product, reimburse the taxes YEC has paid in connection with such Products, and compensate the marketing and promotion costs and expenses. The foregoing will be ARGO's sole liability for infringement of intellectual property rights relating to the Products. ARGO shall further indemnify, defend, and hold YEC harmless from and against any and all actual losses, liabilities, costs, damages, fees and expenses, including reasonable attorneys' fees and court costs, that YEC incurs as a result of third party claims to the extent such claims are based upon (i) any representations or warranties made by ARGO, (ii) the use of Materials, and (iii) any failure by ARGO to comply with applicable law in connection with its activities under this Agreement. ARGO shall further indemnify and hold YEC and its affiliates, and their respective officers, directors, agents and employees (collectively, "YEC Indemnitees"), harmless from and against all direct claims, loss, expense (including, without limitation, fees and disbursements of legal counsel incurred by a YEC Indemnitee in any action or proceeding between YEC Indemnitee and ARGO, or between YEC Indemnitee and any third party or otherwise), damage, liability and lawsuits arising from a breach by ARGO of any of its representations or warranties or obligations under this Agreement, or any breach of ARGO's undertakings and obligations towards purchasers of Products or other third parties.

- b. YEC Indemnification Obligations. Subject to Sections 11(c) and 11(d), YEC will indemnify, defend, and hold ARGO harmless from and against any and all actual losses, liabilities, costs, damages, fees and expenses, including reasonable attorneys' fees and court costs, that ARGO incurs as a result of third party claims to the extent such claims are based solely upon (i) any representations or warranties which are beyond the scope of representations and warranties made

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by ARGO and made by YEC with respect to Product beyond those authorized by ARGO, if any, (ii) the infringement of any third party's patent, copyright or trademark rights by any of the YEC Marks or by the YEC's use of any materials or goods prepared solely by YEC in connection with the performance of YEC's duties under this Agreement except for the purchase and sale of the Products under this Agreement, and (iii) any failure by YEC to comply with applicable law in connection with its activities under this Agreement.

Subject to Section 11(c) and 11(d), YEC shall further indemnify and hold ARGO and its affiliates, and their respective officers, directors, agents and employees (collectively, "ARGO Indemnities"), harmless from and against all claims, loss, expense (including, without limitation, fees and disbursements of legal counsel incurred by a ARGO Indemnitee in any action or proceeding between ARGO Indemnitee and YEC, or between ARGO Indemnitee and any third party or otherwise), damage, liability and lawsuits arising from a breach by YEC of any of its representations or warranties or obligations under this Agreement, or any breach of YEC's undertakings and obligations towards purchasers of Products or other third parties.

- c. **Mechanics of Indemnification.** Each party's obligation to indemnify the other pursuant to this Section 11(A) is predicated upon the indemnified party's (a) giving the indemnifying party written notice of any claims giving rise to the indemnification obligations promptly after the indemnified party becomes aware of such claims; (b) allowing the indemnifying party to control any defense and related settlement negotiations regarding such claim, and (c) fully cooperating, at the indemnifying party's expense, in any defense or settlement of such claim. The indemnified party may participate in the defense and settlement of any indemnifiable claim with the counsel of its choice at its expense; and (B) shall be limited to any directly resulting damages, costs and expenses finally awarded by a definitive settlement agreed in writing thereby or by a definitive non-appealable judgment to a third party, it being clarified that the indemnifying party shall not be liable for such amounts, or for settlements incurred by the other party, without the indemnifying party's prior written authorization which consent will not be unreasonably withheld or delayed.
- d. **Limitations on Liability.** Except to the extent that ARGO is required to indemnify YEC for third party claims related to the infringement of intellectual property rights, the defects in product design or manufacturing malfunction, or as otherwise set forth in Sections 11, 12 and 16 to this Agreement, including the Exhibits, in which case the following limitations in subsection (ii) below shall not apply, (i) each party will not be liable to the other party or any other person or entity for any indirect, incidental, special, or consequential damages arising out of this Agreement, whether based on contract, tort or otherwise, even if such party should have known of the possibility of such damages, and notwithstanding the failure of essential purpose of any remedy, except to the extent that such limitation of liability is not permissible under applicable mandatory law, and (ii) each party's aggregate liability hereunder will not exceed the amounts paid by YEC to ARGO under this Agreement within the 6 month period preceding the incident giving rise to such liability.
12. **Intellectual Property.** ARGO represents and warrants that it owns and retains title, ownership and all rights and interests,

including but not limited to all intellectual property rights in or to the Products and product names, logos, marks and other materials that ARGO makes available to YEC under or related to this Agreement, except as expressly specified otherwise herein. ARGO also represents and warrants that ARGO has been and will be conducting, from time to time, searches of any and all third-party's intellectual property rights relevant to the Products, product names, logos, marks and other materials of ARGO. YEC will cooperate with ARGO, at ARGO's sole expense, to the extent YEC deemed necessary to protect and maintain ARGO's intellectual property rights related to the Products, including rights to the ARGO Marks and the ARGO name in the Territory, and will assist, at YEC's sole opinion and at ARGO's sole expense, in the enforcement of or defense of such ARGO rights. During the Term, each party will promptly notify the other party of any copying or counterfeiting of the Products in the Territory or any infringement of ARGO's intellectual property rights in or to the Products in the Territory, to the extent such party becomes aware thereof. ARGO will have the exclusive right, at its discretion, to commence and prosecute at its own expense a lawsuit or to take such other action against such copying, counterfeiting or any other infringement of ARGO's intellectual property rights as will be deemed appropriate by ARGO. YEC will have no right from taking any actions against such copying, counterfeiting or infringement, unless ARGO decides not to take action within thirty (30) days from the discovery of such copying, counterfeiting or any other infringement. YEC agrees to cooperate fully with ARGO in any such action taken by ARGO against such parties. All expenses of such action and of such cooperation by YEC will be borne by ARGO, be reimbursed to YEC by ARGO in timely manner, and all damages that may be awarded or agreed upon in settlement of such action will accrue to ARGO. If ARGO or YEC receives a claim that use by YEC of the ARGO Marks or the ARGO name infringes or violates the trademark or other proprietary rights of such claimant, each party will promptly notify the other party, and YEC and ARGO agree to cooperate with each other, at ARGO's sole expense, on actions to be taken with respect to such claims, including, modifying the ARGO Marks or cease selling or withdrawing or recalling the Products on which the ARGO Marks appears or ceasing to use the ARGO Marks or the ARGO name; provided that ARGO will have the exclusive right to make the final decision with regard to any actions to be taken with respect to such claims.

13. **No Questionable Payments.** YEC acknowledges that ARGO is subject to the United States' Foreign Corrupt Practices Act ("FCPA") and may be subject to other applicable business integrity or anti-corruption laws. YEC acknowledges that, under the FCPA, it is unlawful for YEC, its employees and any other of YEC's agents to, in connection with the business activity of ARGO or its subsidiaries, offer, pay or otherwise promise, directly or indirectly, any money, gift or anything of value to (1) any employee or officer of a government of a country (or any agency or enterprise owned or controlled by a country), (2) any official of a political party or a candidate for political office, and (3) any official or employee of a public international organization or any person acting or behalf of such entities. YEC agrees to refrain from making or causing any of the actions described in the foregoing sentence and further agrees to advise the ARGO in writing of any knowledge or suspicion of any such actions and the basis therefor. Any breach of the provisions of this section will entitle ARGO to terminate this Agreement effective immediately upon notice to YEC.

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14. **Confidentiality.** ARGO and YEC shall terminate any and all confidentiality obligations existing between the parties, and shall enter into a separate non-disclosure agreement before the execution of this Agreement.

15. **Import and Export of Products.**

- a. YEC will be responsible for obtaining all licenses and permits and for satisfying all formalities as may be required to import the Products into the Territory in compliance with all laws or regulations. YEC will supply to ARGO on a timely basis with all necessary information and documentation requested by ARGO in order to permit ARGO to export the Products with respect to any purchase order by Agent or YEC accepted by ARGO.
- b. ARGO represents and warrants that, unless otherwise approved by YEC in writing, the Products of ARGO shall be free from any export/re-export restrictions of the United States of America, including without limitation the Export Administration Regulations and the International Traffic in Arms Regulations.

16. **Insurance.** The parties agree to obtain and maintain throughout the Term of this Agreement and for 36 (thirty six) months thereafter, at its own expense, standard product liability insurance from a qualified insurance company (the "Product Liability Policy") covering the Products sold by YEC, naming YEC and each of its subsidiaries and affiliates as additional named insureds (collectively the "Additional Insured"). The Product Liability Policy will provide adequate protection for YEC and the Additional Insured against any and all claims, demands and causes of action arising out of any defects or failure to perform, alleged or otherwise, with limits of no less than the equivalent of Two Million US dollars (US\$2,000,000) for each occurrence and Two Million US dollars (US\$2,000,000) annual aggregate (such limits to be reviewed between YEC and ARGO on an annual basis). The Product Liability Policy will be written as a primary policy and not contributing with and not in excess of coverage which YEC or its subsidiaries and affiliates may carry. Twenty (20) days prior to any modification or expiration of the Product Liability Policy, ARGO will cause its insurance carrier to provide YEC with notice, by registered mail, return receipt requested, of such occurrence. ARGO agrees to furnish YEC with a certificate of insurance evidencing such coverage within thirty (30) days after the date of this Agreement and at least twenty (20) days prior to the expiration of the then existing Product Liability Policy.

YEC shall maintain at its own expense throughout the Term of this Agreement and for at least 60 (sixty) months after termination or expiration of the Agreement, such insurance coverage with respect to the performance of this Agreement required by law and local regulations or customary in the industry in the Territory. YEC will provide ARGO with a true copy thereof upon Company written request.

17. **Term and Termination.** This Agreement will not be binding upon the parties until it has been signed by or on behalf of each party, in which event it will be effective as of the Effective Date. Unless sooner terminated in accordance with the provisions hereof, the Initial Term of this Agreement will be the period set forth in the Appointment Parameters. Thereafter, this Agreement may only be renewed if authorized officers of ARGO and YEC agree in writing at least thirty (30) days before the expiration of the Initial Term or any renewal term to a renewal, including the period of the renewal term. "Term" means the Initial Term and any such renewal term. The parties may terminate this Agreement during the Term as follows:

a. **Termination by ARGO.** ARGO may terminate this Agreement by giving written notice of termination to YEC, which termination will be effective (i) upon ninety (90) days' notice, if for any reason or no reason, provided that such notice may not be given before the 7th anniversary of the Effective Date, upon such notice, if there is a YEC Event of Default, or upon such notice, upon the occurrence of a Bankruptcy Event by YEC.

b. **Termination by YEC.** YEC may terminate this Agreement by giving written notice of termination to ARGO, which termination will be effective (i) upon ninety (90) days' notice, if for any reason or no reason, provided that such notice may not be given before the 7th anniversary of the Effective Date, (ii) upon such notice, if there is an ARGO Event of Default, or (iii) upon such notice, upon the occurrence of a Bankruptcy Event by ARGO

c. **Rights and Obligations on Termination.** In the event of the expiration or any termination of this Agreement for any reason, the parties will have the following rights and obligations: (i) Termination of this Agreement will not release either party from the obligation to make payment of all amounts then or thereafter due and payable, including payment of all purchase orders accepted by Argo prior to such termination (ii) ARGO will have the right, at its option, to cancel any accepted purchase orders that provide for delivery after the effective date of termination; (iii) YEC will cease to market, sell or otherwise distribute the Products; provided, however, that except in the case where this Agreement is terminated by ARGO as a result of the failure of YEC to pay or breach by YEC of this Agreement or a Bankruptcy Event with respect to YEC, YEC may continue to distribute, for ninety (90) days after the expiration or termination of this Agreement, the Products that YEC has already purchased or has in inventory at the time of such expiration or termination, subject to the terms and conditions of this Agreement.

d. **No Compensation and No Obligation to Renew.** Without prejudice to any other remedies which either party may have due to a breach of this Agreement, except as otherwise provided for in this Agreement, neither party will be entitled to any compensation or like payment from the other as a result of the termination or expiration of this Agreement in accordance with its terms. Except as otherwise provided for in this Agreement, neither party will (i) be under any obligation to renew or extend this Agreement after the expiration of the Term, notwithstanding any actions taken by either of the parties prior to the expiration of the Term of this Agreement, or (ii) be liable to the other for any damages (whether direct, consequential, or incidental, and including, any expenditures, loss of profits, or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration or the termination of this Agreement.

18. **Miscellaneous.**

a. **Assignment.** ARGO has entered into this Agreement based upon the particular capabilities and experience of YEC. YEC may not and cannot assign, delegate or otherwise transfer this Agreement or any of its rights or obligations hereunder, other than to a subsidiary which is under the Control of YEC. In addition, any subsidiary which is under the Control of YEC may place orders under this Agreement, provided that YEC shall at all times be fully responsible for such order. Except as permitted in this section, any attempted or purported assignment, delegation or other transfer will be void and a material breach of this Agreement. Subject to the foregoing, this Agreement will inure to the benefit of the parties and their respective successors and permitted assigns.

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- b. **Notices.** All notices or other communications required or desired to be sent to either of the parties will be invalid, unless made in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by recognized international courier service (e.g., Federal Express, DHL, etc.) with charges prepaid, or by facsimile which is subject to confirmation by letter. The address for all notices or other communications required to be sent to ARGO or YEC will be the mailing address stated on the signature page to this Agreement, or such other address as may be provided from one party to the other on at least ten (10) days prior written notice. Any such notice will be effective upon the date of receipt.
- c. **Compliance with Applicable Laws.** Each party shall comply with all applicable statutes, laws, ordinances, regulations and orders (including with respect to the labeling, packaging and testing of the Products). ARGO shall, at its expense, promptly obtain all regulatory approvals for the Products in the Territory, and YEC shall, at ARGO's expense, cooperate with ARGO in obtaining such approvals. YEC, at its own expense, will obtain any license, permit or approval required with respect to the exercise of its rights or performance of its obligations hereunder, and will declare, record or take such steps to render this Agreement binding, including the recording of this Agreement with any appropriate governmental authorities (if required), after providing ARGO with prior written notice regarding such requirements and YEC's intended compliance approach.
- d. **Governing Law.** This Agreement will be governed as to all matters, including validity, construction and performance, by and under the laws of Israel, without giving effect to conflicts of law principles thereof and excluding the U.N. Convention on the International Sale of Goods.
- e. **Legal Costs and Expenses.** If it is necessary for either party to retain the services of an attorney or attorneys to enforce the terms of this Agreement or to file an action to enforce any of the terms, conditions or rights contained herein, or to defend any action, then the prevailing party in any such action will be entitled to recover from the other party its reasonable fees for attorneys and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction.
- f. **Remedies.** Except as expressly set forth herein as an exclusive remedy or otherwise to the contrary, the election by a party of any remedies provided for in this Agreement will not be exclusive of any remedies otherwise available hereunder or at law or in equity, and all such remedies will be cumulative.
- g. **Severability.** If any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision (or part thereof) will be enforced to the extent possible consistent with the stated intention of the parties, or, if incapable of such enforcement, will be deemed to be deleted from this Agreement, while the remainder of this Agreement will continue in full force and remain in effect according to its stated terms and conditions.
- h. **Survival.** Sections 1(e)-(f), 3(c), 3(e)-(f), 4, 8, 9(c)-(e), 11, 12, 15, 16, 17 and 18 of these General Terms shall survive any termination of this Agreement.
- i. **Waiver.** No failure or delay by either party in exercising any right, power, or remedy under this Agreement will operate as
- a waiver of any such right, power, or remedy. No waiver of any provision of this Agreement will be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement will not be construed as a waiver of any other provision of this Agreement, nor will such waiver operate as or be construed as a waiver of such provision respecting any future event or circumstance.
- j. **Construction, Counterparts and Language.** The headings and subheadings used in this Agreement are intended for convenience of reference only and will not be considered part of this Agreement. This Agreement will be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties. This Agreement may be executed in one or more counterparts in the English language, and each such counterpart will be deemed an original hereof. In case of any conflict between the English version and any translated version of this Agreement, the English version will govern. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.
- k. **Entire Agreement; Amendments.** This Agreement, including all these General Terms and any Exhibits expressly referenced in the Appointment Parameters, constitutes the entire agreement between ARGO and YEC with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, proposals, understandings and communications between ARGO and YEC, whether oral or written with respect to the subject matter hereof. Amendments to this Agreement are invalid, unless made in a writing signed or issued by ARGO
- 19. Definitions.** The following capitalized terms used in the Agreement have the respective meanings set forth in this section:
- a. "**Bankruptcy Event**" means the occurrence of any of the following events or circumstances by a person or entity: (a) a person or entity is unable to pay its debts when due; (b) a person or entity makes an assignment for the benefit of any of its creditors; (c) a person or entity files or has filed against it any petition under the bankruptcy or insolvency laws of any jurisdiction; (d) a person or entity has or suffers a receiver or trustee to be appointed for its business or property; or (e) a person or entity is adjudicated to be bankrupt or insolvent.
- b. "**Competing Product**" shall mean bipedal exoskeleton equipment designed or manufactured for the use by paraplegics, quadriplegics, multiple sclerosis and cerebral palsy patients.
- c. "**Control**" shall mean 50% or more of the ownership or voting rights.
- d. A "**YEC Event of Default**" will occur if: (i) YEC will fail to make any payment owed hereunder on the date due and such default is not corrected or cured within thirty (30) business days after such due date, or (ii) YEC defaults in the performance of any of its other material obligations provided for in this Agreement and fails to cure such default within sixty (60) days after receipt of notice from ARGO of such default, unless a plan for remedying such default has been proposed by YEC and accepted by ARGO within such period.
- e. An "**ARGO Event of Default**" will occur if ARGO defaults in the performance of any of its other material obligations provided for in this Agreement and fails to cure such default within sixty (60) days after receipt of notice from YEC of

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such default, unless a plan for remedying such default has been proposed by ARGO and accepted by YEC within such period,.

f. “ARGO Marks” means those registered or unregistered trademarks owned or licensed by ARGO and used in

connection with the Products including the trademarks set forth on Exhibit C to the Agreement, as such exhibit may be amended by ARGO from time to time during the Term.

g. “Year” means a period of 12 calendar months commencing on January 1 and ending on December 31.

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Exhibit A: ARGO International Distributor Price List

The following is the ARGO Price List to Distributors for 2013/2014. ARGO will supply new International Distributor Price Lists for subsequent calendar years, which lists shall be deemed to replace the price list below upon delivery to YEC.

Product	List Price	YEC Discount	YEC Price
ReWalk Personal System	\$69,500.00	***%	\$ ***
ReWalk Rehabilitation System	\$79,500.00	***%	\$ ***
ReWalk Personal/ Rehabilitation System for YEC's demo, evaluation or clinical trials	—	—	\$ ***
Warranty and Accessories	TBD	TBD	TBD

MOST FAVORED NATION: If in the future ARGO provides a Distributor Discount to any other distributor of the Products that is greater than the YEC Discount provided from time to time to YEC, or otherwise makes available to any other distributor of the Products a Distributor Price that is lower than that made available from time to time to YEC, then (i) ARGO shall immediately notify YEC, and (ii) ARGO shall make such greater Distributor Discount or such lower Distributor Price available to YEC from the earliest date that it is or was made available to such other distributor.

FCA LOCATION: ARGO distribution warehouse [specify location]

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Exhibit B: 2013 ARGO Sales Policy and Payment Terms

The following is the ARGO Sales Policy as of the Effective Date of this Agreement. ARGO may provide updated sales policies for subsequent calendar years, which sales policies shall be deemed to replace the sales policy below upon delivery to YEC.

Minimum order amounts will be as follows: Systems can be ordered in individual units

Payment terms require 25% down payment with Purchase Order.

Payment for the balance due for all invoices is net 30 days of the earlier of delivery or invoice date.

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Exhibit C: Minimum Purchase Requirements

Below are non-binding estimates of the minimum purchases. The actual minimum purchase requirements will be determined in accordance with the Business Plan which shall be provided to ARGO by March 31, 2014.

<u>Time Period</u>	<u>Total Systems (Regardless of mix)</u>
Year 1 2014	[***] Units
Year 2 2015	[***] Units
Year 3 2016	[***] Units
Year 4 2017	[***] Units
Year 5 2018	[***] Units

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Exhibit D: ARGO Patents and Marks

ReWalk is a trademark of ARGO

<u>Title</u>	<u>Patent No</u>	<u>Temp./App. No</u>	<u>Filing Date</u>	<u>Reg. /Pub. Date</u>	<u>Status</u>	<u>About</u>
	US 7,153,242		24/05/2001	26/12/2006		
Gait-Locomotor Apparatus	EP 1 260201		19/02/2002	12/2008-5/09	CH, DE, EP, ES, FR, GB, IT, NL, TR	General view, the tilt idea, FES, crutches.
Locomotion Assistive Device and method	US 8,096,965 WO 2010/044087	13/350,852	13/10/2008	17/1/2012		
Locomotion Assistive Device and method	US 8,348,875 B2		17/1/2012	8/1/2013	1st division	
Locomotion Assistive Device and method		US 2013/0123672 A1	7/1/2013	16/5/2013	2nd division	
Locomotion Assistive Device and method		US 13/893,342	14/5/2013		3rd division	
Locomotion Assistive Device and method		US 13/900,570 P-74217-US App. 12/909,746	23/5/2013		4th divisions	Ground forces - based algorithms.
Locomotion Assisting Apparatus with Integrated Tilt Sensor		P-74217-PC	10/10/2011		Pending Filed in: CN, KR, JP, BR, CA, IL, IN, RU, AU, EP	Locations of tilt sensor(s).
Motorizes Exoskeleton Unit		P-75737-US US 13/426,071	21/3/2012		Pending	2 motors on each thigh
Measures to Prevent Fall Injuries in Exoskeletons		P-75953-US US 13/535,485 PCT/IL2013/050546	28/6/2012		Pending	Airbag protection
Exoskeleton for quadriplegics		P-76452-US	17/1/2013		Pending	Sophisticated crutches

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Exhibit E: ARGO Warranty

For the purpose of this Exhibit E, a “Customer” means (i) YEC, including YEC’s affiliates, to the extent YEC purchases the Products regardless of whether for the distribution purpose or otherwise, and (ii) the purchasers of the Products who purchase such from YEC or YEC’s affiliates.



1. Argo Medical Technologies Ltd (“Argo”) hereby warrants to the original purchaser of ReWalk (the “Customer” and the “Product”, respectively) that during the Warranty Period (as defined in Section 2 below), subject to normal wear and tear and the terms set forth herein, when used as intended and after training by Argo or authorized representative whereof, without unapproved modifications, following all Argo’s instructions and requirements and when fitted by or under the direct supervision of a certified/licensed practitioner who meets all Argo’s product-specific training requirements for the Product, the Product shall be free of defects in material or workmanship.
2. The “Warranty Period” as used herein (and except for the battery, as set forth in Section 7.1 below) shall mean the period commencing on the date of delivery of the Product to the Customer and terminating 24 (twenty four) months thereafter (the “Initial Period”); *provided however* that the Warranty Period shall promptly terminate if the Customer shall not have the Product sent to Argo’s local dealer (the “Dealer”), the details of which are indicated on the back of this page, for a free service check at 12 months from the date of purchase, or at any other time instructed by Argo. The Warranty Period may be extended for fee beyond the Initial Period for up to 5 years (i.e.: by additional three years or less). The Customer is encouraged to contact the Dealer and receive a quote for such extended period.
3. If Argo finds the Product to be defective as a sole result of defects in material or workmanship—then, during the Warranty Period, upon receipt of due notice from the Customer and subject to the Customer’s full performance of its obligations hereunder—Argo shall repair or replace the Product, or parts thereof, or refund part or all of the original purchase price thereof. The option to repair, replace or pay a refund shall be at Argo’s sole discretion.
4. For goods or essential components manufactured by a third party and supplied by Argo in connection with the Product (if any), Argo’s warranty is limited to the warranty provided by said third party.
5. The remedies hereby provided shall be the exclusive and sole remedies of the Customer.
6. This warranty shall only apply to the Customer and with regard to Product, and this warranty is not transferable without the prior written consent of Argo.
7. This warranty does not cover and Argo shall not be held liable for any of the following damages:
 - 7.1 the batteries (6 months warranty), battery chargers, backpack and strips;
 - 7.2 damages resulting from normal wear, damages caused, wholly or partially, due to abuse, operation beyond capacity, substitution of parts not approved by Argo, misuse, negligence, inadequate storage, installation, application and/or maintenance as recommended by Argo from time to time and/or unauthorized repairs or alterations of the Product and other reasons beyond Argos’s control;
 - 7.3 damages caused by accident, natural disasters (such as fire, water damage, floods, lighting, etc.), force majeure, acts of war, sabotage or any unforeseen circumstances;
 - 7.4 damages caused during shipment (responsibility for safe delivery should be assumed by the freight carrier at the time of shipment and claims for such damages must be filed with the freight carrier or insurer); or
 - 7.5 indirect, incidental, consequential or any other damages of any nature arising out of use of the Product or inability to use it, including, *inter alia*, damages due to late delivery or non-delivery, damages to property, loss of profits, injury to goodwill, inconvenience, etc., and whether such damages are claimed to arise from breach of contract, in tort, the theory of product liability or otherwise; reservation is solely being made for Argo’s statutory liability due to material breach of an essential contractual obligation, express representations, wrongful intent or product liability acts.
8. Any claim under this warranty must be made in writing and posted to the Dealer within thirty (30) days from the date of the discovery of the defective Product, and it must reach the Dealer not later than thirty (30) days from the end of the Warranty Period. All defective Product and/or parts thereof must be retained until receiving further instructions from Argo. Argo may demand the shipment to its facilities, of the Product claimed to be defective for assessment and evaluation, prior to repairing, reporting or paying a refund.
9. SUBJECT TO APPLICABLE LAW, WHICH MAY NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES. THIS WARRANTY CONSTITUTES THE EXCLUSIVE WARRANTY MADE BY ARGO FOR THE PRODUCT AND IS IN LIEU OF ANY OTHER WARRANTIES, COMMITMENTS AND/OR AGREEMENTS, EXPRESS OR IMPLIED, MADE OR ALLEGEDLY MADE, BY ARGO OR ANY OF ITS EMPLOYEES, AGENTS, REPRESENTATIVES OR DEALERS, INCLUDING WITHOUT LIMITATION. ANY WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ALL SUCH OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY ARGO. IN NO EVENT SHALL ARGO’S LIABILITY OF ANY KIND INCLUDE ANY SPECIAL INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF ARGO SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.
10. Unless otherwise agreed in the Agreement, all matters relating to this warranty shall be exclusively governed by the laws of the State of Israel, regardless of any rules relating to the conflict of laws which may apply; and the competent courts in Tel Aviv, Israel shall have sole and exclusive jurisdiction with regard to any dispute related to this warranty.

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CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-Disclosure Agreement (this “**Agreement**”) is made and entered into on this 24th day of September, 2013, by and between Argo Medical Technologies Ltd., an Israeli corporation having its registered office at Kochav Yokneam Building, POB 161, Yokneam 20692, Israel (“**ARGO**”), and Yaskawa Electric Corporation, a Japanese corporation having its principal place of business at 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu, Fukuoka 806-0004 Japan (“**YEC**”).

WHEREAS, ARGO and YEC made and entered into the Confidentiality and Non-Disclosure Agreement as of August 25, 2011 (the “**Precedent NDA**”), the purpose of which has been completed,

WHEREAS, ARGO and YEC agreed to and signed the letter entitled “Proposal to Purchase Stock of Argo Medical Technologies Ltd.” dated July 4, 2013 and executed on July 5, 2013 (the “**Letter**”), the purpose of which has been completed,

WHEREAS, ARGO and YEC made and entered into, subject to the execution of this Agreement and the Distribution Agreement (defined below), the Series D Preferred Share Purchase Agreement as of September 24, 2013 (the “**Share Purchase Agreement**”),

WHEREAS, ARGO and YEC made and entered into, subject to the execution of this Agreement, the Exclusive Distribution Agreement as of September 24, 2013 (the “**Distribution Agreement**”),

WHEREAS, ARGO and YEC made and entered into, subject to the execution of this Agreement, the Strategic Alliance Agreement as of September 24, 2013 (the “**Alliance Agreement**”),

WHEREAS, ARGO and YEC may make and enter into agreement(s) during the term of either the Distribution Agreement or the Alliance Agreement (the “**Potential Agreement(s)**”),

WHEREAS, each of ARGO and YEC desire to disclose, at its sole discretion, its confidential and proprietary information to the other party for the purpose of performing the Share Purchase Agreement, the Distribution Agreement, the Alliance Agreement and the Potential Agreement(s), if any (the “**Purpose**”), and

WHEREAS, ARGO and YEC desire to consolidate the confidentiality obligations between the parties, and revise the undertakings and obligations of confidentiality and nondisclosure.

NOW, THEREFORE, in consideration of the promises and undertakings herein, the parties hereto agree as follows:

1. The term “**Confidential Information**” means (i) the confidential information which was duly disclosed under the Precedent NDA or the Letter; *provided that* such confidential information shall be delivered to the receiving party (the “**Recipient**”) in writing prior to the execution of this Agreement, and (ii) the confidential information which will be disclosed during the term of this Agreement and is reasonably necessary for the Purpose; *provided that*, such

confidential information shall be clearly identified and marked as “CONFIDENTIAL” or the like, in case of disclosure in tangible form, or shall be clearly identified as confidential at the time of disclosure and delivered to the Recipient in writing within thirty (30) days from such disclosure, in case of disclosure in intangible form. Confidential Information shall not include information that (a) the Recipient can show was already known to the Recipient or the public prior to its disclosure; (b) became known to the public except as a result of breach of this Agreement by the Recipient; (c) was obtained by the Recipient from a third party having no confidentiality obligation to the disclosing party (the “**Discloser**”); (d) the Recipient can show was independently developed by the Recipient without reference to the Confidential Information of the other party; or (e) is approved in writing by the Discloser for release by the Recipient.

2. The Recipient agrees to use Confidential Information for the Purpose only and to hold in confidence all Confidential Information disclosed to it. The Recipient agrees to disclose Confidential Information only to the persons of the Recipient or its subsidiaries who are necessary for the Purpose and are bound by a like obligation of confidentiality in favor of the Recipient. The Recipient agrees to take appropriate measures with its and subsidiaries’ employees, contractors and other persons acting for or on its behalf to enforce the foregoing covenant of secrecy.

3. Nothing in this Agreement shall be construed as requiring any party to disclose its confidential information.

4. The Recipient acknowledges and agrees that the Confidential Information furnished by the Discloser is and shall remain proprietary to the Discloser. All copies of the Confidential Information shall be returned to the Discloser immediately upon request without retaining copies thereof.

5. It is understood and agreed that the disclosure of Confidential Information by the Discloser shall not grant the Recipient any express, implied or other license or rights to patents or trade secrets of the Discloser or his suppliers, whether or not such trade secrets are patentable, nor shall it constitute or be deemed to create a partnership, joint venture or other undertaking. Further, Recipient agrees that it shall not remove or otherwise alter any of the trademarks or service marks, serial numbers, logos, copyright notices or other proprietary notices, if any, fixed or attached to Confidential Information or any part thereof.

6. Neither this Agreement nor the disclosure or receipt of Confidential Information shall constitute or imply any promise or intention by either party to make any purchase of products or services of the other or the other’s affiliated companies, or any commitment by either party or affiliated companies with respect to present or future marketing of any products or services or any other business relationship.

7. Nothing in this Agreement shall be construed as restricting each party from engaging in any other business, developments or otherwise to the extent that such party shall comply with this Agreement.

8. For each Confidential Information disclosed under this Agreement, the confidentiality obligation set forth herein shall bind the Recipient for a period of five (5) years after such disclosure. For each Confidential Information disclosed under the Precedent NDA or the Letter and delivered to the Recipient in writing in accordance with Section 1 (i) hereof, the confidentiality obligation set forth herein shall bind the Recipient for a period of five (5) years after the execution of this Agreement.

9. Notwithstanding anything to the contrary in the Precedent NDA, the Precedent NDA shall, upon the execution of this Agreement, be terminated in entirety and no provision thereof shall survive such termination. Notwithstanding anything to the contrary in the Letter, Section 5 of the Letter shall, upon the execution of this Agreement, be terminated and shall not survive such termination.

10. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Israel, the courts of which shall have exclusive jurisdiction over the subject matter and the parties in connection with any dispute hereunder. A determination that any term of this Agreement is void or unenforceable shall not affect the validity or enforceability of any other term or condition and any such invalid provision shall be construed and enforced (to the extent possible) in accordance with the original intent of the parties as herein expressed.

11. This Agreement shall come into force upon the execution and will be in force for unless otherwise all of the Distribution Agreement, the Alliance Agreement and the Potential Agreement(s), if any, are terminated.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

ARGO MEDICAL TECHNOLOGIES LTD.

YASKAWA ELECTRIC CORPORATION

By: /s/ Larry Jasinski

By: /s/ Junji Tsuda

Name: Larry Jasinski

Name: Junji Tsuda

Title: Director

Title: President

September 30, 2013

Yaskawa Electric Corporation
2-1 Kurosakishiroishi, Yahatanishi-ku
Kitakyushu 806-0004
Japan

Attention: Shuji Murakami, Director, Corporate Vice President.

Re: Yaskawa Electric Corporation Investment in Argo Medical Technologies Ltd.

Ladies and Gentlemen:

Reference is hereby made to that certain Series D Preferred Stock Purchase Agreement (the "**Purchase Agreement**"), dated as of the date hereof, by and among, *inter alia*, Argo Medical Technologies Ltd., a limited liability company incorporated under the laws of the State of Israel (the "**Company**"), Yaskawa Electric Corporation, a Japanese corporation ("**YEC**") and the Lenders. Capitalized terms used and not otherwise defined herein will have the meanings ascribed thereto in the Purchase Agreement.

Effective and contingent upon, and in consideration of, the acquisition by YEC of the Series D-1 Preferred Shares pursuant to the Purchase Agreement, the Company and YEC hereby agree to the terms and conditions of this letter agreement (this "**Letter Agreement**").

1. Acquisition Rights.

A. In the event that the Company receives an Acquisition Proposal (as defined below) which the Company desires to entertain, or the Board, acting in good faith, authorizes the Company or any of its officers, directors, representatives or agents to initiate or pursue an Acquisition Proposal, then within four (4) business days after such receipt or authorization, as applicable, the Company will provide YEC with confidential written notice (the "**Notice**") stating the Company's receipt of such Acquisition Proposal or such authorization of the Board. If the Company is not restricted by the potential acquiring party or parties (whether by an NDA or other written instrument) to disclose its/their name(s), the Company will disclose the specific name of such acquiring party or parties to YEC, but the Company shall not have any obligation to disclose any other terms of such Acquisition Proposal to YEC. Immediately after delivering the Notice to YEC, the Company will make members of its management reasonably available to YEC to discuss any Acquisition Proposal that YEC may desire to make, and if YEC shall deliver its own proposal to the Company, and such proposal was approved by the Company Board, Company shall provide YEC and its representatives access to the Company's documents and other information relating to the Company and its business, products and technology in order to enable YEC to conduct a due diligence investigation in a merger and acquisition context. Nothing in this Letter Agreement obligates YEC to make an Acquisition Proposal or the Company to accept an Acquisition Proposal (as defined below) which may be made by YEC.

B. Upon YEC's receipt of the Notice and for a period of seven (7) calendar days thereafter (which time period may be extended by mutual written agreement of the Company and YEC) (as such period may be extended, the "**Negotiation Period**"), the Company agrees not to enter into any definitive agreement (including, without limitation, no shop or other exclusivity agreements, binding term sheet or acquisition agreement, or any similar agreement that provides for the Company to pay termination or break-up fees) with respect to an Acquisition Proposal with any party other than YEC. For avoidance of doubt, following the Negotiation Period, the Company shall be entitled to enter into any definitive agreement with any party without the obligation to notify YEC and the Company shall not, except as may be required by Israeli law, have any obligation to notify YEC with regard to any changes and/or developments in the negotiations with any such party.

C. With respect to an Acquisition Proposal for which YEC receives a Notice from the Company (a "**Noticed Proposal**"), the Company will be free after the expiration of the Negotiation Period for a period of one hundred and eighty (180) calendar days to enter into a definitive agreement with respect to the Noticed Proposal. If the Company enters into a definitive agreement with respect to the Noticed Proposal during such period and closes the Acquisition contemplated by such definitive agreement, YEC's rights hereunder with respect to the Noticed Proposal will terminate. If the Company does not enter into a definitive agreement for the Acquisition contemplated by the Noticed Proposal during such one hundred and eighty (180) calendar day period, then the Company may not enter into any definitive agreement for, or close, an Acquisition without complying again in full with Section 1 of this Letter Agreement. Furthermore, if the Company receives a new Acquisition Proposal from a party other than the original third-party offeree (or its affiliate) (an "**Additional Acquisition Proposal**"), then the Company must comply again in full with the provisions of this Section 1 with respect to any such Additional Acquisition Proposal.

D. The Company agrees to act in good faith in all respects to carry out the intent of this Section 1 and will use its commercially reasonable efforts to ensure that the Company's employees, shareholders, directors and other agents and representatives abide by the intent of this Section 1 and do not take any action inconsistent with this Section 1.

E. If, at any time during the Negotiation Period, YEC definitively decides not to engage in or continue negotiations with the Company regarding an Acquisition Proposal or Additional Acquisition Proposal, as applicable, YEC shall provide written notice of such decision, the Negotiation Period shall terminate as of the date of such notice, and the provisions of the first two sentences of Section 1(C) of this Letter Agreement shall no longer apply to the Noticed Proposal or the Additional Acquisition Proposal.

F. For purposes of Section 1 of this Letter Agreement, "**Acquisition**" means a "Deemed Liquidation" as defined in the Company's Articles of Association in effect on the date hereof, and "**Acquisition Proposal**" means a proposal from a third party relating to an Acquisition (including, but not limited to, a letter of intent or an oral or written indication or intention from a third party to pursue an Acquisition which the Company's management believes, reasonably and in good faith, will result in a bona fide proposal from a third party relating to an Acquisition).

2. Termination.

The rights and obligations described in Section 1 of this Agreement will terminate upon the earlier to occur of (i) the closing of an IPO (as such term is defined in the Company's Articles of Association as in effect on the date hereof) (ii) the closing of a Deemed Liquidation or (iii) the date on which YEC shall hold less than 10% of the Company's share capital, on a fully diluted basis.

3. Miscellaneous.

This Letter Agreement will be exclusively governed by, and construed in accordance with, the laws of the State of Israel, regardless of the laws that might otherwise govern under applicable principles of conflicts of law. If any provision of this Letter Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provisions, or such provision in its entirety, to the extent necessary, shall be severed from this Letter Agreement, and the balance of this Letter Agreement shall be enforceable in accordance with its terms. All notices, requests, demands and other communications to the Company or YEC provided for in this Letter Agreement will be made pursuant to Section 10.5 of the Purchase Agreement. The rights and obligations under this Letter Agreement may not be assigned or delegated, and any attempt to do so will be null and void, without the prior written consent of the Company and YEC. Any term of this Letter Agreement may be amended, and the observance of any term of this Letter Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and YEC. This Letter Agreement is the complete and exclusive statement regarding the subject matter hereof, and supersedes all prior agreements, understandings and communications, oral or written, between the parties regarding the subject matter of this Letter Agreement. In all events, the terms and provisions of this Letter Agreement will be enforceable notwithstanding any conflicting term or provision set forth in any of the other Transaction Documents. In the event of any conflict between any term or provision of this Letter Agreement and any term or provision set forth in any of the other Transaction Documents, such term or provision of this Letter Agreement will prevail over such term or provision set forth in any of such Transaction Documents. This Letter Agreement may be executed in one or more counterparts, including counterparts transmitted by facsimile or electronic transmission, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The titles and subtitles used in this Letter Agreement are used for convenience only and are not to be considered in construing or interpreting this Letter Agreement.

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Please acknowledge your agreement to the foregoing by signing in the space designated below.

Very truly yours,

ARGO MEDICAL TECHNOLOGIES

By: /s/ Larry Jasinski
Title: Director

ACCEPTED AND AGREED:

YASKAWA ELECTRIC CORPORATION

By: /s/ Junji Tsuda
Title: President

SERIES D PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES D PREFERRED SHARE PURCHASE AGREEMENT (this "**Agreement**") is made as of the 24th day of September, 2013, by and between: (i) Argo Medical Technologies Ltd., an Israeli private company number 51-312137-6 (the "**Company**"), with principal office at Kokhav Yokneam Building, P.O. Box 161, Yokneam Ilit 20692, Israel, (ii) each of the purchasers listed on Schedule A, hereto, including Yaskawa Electric Corporation, a Japanese company (Business Identity Code 2908-01-010767) ("**YEC**") with its principal office at 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004 Japan (YEC and the other purchasers, the "**Purchasers**"), and (iii) each of the lenders listed on Schedule B, hereto (the "**Lenders**").

WHEREAS, the Company desires that at the Closing (as defined below), the Purchasers shall invest in the Company the Investment Amount (as defined below), as per the allocation between them set forth in Schedule A, in consideration for the issuance to them by the Company of Series D-1 Convertible Preferred Shares of the Company, par value NIS 0.01 each (the "**Preferred D-1 Shares**"), at such number and at such price per share as set forth below; and

WHEREAS, the Purchasers desire to invest the Investment Amount in the Company at the Closing upon the terms and conditions hereof;

WHEREAS, YEC desires to invest its respective portion of the Investment Amount in the Company at the Closing upon the terms and conditions hereof, with a view to establishing a strategic alliance for marketing, distribution and development of products in the area of healthcare equipment; and

WHEREAS, at the Closing, the Lenders (as defined above) wish to convert in full the Convertible Loans (as defined below) in consideration for the issuance to them by the Company of (as applicable in accordance with the terms of the Convertible Loans) (i) Series D-2 Convertible Preferred Shares ("**Preferred D-2 Shares**"), (ii) Series D-3 Convertible Preferred Shares ("**Preferred D-3 Shares**"), or (iii) Series D-4 Convertible Preferred Shares of the Company ("**Preferred D-4 Shares**"), par value NIS 0.01 each (collectively, the "**Preferred D-2/3/4 Shares**" and together with the Preferred D-1 Shares the "**Preferred D Shares**") at such number and at such price per share as set forth below;

NOW THEREFORE, in consideration of the mutual promises, covenants set forth herein it is hereby agreed as follows:

1. Interpretation

1.1 The section and paragraph headings used in this Agreement are inserted for ease of reference only and shall not be used for interpretation purposes.

1.2 References to persons shall include incorporated, unincorporated, associations and partnerships entities, in each case whether or not having a separate legal personality.

1.3 References to those of the parties that are individuals include their respective legal personal representatives.

1.4 References to “writing” or “written” include any other non-transitory form of visible reproduction of words.

2. Issue and Purchase of Preferred D Shares; Conversion of the Convertible Loans; Supplemental Closing

2.1 Investment

2.1.1. Purpose of YEC Investment. YEC will purchase the Preferred D-1 Shares with a view to establishing and solidifying a strategic alliance with Company for the purpose of marketing, distribution, commercialization and improvement of its products and co-development of new products in the area of healthcare equipment, subject to the terms and conditions contained in the Distribution Agreement (as defined in Section 3.2.5 of this Agreement) and the SAA (as defined in Section 3.2.6 of this Agreement).

2.1.2. Investment. Subject to the terms and conditions hereof, at the Closing, the Company shall issue and allot to each of the Purchasers and each of the Purchasers shall purchase from the Company, such number of Preferred D-1 Shares as set forth next to such Purchaser’s name in Schedule A, hereto, free and clear of any and all liens, claims, charges, encumbrances, restrictions, or other third party rights (hereinafter “**Encumbrances**”), at a price per Investment Share of US \$121 (the “**Investment Amount**”). The attached Schedule A, sets forth the allocation of the Investment Amount between each of the Purchasers and the number of Preferred D-1 Shares to be issued to each of them respectively at the Closing.

2.1.3. Each of the above Preferred D-1 Shares issuable at the Closing will be issued and become fully paid upon the payment by the Purchasers of the Investment Amount per the wire instructions to be provided to them by the Company, and receipt of payment in the Company’s bank account.

2.2 Conversion of the Convertible Loans.

2.2.1. The Lenders have lent to the Company interest accruing convertible loans in an aggregate principal amount of US \$7,730,000, which as of the date hereof have accrued interest in the aggregate amount of US \$233,975 (net of withholding tax in the aggregate amount of US \$10,358), totaling in the aggregate an outstanding amount of US \$7,963,975 (the “**Convertible Loans**”).

2.2.2. At the Closing, automatically and without any further action on the part of any of the Lenders, the Convertible Loans shall be converted into an aggregate of 81,677 (Eighty One Thousand and Six Hundred and Seventy Seven) Preferred D-2/3/4 Shares, which shall be issued to the Lenders free and clear of any and all Encumbrances (the “**Conversion Shares**” and together with the Preferred D-1 Shares the “**Purchased Shares**”), of which (i) 69,387 Preferred D-2 Shares shall be issued upon the conversion of Convertible Loans at a price per share of US \$96.800, (ii) 10,323 Preferred D-3 Shares shall be issued upon the conversion of

Convertible Loans at a price per share of US \$101.197, and (iii) 1,967 Preferred D-4 Shares shall be issued upon the conversion of Convertible Loans at a price per share of US \$103.016, all in accordance with the terms of the Convertible Loans. Schedule B, hereto sets forth the allocation of the Convertible Loans between each of the Lenders and the number of Conversion Shares to be issued to each of the Lenders in consideration for the conversion by it of its portion of the Convertible Loan at the Closing, assuming no withholding of tax is required. If any Lender fails to provide the Company prior to the Closing with evidence satisfactory to the Company, in its sole discretion, of full exemption from all withholding taxes, and the Company shall be required to remit the amount of such withholding tax to the appropriate tax authority, then (unless such withholding amount is paid by the applicable Lender to the Company no later than the Closing) the number of Conversion Shares to be issued to such Lender shall be decreased accordingly based upon the conversion price of the Convertible Loan of such Lender. Notwithstanding the foregoing, if prior to the Closing any Lender fails to both (a) fails to provide the Company with evidence satisfactory to the Company, in its sole discretion, of full exemption from all withholding taxes, and (b) fails to pay to the Company such withholding amount, the Company may, in its sole discretion, issue to such Lender the decreased number of Conversion Shares issuable pursuant to the preceding sentence, and defer the issuance of the remaining Conversion Shares until October 15, 2013; if by such date the Lender provides evidence satisfactory to the Company, in its sole discretion, of full exemption from all withholding taxes, or pays to the Company such withholding amount, the Company shall issue the deferred Conversion Shares to such Lender, but otherwise no additional Conversion Shares shall be issued to such Lender. The conversion of the Convertible Loans as aforesaid shall be the full and final discharge of Company's obligations under the Convertible Loan agreements and upon the issuance of the Conversion Shares, the Convertible Loans shall be deemed fully repaid and the Lenders shall not have any right under, or associated with, such Convertible Loans other than the holding of the Conversion Shares. Each of the Lenders and Purchasers shall be hereinafter referred to as an "Investor" and collectively as the "Investors".

2.2.3. Interest Drop Date Calculation and Extension of Automatic Conversion. The entire amount of accrued interest as calculated on the aggregate outstanding Loan Conversion was made as of the date of September 24, 2013. Accordingly, each of the Lenders hereby waives any demand or claim with respect to additional securities and/or interest to be accumulated on the above loans as of the above date and the Closing Date (as such term is defined below).

2.3 Additional Investment. In addition to the issuance of the Preferred D-1 Shares to the Purchasers and the issuance of the Conversion Shares to the Lenders, not later than 60 days following the Closing the Company may allot additional Series D-1 Convertible Preferred Shares of the Company, par value NIS 0.01 each ("Additional Preferred D-1 Shares"), at a price per share of US \$121, to (i) shareholders who on the date of this Agreement hold preferred shares of the Company, and/or (ii) new investors, in each case who sign an agreement of joinder in the form of Schedule 2.3 hereto, by which they agree to be bound by all of the terms of this Agreement, *provided* that (A) such new investors are financial investors and not strategic investors, (B) YEC shall have approved such investors in advance, which approval shall not unreasonably be delayed or withheld, and (C) the aggregate investment in Additional Preferred D-1 Shares by all investors (including the Purchasers other than YEC) shall not exceed US \$5 million.

2.4 Milestone Shares.

2.4.1. In the event that by March 31, 2014, the Milestone (as defined below) has not been achieved, then on April 1, 2014, the Company shall issue to YEC an additional 1,377 (one thousand three hundred and seventy-seven) Preferred D-1 Shares. The Company shall issue to YEC an additional 1,377 (one thousand three hundred and seventy-seven) Preferred D-1 Shares on each of May 1, June 1 and July 1, and an additional 1,378 (one thousand three hundred and seventy-eight) Preferred D-1 Shares on August 1, 2014 and September 1, 2014, provided, however, that no such shares shall be issued on any such date if prior thereto the Milestone has been achieved.

2.4.2. All additional Preferred D-1 Shares issued (if issued) pursuant to this Section 2.4.2 shall be issued free and clear of any and all Encumbrances, and shall collectively be referred herein as "**Milestone Shares**". The Milestone Shares shall be issued without the payment of any additional consideration by YEC and shall be deemed to be Purchased Shares, and the Investment Amount shall be deemed to be allocated between the Milestone Shares and all Preferred D-1 Shares issued to YEC at the Closing.

2.4.3. "**Milestone**" means that both of the following have occurred: (i) receipt by the Company of a final United States Food & Drug Administration clearance for the ReWalk – Personal model, and (ii) payment by any German insurance provider of full reimbursement of the cost of at least one of the Company's ReWalk – Personal models.

2.5 ESOP. Immediately prior to and effective as of the Closing, the Company shall increase the number of shares of the Company, par value NIS 0.01 each, available for issuance under its Employees Stock Option Plan (the "**ESOP Shares**" and the "**ESOP**" or "**Plan**", respectively) by 36,368 ESOP Shares. Consequently, (i) as of the Closing, the total number of ESOP Shares shall be 69,213, of which 36,368 ESOP Shares shall remain free for future allocation; (ii) assuming consummation of the Closing and the payment of the Investment Amount in full, immediately following the Closing the total number of ESOP Shares shall constitute 16.003% of the Company's share capital on a fully diluted basis, and the total number of ESOP Shares remaining free for future allocation shall constitute 8.408% of the Company's share capital on a fully diluted basis, all as further set forth in the Capitalization Table (as defined below).

3. Closing

3.1 Closing. The issuance and allotment of the Preferred D-1 Shares to the Purchasers, the issuance and allotment of the Conversion Shares pursuant to the conversion of the Convertible Loans to the Lenders, the transfer to the Company of the Investment Amount by the Purchasers and the registration of the Purchased Shares in the name of each Investor in the shareholder register of the Company shall take place at a closing to be held via remote exchange of documents on September 30, 2013 or on such other date or time as the Company and YEC shall agree (the "**Closing**" and the "**Closing Date**" respectively), subject to the fulfillment of the closing conditions specified in Sections 7 and 8 of this Agreement.

3.2 **Transactions at the Closing.** At the Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed nor any document delivered until all such transactions have been completed and all required documents delivered:

3.2.1. The Company shall deliver to each of the Investors the following duly executed documents in form satisfactory to them:

(i) A true and correct copy of the resolutions of the Company's Board of Directors (the "**Board**") adopted at or immediately prior to the Closing, in the form attached hereto as Schedule 3.2.1(i), by which the execution and delivery by the Company of each of this Agreement, the Shareholders Rights Agreement, the Shareholders Agreement, the Indemnification Agreements and any of the documents listed in this Section 3.2.1, and any and all other documents attached hereto or executed in furtherance of the transactions contemplated hereunder (collectively the "**Transaction Documents**"), and the performance by it of any and all of its obligations hereunder and thereunder, has been approved, including the issuance of the Preferred D Shares (including the Milestone Shares and Capitalization Adjustment Shares (as defined in Section 5.4), if any), conversion of the Convertible Loans, the issuance of the Conversion Shares, the issuance to the Investors of any Ordinary A Shares (as defined in the Amended Articles) upon conversion of the Preferred D Shares (including the Milestone Shares and Capitalization Adjustment Shares, if any) in accordance with the terms of the Amended Articles (the "**Ordinary A Shares**"), and the increase of the shares available for ESOP. To the extent applicable, such resolution shall also include a specific waiver by the applicable directors of the veto rights set forth in Article 89B of the Articles.

(ii) A true and correct copy of the resolutions of the Company's shareholders adopted at or immediately prior to the Closing, in the form attached hereto as Schedule 3.2.1(ii), by which (a) the execution and delivery by the Company of all Transaction Documents, and the performance by the Company of all of its obligations hereunder and thereunder, has been approved, including, *inter alia*, the creation of Preferred D Shares, the reservation of a sufficient number of Ordinary A Shares to allow the conversion of the Purchased Shares (including the Milestone Shares and Capitalization Adjustment Shares, if any), and the adoption with immediate effect of the Amended Articles (as defined below) together with a duly completed and signed notice of such changes to the Israeli Registrar of Companies, to be filed with the Israeli Registrar of Companies immediately following the Closing Date; and (b) all the existing shareholders of the Company, who are not parties to this Agreement, waive any rights, including, without limitation, conversion rights, pre-emptive rights, rights of first refusal, rights of first offer, anti-dilution rights, or any similar rights, with respect to the issuance and sale of the Preferred D-1 Shares (including the Milestone Shares and Capitalization Adjustment Shares, if any) and the Ordinary A Shares to the Purchasers, and the Conversion Shares and the Ordinary A Shares to the Lenders, subject to the terms of this Agreement, the Amended Articles and other rights and undertakings set forth in the Schedules attached hereto. To the extent applicable, such resolutions shall also include a specific waiver by the applicable shareholders of the rights set forth in Article 89A of the Articles.

(iii) A true and correct copy of the Amended and Restated Articles of Association of the Company (the “**Amended Articles**”) duly adopted, replacing the Articles (as defined below), in the form attached hereto as Schedule 3.2.1(iii).

(iv) A true and correct copy of the Company’s shareholders’ register reflecting the issuance of the Preferred D-1 Shares to the Purchasers and the Conversion Shares to the Lenders, stating the number and class of such shares, in the form attached hereto as Schedule 3.2.1(iv), as well as corresponding share certificates in the name of each Investor on account of such Investor’s portion of the Purchased Shares.

(v) A signed opinion from the Company’s counsel in the form attached hereto as Schedule 3.2.1(v), dated as of the Closing Date and addressed to the Investors.

(vi) A compliance certificate, executed by Mr. Larry Jasinski, a director of the Company and the CEO of Argo Medical Technologies Inc., dated as of the Closing Date, in the form attached hereto as Schedule 3.2.1(vi).

(vii) A duly executed Indemnification Agreement in the form attached hereto as Schedule 3.2.1(vii) (the “**Indemnification Agreement**”) for officer holders and directors of the Company, including such directors appointed by the Investor.

(viii) A notice or consent form to the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade and Labor (“**OCS**”), with respect to the investment contemplated herein in form satisfactory to YEC, which shall be attached as Schedule 3.2.1(viii) hereto.

(ix) A director appointment notice to be submitted to the Israeli Companies Registrar in the form attached hereto as Schedule 3.2.1(ix).

3.2.2. At the Closing, YEC shall provide the Company a letter appointing its directors to the Board in the form attached hereto as Schedule 3.2.2.

3.2.3. At the Closing, the Company, the Investors and all remaining shareholders of the Company shall execute and deliver the Amended and Restated Shareholders Rights Agreement substantially in the form set forth as Schedule 3.2.3 (the “**Shareholders Rights Agreement**”).

3.2.4. At the Closing, the Company, the Investors and all remaining shareholders of the Company shall execute and deliver the Third Amended and Restated Shareholders Agreement by and between the Founder and the rest of the shareholders of the Company substantially in the form set forth as Schedule 3.2.3 (the “**Shareholders Agreement**”).

3.2.5. At the Closing, the Company and YEC shall enter into a Distribution Agreement in the form set forth as Schedule 3.2.5, granting YEC distribution rights for the Company’s products upon the terms and conditions set forth therein (the “**Distribution Agreement**”).

3.2.6. At the Closing, the Company and YEC shall enter into a Strategic Alliance Agreement (“SAA”) in the form set forth as Schedule 3.2.6.

3.2.7. At the Closing, the Company and each of the directors and officer holders of the Company as of the Closing (including without limitation the directors of the Company to be appointed by YEC) shall enter into the Indemnification Agreement.

3.3 At the Closing, each Purchaser shall cause the transfer to the bank account designated by the Company of its respective portion of the Investment Amount by wire transfer, banker’s check, or such other form of payment as is mutually agreed by the Company and such Purchaser, and shall deliver to the Company a copy of a transfer form issued by its own bank confirming, without any restriction or reservation of repayment, the transfer of its respective portion of the Investment Amount to the Company’s bank account.

3.4 Post Closing. No later than thirty days after the Closing, the Company shall deliver to the Investors evidence of filing with the Israeli Companies Registrar (the “**Registrar**”) of the following documents: (i) the Amended Articles; (ii) a report of the changes to the registered share capital; (iii) appointment of YEC’s directors; and (iv) a duly completed notice of the issuance of the Purchased Shares to the Investors. The Company shall take all actions required for the prompt recording of the above with the Registrar.

4. Representations and Warranties

The Company hereby represents and warrants to the Investors, the following to be true, correct and not misleading as of the date hereof and as of the Closing Date, and acknowledges that the Investors are entering into this Agreement in reliance thereon, subject to and except as specifically stated otherwise in the Schedules to this Section 4 (the representations in this Section 4 shall be read as if made also with respect to each Subsidiary (as defined below) of the Company, to the extent applicable):

4.1 Organization and Corporate Power. The Company is a company duly organized and validly existing under the laws of the State of Israel, and has full corporate power and authority to own, lease and operate its properties and assets, to conduct its business as currently being conducted and as currently proposed to be conducted, and to execute and deliver each of the Transaction Documents and perform any of its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The Company has duly paid all required fees with the Israeli Companies Registrar and has filed the required annual report so as not be deemed a violating company (as defined by the Israeli Companies Law). Neither the nature of the Company’s business as currently conducted nor its ownership or leasing of property require that the Company be qualified to do business in any jurisdiction other than Israel.

4.2 Share Capital

4.2.1. As of the date hereof the Company’s authorized share capital is NIS 100,000 and is comprised of 10,000,000 shares, par value NIS 0.01 each, of which (i) immediately prior to the Closing: (a) 9,367,323 are Ordinary A Shares of which 10,000 are issued and outstanding, (b) 100,000 are Ordinary B Shares of which 316 are issued and

outstanding, (c) 11,000 are Series A Convertible Preferred Shares of which 10,677 are issued and outstanding, (d) 100,000 are Series B Convertible Preferred Shares of which 63,880 are issued and outstanding, (e) 200,000 are Series C-1 Convertible Preferred Shares of which 67,486 are issued and outstanding and (f) 40,000 are Series C-2 Convertible Preferred Shares of which 19,675 are issued and outstanding; a complete and correct list of the holdings of the issued share capital of the Company on a fully diluted basis, including all options and any other exercisable or convertible securities of the Company, and of the shareholders of the Company (the “**Company Shareholders**”) immediately prior to the Closing, is set forth in Schedule 4.2.1(i) attached hereto, and (ii) immediately following the Closing: (a) 9,367,392 will be Ordinary A Shares of which 10,000 will be issued and outstanding, (b) 100,000 will be Ordinary B Shares of which 316 will be issued and outstanding, (c) 11,000 will be Series A Convertible Preferred Shares of which 10,677 will be issued and outstanding, (d) 100,000 will be Series B Convertible Preferred Shares of which 63,880 will be issued and outstanding, (e) 200,000 will be Series C-1 Convertible Preferred Shares of which 67,486 will be issued and outstanding, (f) 40,000 will be Series C-2 Convertible Preferred Shares of which 19,675 will be issued and outstanding, (g) 100,000 will be Series D-1 Convertible Preferred Shares of which 84,008 will be issued and outstanding and owned by Purchasers, (h) 69,387 will be Series D-2 Convertible Preferred Shares, all of which will be issued and outstanding, (i) 10,323 will be Series D-3 Convertible Preferred Shares, all of which will be issued and outstanding, and (j) 1,967 will be Series D-4 Convertible Preferred Shares, all of which will be issued and outstanding; a complete and correct list of the holdings of the issued share capital of the Company on a fully diluted basis, including all options and any other exercisable or convertible securities of the Company, and of the shareholders of the Company at the Closing is set forth in Schedule 4.2.1(ii) attached hereto (the “**Capitalization Table**”).

4.2.2. All of the shares held by Company Shareholders have been duly authorized, are validly issued, fully paid-up and non-assessable and were issued (if and when issued) in compliance with all applicable laws. The Company Shareholders are the lawful record owners and holders of all of the issued share capital of the Company and hold such shares free and clear of any and all Encumbrances. None of the Company Shareholders, nor any other third party, holds any other shares, options or other rights to subscribe for, purchase from the Company or from any third party any shares or other securities of the Company that are convertible into, or exercisable or exchangeable for, shares or any other equity of the Company, and no Encumbrances with respect to the Company shares exist, except with respect to 5,237 Series A Preferred Shares, NIS 0.01 par value each, of the Company that are held by the Technological Incubator Founded by the Technion R&D Foundation Ltd. and are pledged for the benefit of the OCS according to Directive 8.3 of the managing director of the Ministry of the Industry, Trade and Labor of the State of Israel and as set forth in the Shareholders Rights Agreement and in the Amended Articles (the “**Government Shares**”).

4.2.3. As of the Closing the number of ESOP Shares available for issuance under ESOP shall be 69,213, constituting 16.003% of Company’s outstanding share capital on a fully diluted basis, of which 36,368 ESOP Shares, constituting 8.408% of the Company’s outstanding share capital on a fully diluted basis, shall remain free for future allocation of options to officers, directors, employees and consultants pursuant to the Plan.

4.2.4. Except as set forth in Schedule 4.2.4, the Shareholders Rights Agreement or in the Amended Articles, there are no share capital, pre-emptive rights, convertible securities, outstanding warrants, options or other rights (including anti-dilution rights or rights of first refusal or similar rights) or agreements, orally or in writing, to subscribe for, purchase or acquire from the Company or, to the best of Company's knowledge, from any of the Company Shareholders, any share capital of the Company or any rights convertible into, or exercisable or exchangeable for, any share capital of the Company, and there are no contracts, binding commitments or promises providing for the issuance of, or the granting of rights to acquire, any securities of the Company or under which the Company or, to the best of Company's knowledge (after due inquiry in this regard), any of the Company Shareholders, is or may become obligated to issue or sell any of its securities or rights in the Company. The list of individuals detailed in Schedule 4.2.4 is a complete and accurate list and it specifies with respect to any option granted under the Plan the number of ESOP Shares issuable upon the exercise of such option, the exercise price, date of grant, acceleration provisions, vesting schedule and expiration date thereof and a description whether the options were granted under Section 102 or Section 3(i) of the Israeli Income Tax Ordinance [New Version], 5721-1961 (the "**Ordinance**") or under any other applicable arrangement whether by virtue of Israeli law or foreign law, and whether an election was made to treat such option under the capital gain route or ordinary income route and, where relevant, the date on which an option granted pursuant to Section 102(b)(2) of the Ordinance was deposited with the designated trustee appointed under and in accordance with the provisions of Section 102 of the Ordinance, including the date upon which such options were deposited with the designated trustee.

4.2.5. All pre-emptive or similar rights applicable to the issuance of the Purchased Shares or the Ordinary A Shares have been waived. The Purchased Shares and the Ordinary A Shares, when issued in accordance with the Agreement, will be duly authorized, validly issued, fully paid, and free of any Encumbrances and pre-emptive rights, will have the rights, preferences, privileges, and restrictions set forth in the Amended Articles and will be duly registered in the name of each Investor in the Company's shareholders' register. Since its incorporation, there has been no declaration or payment by the Company of dividends, or any distribution by the Company of any assets of any kind to any of its shareholders in redemption of or as the purchase price for any of the Company's securities. The Company has no obligation (contingent or otherwise) to purchase or redeem any of its share capital. Except as set forth in the Shareholders Rights Agreement, the Company is not under any obligation to register for trading on any securities exchange any of its currently outstanding securities or any of its securities which may hereafter be issued.

4.3 Qualification. The articles of association of the Company as in effect on the date hereof are attached hereto as Schedule 4.3(i) (the "**Articles**"). The Company has not taken any action or failed to take any action, which action or failure would preclude or prevent the Company from conducting its business after the Closing in the manner as currently being conducted or as currently contemplated to be conducted. Except as set forth in Schedule 4.3(ii), the Company has all franchises, permits, licenses, and any similar authority necessary for the conduct of its business as currently being conducted or as currently contemplated to be conducted. The Company is not in default under any such franchises, permits, licenses, or other similar authority.

4.4 Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other corporation, association or business entity, except for its wholly-owned subsidiaries, Argo Medical Technologies Inc., a company organized under the laws of Delaware, USA (registration number 5110469 8100) and Argo Medical Technologies GmbH, a company organized under the laws of Germany (registration number 1955/2012.B) (the “**Subsidiaries**”). Each Subsidiary is wholly-owned by the Company free and clear of any liens and is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to carry on its business. Each Subsidiary is duly qualified to transact business and is in good standing in each other jurisdiction in which the failure to so qualify could reasonably be expected to have a material adverse effect.

4.5 Directors and Officer Holders. The directors of the Company immediately prior to Closing are Dr. Amit Goffer (the “**Founder**”), Wayne Weisman, Jeff Dykan, Hadar Ron, Asaf Shinar and Larry Jasinski. Other than as prescribed hereunder, in the Articles or the Amended Articles, there is no agreement, obligation or commitment with respect to the election of any individual or individuals to the Board and, to the best knowledge of the Company, there is no voting agreement or other arrangement among the Company’s Shareholders other than those set forth in the Articles, the Amended Articles and the Shareholders Rights Agreement as amended. The officers of the Company immediately prior to Closing are Larry Jasinski, Amit Goffer, John Hamilton, Jodi Gricci, Oren Tamari, Ofir Koren and Ami Kraft. Each officer of the Company is currently devoting one hundred percent (100%) of his or her business time to the conduct of the business of the Company. To the Company’s knowledge, no officer of the Company is planning to work less than full-time at the Company in the future.

4.6 Financial Statements and Material Liabilities

4.6.1. At the Closing, a copy of the Company’s audited financial statements as of December 31, 2012, as well as unaudited and unreviewed financial statements as of June 30, 2013, are attached hereto as Schedule 4.6.1 (the “**Financial Statements**”). The Financial Statements are true and correct, have been prepared in accordance with the Israeli Generally Accepted Accounting Principles (“**GAAP**”) applied on a consistent basis throughout the periods indicated and with each other, prepared in accordance with the books and records of the Company except that the unaudited Financial Statements may not contain all footnotes required by generally accepted accounting principles. The Financial Statements fairly and accurately present the assets, liabilities, financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject in the case of the unaudited Financial Statements to normal immaterial year-end audit adjustments. For the period indicated therein the Company has no liabilities, debts or obligations, whether accrued, absolute, contingent or otherwise, other than those reflected or reserved against in the Financial Statements.

4.6.2. Since June 30, 2013, except as set forth above or in Schedule 4.6.2, the Company has incurred no liabilities, debts or obligations, whether accrued, absolute, contingent or otherwise and whether due or to become due within 12 months from the Closing Date, exceeding individually US \$10,000 and in the aggregate US \$30,000, all of which were incurred in the ordinary course of business of the Company consistent with past practices. Without derogating from the generality of the foregoing, except as set forth in the Financial Statements,

the Company is not a guarantor of any debt or obligation of another, nor has the Company given any indemnification, loan, security or otherwise agreed to become directly or contingently liable for any obligation of any person, and no person has given any guarantee of, or security for, any obligation of the Company. The Company was established on June 20, 2001, and since its inception, the Company has operated only in the usual and ordinary course of business. All proper and necessary books of account and accounting records have been maintained by the Company, are in its possession and contain accurate information in accordance with generally accepted principles consistently applied relating to all transactions to which the Company has been a party. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with generally accepted accounting principles.

4.6.3. Except as set forth in Schedule 4.6.3 attached hereto, since June 30, 2013, the Company has conducted its business in an ordinary course, consistent with past practice and there has not been:

(i) any material change in the assets, liabilities, condition (financial or otherwise) or business of the Company;

(ii) any material damage, destruction or loss, whether or not covered by insurance, affecting the assets, properties, conditions (financial or otherwise), operating results or business of the Company as conducted and as currently proposed to be conducted;

(iii) any waiver by the Company of a right or of a debt owed to it;

(iv) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and that is not individually or in the aggregate adverse to the assets, properties, condition (financial or otherwise), operating results or business of the Company as conducted and as currently proposed to be conducted;

(v) any material change or amendment to a contract or arrangement by which the Company or any of its respective assets or properties is bound or subject;

(vi) any material change in any compensation arrangement or other agreement with any director, officer, employee, consultant, advisor or contractor of the Company unless in connection with the transactions hereunder;

(vii) any resignation or termination of employment of any officer holder, key employee or group of employees of the Company;

(viii) any loans or guarantees made by the Company to or for the benefit of its employees, officers, directors, consultants, advisors or contractors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(ix) any sale, transfer or lease of, or imposition of any Encumbrance on, any of the Company's assets;

(x) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets;

(xi) any receipt of written notice that there has been a loss of, or material order cancellation by, any major customer of the Company;

(xii) any change in the accounting methods or accounting principles or practices employed by the Company;

(xiii) any declaration or payment of any dividend or other distribution of the assets of the Company;

(xiv) any debt incurred, assumed or guaranteed by the Company, except those for immaterial amounts or for current liabilities incurred in the ordinary course of business;

(xv) any single capital expenditure by the Company in excess of US \$20,000 or any capital expenditures by the Company in the aggregate amount of US \$50,000;

(xvi) any other event or condition of any character that would adversely affect the assets, properties, condition (financial or otherwise), operating results or business of the Company as conducted and as proposed to be conducted;

(xvii) any sale, license granted to, assignment or transfer by the Company of any patents, trademarks, copyrights, trade secrets or other intangible assets of the Company; or

(xviii) any arrangement or commitment by the Company to do any of the things described in this Section 4.6.

4.7 Authorization; Approvals. All corporate action required to be taken on the part of the Company, the Board and the Company's Shareholders necessary for the authorization, execution, delivery, and performance of all of the Company's respective obligations under the Transaction Documents including *inter alia* for the authorization, issuance, and allotment of the Purchased Shares and the Ordinary Shares issuable upon conversion of the Purchased Shares, has been taken by the Company. Each of the Transaction Documents when executed and delivered by or on behalf of the Company shall be duly and validly authorized, executed and delivered by the Company and shall constitute the valid and legally binding obligations of the Company, legally enforceable against the Company in accordance with its respective terms. No consent, approval, order, license, permit or action of any third party which was not obtained or waived on or prior to the Closing is required for the execution of the Transaction Documents or the consummation of the transactions contemplated thereunder.

4.8 Compliance with Other Instruments. The Company is not in default under its Articles or the Amended Articles or other formative documents, or under any note, indenture, mortgage, lease, agreement, contract, purchase order or other instrument, document or agreement to which the Company is a party or by which it or any of its property is bound or affected. The Company is not in default under the provisions of (i) any law, statute, ordinance, regulation, or (ii) any order, writ, injunction, decree, or judgment of any court or any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign of which it has received notice. The Company has not entered into any Material Contract (as such term is defined in Section 4.14 herein) or other instrument, document or agreement, except for the Transaction Documents and the agreements listed in Schedule 4.14.1(i) and Schedule 4.14.1(iii) herein. The Company is not a party to or bound by any order, judgment, decree or award of any governmental authority, agency, court, tribunal or arbitrator. To the Company's knowledge, no third party is in default having a material adverse effect under any agreement, contract or other instrument, document or agreement to which the Company is a party or by which it or any of its property is affected. The Company is in compliance, in all material respects, with all the applicable requirements of the Registrar and has timely filed all reports required to be filed with the Registrar, and has timely paid its annual fees which were due to the Registrar through the date hereof. The Company is not registered under the status and has not been declared by the Registrar as a "violating company" within the meaning of Section 362a of the Israeli Companies Law, and it has not received any notice or warning (in writing or otherwise) concerning any intention of the Registrar to register and/or declare the Company as a "violating Company".

4.9 No Breach. Neither the execution and delivery of the Transaction Documents, nor compliance by the Company with the terms and provisions hereof and/or thereof, conflict with or will conflict with, or result in a breach or violation of, any of the terms, conditions and provisions of (i) the Articles or the Amended Articles, (ii) any judgment, order, injunction, decree, or ruling of any court or governmental authority, domestic or foreign of which the Company has received notice, (iii) any material agreement, contract, lease, license or commitment to which the Company is a party or to which it is subject, or (iv) any applicable law. The execution, delivery of each of the Transaction Documents and the compliance of the Company with its obligations hereunder and thereunder do not and will not, with or without the passage of time and the giving of notice, (a) give to others any rights, including rights of termination, cancellation or acceleration, in or with respect to any material agreement, contract or commitment of the Company, or to any of the properties of the Company, or (b) otherwise require the consent or approval of any person, which consent or approval has not heretofore been obtained.

4.10 Records. The minute books and corporate records of the Company contain true and complete minutes of all meetings of directors and shareholders and all actions by written consent without a meeting by the directors and shareholders since the date of incorporation, have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all respects and accurately reflect all material transactions made by the Company. The Company has provided to YEC a copy of all such corporate records since January 1, 2010. No resolutions have been passed, enacted, consented to or adopted by the directors (or any committee thereof) or shareholders of the Company, except for those contained in such minute books.

4.11 Ownership of Assets. The Company owns all the tangible and intangible assets appearing in Schedule 4.11. Except as described in Schedule 4.11, (i) the Company has good and marketable title to all of the properties and assets, whether personal, tangible or intangible, that it purports to own, including the properties and assets reflected on the Financial Statements, and these assets are free of any Encumbrance; and (ii) the Company is not in material default or in material breach of any provision of its leases or licenses and holds a valid leasehold or licensed interest in the property it leases or that is licensed to it. Complete and correct copies of leases and licenses of property, other than Intellectual Property (as defined below), leased or licensed to the Company have been furnished to counsel of YEC. None of the Company's Shareholders nor any affiliate of any of the Company's Shareholder, own or possess, in their individual or any other capacities, any property, whether tangible or intangible, which absence is material, individually or in the aggregate, to the financial condition, operations, or business of the Company.

4.12 Intellectual Property.

For purposes of this Agreement, the term "**Intellectual Property**" shall include without limitation the 'ReWalk' project which is an upright walking assistance tool, enabling disabled persons with lower-limb disabilities to stand, walk and climb stairs, any and all inventions (patentable or unpatentable), patents, patent applications, trademarks, service marks, trade names, trade secrets, domain names, know-how, ideas and confidential information embodied or reflected in such information, whether patentable or unpatentable and whether or not reduced to practice, know-how, technology, proprietary processes, techniques, methodologies, formulae, algorithms, models, modules, user interfaces, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, inventions, source code, object code, and, with respect to all of the foregoing, related confidential documentation, including any shop rights, for the longest period of protection accorded to such interests under applicable law, as well as all computer programs, source code and object code form, and all algorithms, utilities, flowcharts, logic, documentation, processes, formulations, data, experimental methods, or results, descriptions, business or scientific plans, depictions, customer lists, specifications, pricing plans, market research or data, potential marketing strategies, prospective users and distribution channels, engineering drawings, information concerning specialized suppliers, specifications for products and/or software, test protocols, and all other materials relating thereto, and copies thereof in any storage media, and all other works of authorship, inventions, concepts, ideas and discoveries developed, discovered, conceived, created, made or reduced to practice, and all intellectual property rights therein, including, without limitation, all copyrights in the United States, Israel and elsewhere and all rights of registration and publication, rights to create derivative works, and all other rights incident thereto, for the residue now unexpired of the present term of any and all such copyrights and any term thereafter granted during which such information is entitled to copyright, and all documentation, including user manuals and training materials relating to any of the foregoing and descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and, other proprietary rights relating to any of the foregoing.

4.12.1. A complete and accurate list of all patents, patent applications and trademarks owned by the Company is set forth in Schedule 4.12.1 hereto. Each item of the Company's Intellectual Property is subsisting, enforceable and valid.

4.12.2. The Company owns and has developed, or has obtained a valid and enforceable right to use, free and clear of any and all Encumbrances, all Intellectual Property used by the Company. The Company's Intellectual Property is sufficient for the conduct of Company's business as currently conducted (and as currently contemplated to be conducted), and no product or service marketed or sold by the Company is infringing upon or violating any license, right, lien, or claim of others or infringes any intellectual property rights of any other party nor has it in the past infringed upon, misappropriated or otherwise violated any intellectual property of any third party. The Company's Intellectual Property has been developed solely by or for, or was assigned to, the Company, and is owned solely by the Company, with no rights therein or thereto being held by any other party. The Company's business as currently conducted and as currently contemplated to be conducted does not violate intellectual property rights of any third party(ies). The Company's business as currently conducted does not require the Company to acquire or license intellectual property rights from any third party(ies) in order to avoid a violation of such party's(ies') intellectual property rights. The Company's business as currently contemplated to be conducted will not require the Company to acquire or license intellectual property rights (other than off-the-shelf software to be included within the Board's annual capital expenditures budget or to be approved by the Board on an *ad hoc* basis) from any third party(ies) in order to avoid a violation of such party's(ies') intellectual property rights. The Company has obtained and possesses valid licenses to use all of the software programs installed on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Company's business. The Company has also obtained and possesses valid licenses to market and license or sublicense all of the software programs installed in any of the Company's products. Except as set forth in Schedule 4.12.2 the Company is not obligated or under any liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner or licensor of, or other claimant to, any Intellectual Property used by the Company or used or embodied in the Company's products. The Company is not required, under the terms and conditions of any license (whether such license is authorized by the Open Source Initiative or not) to disclose or distribute any source code of its software nor do any Public Software (as defined below) licenses limit, restrict, govern or affect in any way the Company's rights in and to the Intellectual Property used by the Company. The Company is not prevented under any and all terms of any license used by the Company from charging a fee in exchange for licensing the Company's Intellectual Property to any third party.

4.12.3. There are no outstanding licenses, or agreements of any kind relating to the Company's Intellectual Property necessary for the Company's business as now conducted, nor is the Company bound by or a party to any licenses or agreements of any kind with respect to the Intellectual Property of any other person or entity (including without limitation any software or other material that is distributed as "free software", "open source software" or under a similar licensing or distribution model). The Company has conducted in the past, including in anticipation of the issuance of the Preferred D Shares, and will conduct in the future on a regular basis, searches of relevant third-party intellectual property rights. Except as set forth in Schedule 4.12.3, there is no Intellectual Property owned by any third party which is needed by the Company to conduct its business as currently conducted or proposed to be conducted.

4.12.4. No source code of any of the Company's proprietary software has been licensed or otherwise provided or disclosed to another person or entity, and the Company does not have any duty or obligation (whether present, contingent, or otherwise) to license or otherwise provide the source code for any of the Company's proprietary software to any person or entity.

4.12.5. Except as set forth in Schedule 4.12.5, the Company is not using and has not used with or embedded any Public Software (as defined below) in any of its products generally available or in development. The Company is familiar with and in full compliance in all respects with the terms of use of any and all licenses which govern the use of Public Software incorporated into any product or software of the Company. The Public Software does not limit, restrict, govern or effect in any way the Company's Intellectual Property, the Company is not required, under the terms and conditions of the Public Software, to disclose or distribute any source code to the Company's Intellectual Property and to license any Company product or Intellectual Property for the purpose of making derivative works, and is not prevented under any and all terms of the Public Software from charging a fee in exchange for licensing or providing the Company's Intellectual Property to any third party. "**Public Software**" means any software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as open source software (whether such license is authorized by the Open Source Initiative or not) or similar licensing or distribution models, including without limitation software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (i) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL), (ii) the Artistic License (e.g., PERL), (iii) the Mozilla Public License, (iv) the Netscape Public License, (v) the Sun Community Source License (SCSL), (vi) the Sun Industry Standards License (SISL), (vii) the BSD License, and (viii) the Apache License.

4.12.6. The computer software, computer firmware, computer hardware, networks, interfaces, platforms, peripherals and computer systems, that are owned or used by the Company in the operation of the business are sufficient for the conduct of the business as presently conducted.

4.12.7. The Company is and has been in compliance with all applicable laws relating to the collection, storage, and onward transfer of all personally identifiable information and data collected by the Company, including collection of information and data with respect to its employees.

4.12.8. Any and all Intellectual Property of any kind which has been developed, is currently being developed, or will be developed in the future, for the Company by any former or current employee or other service provider of the Company in connection with their engagement with the Company, or through the use of the Company's equipment or other materials, is and shall be the exclusive property of the Company (or its assignees or transferees). All Intellectual Property developed for the Company by the Founder and any employee or service provider of the Company prior to such person's employment by the Company and during

the period of his cooperation with the Company while in its formation stages, are and shall be owned solely by the Company. The Company has taken adequate security measures to protect the secrecy, confidentiality and value of all its Intellectual Property, which measures are reasonable and customary in the industry in which the Company operates. Each of the Company's employees (including the Founder) and other persons who, either alone or in concert with others, developed, invented, discovered, derived, programmed or designed the Company's Intellectual Property, or who have knowledge of or access to information about the Company's Intellectual Property, have entered into written agreements with the Company assigning to the Company all rights in Intellectual Property developed, conceived or reduced to practice in the course of their employment or engagement by the Company, assigning to the Company, all rights in Intellectual Property developed, created, discovered, derived, programmed, designed, invented or otherwise made by them in the course of their engagement with the Company or in connection to the Company's activities and irrevocably and (with respect to employees engaged in recent years only) explicitly waiving all non-assignable rights, including all moral rights and rights to receive royalties in connection therewith, including, without limitation, under the Israeli Patent Law – 1967 (including, without limitation, Section 134 thereof) and/or other applicable law. None of the Company's Intellectual Property has been developed for a government corporation, university, college, other academic institution or research center and no governmental entity, university, college, other academic institution or research center owns or has any right or financial claim in or to any of the Company's Intellectual Property.

4.12.9. True and correct copies of all such agreements are available for review by the Investors upon request. It is not, and will not become, necessary to utilize any inventions of the Founder, any employee or any other service provider of the Company made prior to their respective employment or engagement by the Company other than those that have been assigned to the Company as set forth hereinabove.

4.12.10. Neither the Company nor the Founder has violated or misappropriated or by conducting the Company's business as currently conducted or as currently proposed to be conducted, would violate, any Intellectual Property or other intellectual property or proprietary rights of any other person or entity. Neither the Company nor, to its knowledge, any of the Company's employees or service providers (including the Founder) is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's or service provider's best efforts to promote the interests of the Company, or that would conflict with the Company's business as conducted and as currently proposed to be conducted. Neither the execution nor delivery of the Transaction Documents, the performance of its obligations hereunder and thereunder, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as currently proposed to be conducted (and as currently contemplated to be conducted), conflicts or will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which the Company or, to its knowledge, any of such employees or service providers (including the Founder) are now obligated or by which they are bound. To the Company's knowledge, there is no third party infringement or violation of any of the Company's Intellectual Property.

4.12.11. Any Intellectual Property which has been developed by the Company or any of the Company's employees or service providers (including the Founder) (whether on his own, or jointly with others) for the Company, which is being used or intended to be used by the Company to conduct its business as currently being conducted or as currently foreseen to be conducted, is owned solely by the Company, and no third party (including the Founder) has any rights therein or with respect thereto.

4.13 Taxes. Except as set forth in Schedule 4.13 attached hereto, the Company has not made any tax elections under applicable laws or regulations (other than elections that related solely to methods of accounting, depreciation or amortization). The Company is not a party to any action, investigation or proceeding by any governmental authority for assessment and collection of taxes. The Company has filed on a timely basis with all appropriate governmental entities all tax returns and tax reports required to be filed under applicable laws and regulations and all such tax returns were correct and complete in all respects. All taxes required to be paid by the Company that were due and payable prior to the date hereof have been paid in full and in a timely manner and the Company is not currently liable for any tax (whether income tax, capital gains tax, or otherwise) that became due and was not duly paid. No deficiency assessment or proposed adjustment of any taxes is pending against the Company and the Company has no knowledge of any proposed liability for any such tax to be imposed. Without derogating from the generality of the above, the Company has withheld or collected from each payment made to each of its employees and/or service providers, the amount of all taxes required to be withheld or collected therefrom, and have paid the same to the proper tax receiving officers or authorized depositories, all to the extent regarded under law. All options which have been granted by the Company pursuant to the capital gains route under Section 102(b)(2) of the Ordinance and all shares issued upon exercise of such options have been granted and issued in compliance in all respects with the applicable requirements of Section 102 of the Ordinance, and the requirements of any rules of the Israeli Tax Authority or guidance and policies relating to said Section 102, including, without limitation, (i) the filing of applicable documents, applications and notices with the Israeli Tax Authority, (ii) the appointment of an authorized trustee to hold the options granted under Section 102 of the Ordinance and the Shares issued thereunder pursuant to said Section 102, and (iii) the timely deposit of such options and shares with such trustee pursuant to the terms of Section 102 of the Ordinance and the requirements of any rules or the Israeli Tax Authority or guidance and policies relating to Section 102 of the Ordinance.

4.14 Contracts

4.14.1. The Company has not entered into any Material Contract (as defined below) and/or agreement, including oral contracts, agreements and/or arrangements or understandings, except as contemplated in Schedule 4.14.1(i), 4.14.1(ii) and 4.14.1(iii). Schedule 4.14.1(i) is a true and complete list of all contracts and agreements, including oral contracts, agreements and/or arrangements, all of which are accurately and fully described, and involve: (a) amounts exceeding US \$20,000 (including indemnification undertakings by the Company not limited in amount); (b) the license of any Intellectual Property by the Company to any third party or by a third party to the Company (other than "off the shelf" licenses); (c) provisions restricting or affecting the development, manufacture, assembly, or distribution of the Company's products or services, (d) granting rights to manufacture, produce, assemble, license, market or sell products or services, (e) indemnification by the Company with respect to

infringements of proprietary rights, or (f) restrictions or limitations on the Company's right to do business or compete in any area or field with any person, firm or company, or granting any exclusive rights to any third party (collectively: the "**Material Contracts**") (in one transaction or in a series of related transactions) to which the Company is a party or by which its property is bound. The Company has not knowingly waived any of its rights under any Material Contract. Each of the Material Contracts and agreements is in full force and effect and constitute legal, valid and binding obligations of the Company and the other parties thereto, and enforceable in accordance with their terms, and neither the Company nor, to the Company's knowledge, any other party thereto, is in material breach thereof. True and correct copies of all such contracts have been delivered to YEC. The Company and, to the knowledge of the Company, each other party thereto, has performed in all material respects all obligations required to be performed by it under such Material Contracts, and no material violation exists in respect thereof on the part of the Company, or to the Company's knowledge, of any other party thereto; except as set forth in Schedule 4.14.1(ii), none of such Material Contracts is currently being renegotiated (except for the regular renewal of any such Material Contracts on terms substantially similar to their existing terms) or, to the knowledge of the Company, no party to any Material Contract has a right pursuant to the terms of any material agreement to renegotiate such Material Contract; and the validity, effectiveness and continuation of all such Material Contracts will not be materially adversely affected by the transactions contemplated by this Agreement. Except as set forth on Schedule 4.14.1(iii) hereto, the Company has no employment or consulting contracts, deferred compensation agreements or bonus, incentive, profit-sharing, or pension plans currently in force and effect, or any understanding with respect to any of the foregoing ("**Benefit Plan**").

4.14.2. Without derogating from the generality of the above, except as disclosed in Schedule 4.14.1(i), 4.14.1(ii) or 4.14.1(iii):

(i) The Company has not undertaken to make any material capital expenditure or purchase with regard to the Company or to the Company's business.

(ii) The Company is not a party to any credit sale or conditional sale agreement or any contract providing for payment on deferred terms in respect of assets purchased by the Company other than as set forth in Schedule 4.6.1 and Schedule 4.14.1(i).

(iii) The Company is not in breach of any material obligation under any deed, agreement, or transaction to which it is a party with regard to the Company or to the Company's business.

(iv) The Company has not given any guarantee, indemnity, or security for or otherwise agreed to become directly or contingently liable for any obligation of any other person, and no person has given any guarantee of or security for any obligation of the Company.

4.15 Litigation. Except as set forth in Schedule 4.15 hereto, no claim, action, suit, proceeding, complaint, charge or governmental inquiry or investigation is pending or, to the knowledge of the Company, threatened, against the Company or, to the knowledge of the Company, any of its officers, directors, employees, service providers (in their capacity as such) or against any of the Company's properties/assets, before any court, arbitration board or tribunal

or administrative or other governmental agency. The foregoing includes, without limiting its generality, actions pending or threatened involving the prior employment of any of the Company's employees or service providers (in their capacity as such) or use by any of them in connection with the Company's or the Company's business of any information, property or techniques allegedly proprietary to any of their former employers. The Company, nor, to the Company's knowledge, any of the Company's officers, directors, employees (including the Founder), are a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or governmental agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

4.16 Insurance. The attached Schedule 4.16 sets forth a list of the Company's insurance policies. There is no claim by the Company pending under any of such policies. All premiums due under such policies have been paid and the Company is otherwise in full compliance with the material terms and conditions of all such policies. Such policies are in full force and effect. The Company has not undertaken any action, or omitted to take any action, which would render any such insurance policy void or voidable or which could result in a material increase in the premium for any such insurance policy.

4.17 Interested Party Transactions. No officer, director or shareholder of the Company, or any affiliate of any such person or entity or the Company, has or has had, either directly or indirectly, (i) an interest in any person or entity which (a) to the Company's knowledge, competes with the business of the Company as conducted or as currently contemplated to be conducted, (b) to the Company's knowledge, furnishes or sells services or products which are furnished or sold or are proposed to be furnished or sold by the Company, or (c) purchases from or sells or furnishes to the Company any goods or services other than as disclosed in Schedule 4.17(i), or (ii) to the Company's knowledge, a beneficial interest in any contract or agreement to which the Company is a party or by which it may be bound or affected. Other than as disclosed in Schedule 4.17(ii), there are no existing material arrangements, agreements, understandings or proposed material transactions between the Company and any officer, director, or shareholder of the Company, or any affiliate of any such person other than in connection with the transactions contemplated in the Transaction Documents. No employee, shareholder, officer, or director of the Company is indebted, directly or indirectly, to the Company or, to the Company's knowledge, has any (a) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of the Company's customers, suppliers, service providers, joint venture partners, licensees and competitors, (b) direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation which competes with the Company except that directors, officers or employees or shareholders of the Company may own shares in (but not exceeding two percent (2%) of the outstanding share capital of) publicly traded companies that may compete with the Company or (c) financial interest in any material contract with the Company (other than their respective employment or consulting agreements), nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them, directly or indirectly, other than as set forth in Schedule 4.6.2 and the Convertible Loan agreements.

4.18 Employees

4.18.1. Employee Benefits

(i) Except as set forth in Schedule 4.18.1(i) each Benefit Plan has been operated and administered in accordance with its terms and in material compliance with applicable law. All reports, returns and similar documents with respect to the Benefit Plans required to be filed with any Governmental Entity or distributed to any Benefit Plan participant, beneficiary, have been duly and timely (including any approved extensions) filed or distributed.

(ii) Except as set forth in Schedule 4.18.1(ii), all contributions to, and payments from, the Benefit Plans that may have been required to be made in accordance with the terms of the Benefit Plans and applicable laws, including tax laws, have been timely made. The Company has made adequate provisions with respect to the payment of any payment under any Benefit Plan, including severance pay provided under the law, agreement or otherwise.

(iii) Except as set forth on Schedule 4.18.1(iii), neither the execution and delivery of this Agreement nor the consummation of the other transactions contemplated hereby will result in the payment, vesting, or acceleration of any bonus, share option or other equity-based award, retirement, severance, job security or similar benefit or any enhanced benefit to any person.

(iv) Neither the Company nor any affiliate thereof has a formal plan, commitment, or proposal, whether legally binding or not, or has made a commitment to any individual to create any additional Benefit Plan or modify or change any existing Benefit Plan that would affect any current employee, director or consultant, or former employee, of the Company, or any beneficiary or alternate payee of such an individual other than as regards the Amended and Restated Shareholders Agreement executed between the Company's founder, Dr. Amit Goffer, ID No. 051816254, of 1 Hasifan, Tivon, Israel (the "**Founder**") and the Company on July 26, 2011 and attached hereto as Schedule 4.18.1(iv). No events have occurred or are expected to occur with respect to any Benefit Plan that would cause a material change in the cost of providing the benefits under such plan or would cause a material change in the cost of providing for other liabilities of such plan.

4.18.2. Employee and Labor Matters. Except as set forth in Schedule 4.18.2, the Company has no employment contract with any officer or employee or any other consultant or person which is not terminable by it at will without liability, upon thirty (30) days' prior notice. The Company has complied in all material respects with all applicable employment laws, including applicable laws relating to employment and governing payment of minimum wages, overtime rates, registration of work hours and required salary slips, terms and conditions of employment and the proper withholding and payment of taxes from compensation of employees and the payment of premiums and/or benefits under applicable worker compensation laws, and remission to the proper tax and other authorities of all sums required to be withheld from employees or persons deemed to be employees under applicable laws respecting such withholding. The Company has paid in full to all of its respective employees (including to such employees' respective managers insurance, pension and vocation studies funds, if applicable), wages, salaries, commissions, bonuses, benefits and other compensation due and payable to such

employees on or prior to the date hereof. The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union except for those provisions of general agreements between the Histadrut and any Employers' Union or Organization that are applicable to all the employees in Israel and/or to employees in the field of business or industry by an Extension Order. No labor union has requested or has sought to represent any of the employees, representatives or agents of the Company. To the Company's best knowledge, the employment by the Company of any of its employees (including the Founder), and the engagement by it with any of its respective consultants, does not constitute or is likely to constitute a breach of any of such persons' obligations to third parties, including non-competition or confidentiality obligations.

4.18.3. As of the date hereof, (i) the Company has not been notified in writing by any of its office holders or key employee that such employee intends to, or is considering, terminating such employee's employment or engagement with the Company, including in connection with or as a result, in part or in whole, of the transactions contemplated hereby, and (ii) to the knowledge of the Company, no such office holder or key employee intends to and has notified the Company that such employee is considering, doing the same.

4.18.4. Except as set forth in Schedule 4.18.4, the Company's obligations to provide statutory severance pay to its employees (as if such employee were to be terminated as of the day hereunder) pursuant to the Severance Pay Law, 5723-1963 (the "**Severance Pay Law**") are fully funded (in accordance with the provisions of Section 14 of the Severance Pay Law).

4.18.5. Each of the Company and each Subsidiary of the Company is, and at all relevant times has been, in compliance in all material respects (including in relation to its Benefit Plans) with all applicable laws and orders with respect to labor relations, employment and employment practices, occupational safety and health standards, terms and conditions of employment, payment of wages, classification of employees (whether for determination of overtime payment or as consultants/contractor or employees), employment discrimination, age discrimination, tax withholding, social security contributions, immigration, visa, work status, human rights, pay equity and workers' compensation, and is not engaged in any unfair labor practice.

4.19 Brokers. Except as set forth in Schedule 4.19 hereto, no agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Company is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, on account of any action taken by the Company in connection with any of the transactions contemplated under the Transaction Documents or with respect to any past investment or financing transaction concluded by the Company in the past. The Company shall indemnify and hold the Investors harmless from and against any claim or liability resulting from any party claiming any such commission or fee, if such claims shall be contrary to the foregoing statement.

4.20 Government Funding. Schedule 4.20 sets forth all material, tax or other, pending, outstanding and granted grants, incentives, exemptions and subsidies from the Government of

the State of Israel or any agency thereof, or from any other governmental entity, granted to Company (including the grant of “Privileged Enterprise” status by the Investment Center, pursuant to the Israeli Law for the Encouragement of Capital Investment, 5719-1959, and grants from the OCS (collectively, “Grants”), and of all letters of approval, certificates of completion, and supplements and amendments thereto, granted to Company. The Company is in full compliance with the terms of all Grants and has duly fulfilled in all material respects all the undertakings required thereby. The Grants are in full force and effect and there are no circumstances which would justify the challenge, stay or cancellation of any such schemes.

4.21 Permits. Except as set forth in Schedule 4.21, the Company has all applicable governmental and municipal permits, licenses and any similar authority necessary for the conduct of its business. The Company is not in default in any material respect under any of such permits, licenses or other similar authority, and the Company has not received notice of any revocation or modification of any such permits or has reason to believe that any such permits will be revoked, modified, or not be renewed in the ordinary course. The Company has not received any notice of adverse finding, untitled letter or other correspondence or notice from any governmental authority alleging or asserting non-compliance with any laws, statutes, regulations, rules, ordinances or orders to which it is subject or which are applicable to its business, operations, employees, assets or properties (the “Laws”) or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Laws (the “Authorizations”) nor any warning letter from the U.S. Food and Drug Administration containing any unresolved issues concerning noncompliance with any Laws or Authorizations that could reasonably be expected to adversely affect the Company.

4.22 Clinical Studies. (i) all studies, tests and pre-clinical and clinical trials conducted for the Company by the institutions in which they were or are conducted, were and, if still conducted, are, in all material respects, being conducted in accordance with experimental protocols, procedures and controls pursuant to accepted professional scientific standards and all Laws and Authorizations, and (ii) the results of such studies, tests and trials are accurate and complete in all material respects and fairly present the data derived from such studies, tests and trials; the Company is not aware of any studies, tests or trials the results of which the Company reasonably believes call into question the study, test, or trial results when viewed in the context in which such results are described and the clinical state of development; and the Company has not received any notices or correspondence from any governmental authority requiring the termination, suspension or material modification of any studies, tests or pre-clinical or clinical trials conducted by for the Company.

4.23 No Insolvency. No insolvency proceeding of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Company or any of its assets or properties, is pending or, to the knowledge of the Company, threatened. The Company has not taken any action in contemplation of, or that would constitute the basis for, the institution of any such insolvency proceedings.

4.24 Full Disclosure. The Company has provided the Investors with all information the Investors have requested. Neither this Agreement nor any of the Transaction Documents, including representations or warranties of the Company contained in this Agreement, as qualified

in the attached schedules, nor any certificate furnished or to be furnished to Investors at the Closing, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein true, complete and not misleading. There is no material fact, individually or in the aggregate, or material information relating to the condition (financial or otherwise), current affairs, current operations, or assets of the Company that has not been disclosed to the Investors in writing by the Company.

4.25 Consents. The Company has secured all permits, consents and authorizations that are necessary or required lawfully to consummate the transactions contemplated under the Transaction Documents including for the issuance of the Purchased Shares at the Closing.

4.26 Offering Exemption. The offering, sale and issuance of the Purchased Shares as contemplated hereby have been, are, and will be exempted from Section 15(a) of the Israeli Securities Law, 5728-1968. The Company has taken or will take all action necessary to be taken to comply with Section 15A of the Israeli Securities Law, 5728-1968, and there were less than 35 offerees, in the aggregate, to whom the Company, and any of its respective representatives made an offering in Israel of any securities of the Company in the past twelve months.

4.27 Knowledge. Whenever in this Section 4 there is reference to the knowledge of the Company (or best knowledge or any similar expression), such knowledge shall be deemed to include the knowledge of its office holders (as such term is defined in the Companies Law, 1999) (including the Founder) in their capacity as such.

5. Effectiveness; Survival; Indemnification

5.1 Each representation and warranty herein is deemed to be made on the date of this Agreement and at the Closing, and, subject to Section 5.2 below, shall survive and remain in full force and effect after the Closing. The Company shall indemnify each Investor (including its directors, officers, affiliates employees and agents) against, and hold the Investors harmless from any and all damages, reasonable attorney fees, losses, costs, expenses and/or liabilities (collectively, "**Losses**") sustained or incurred by such Investor resulting from, or arising out of, or in connection with, a breach of its respective representations, warranties or covenants made in the Transaction Documents, and all actions, suits, proceedings, judgments, costs and legal or other expenses (collectively, "**Expenses**") incident to any of the foregoing or the enforcement of the provisions hereof, provided that such Losses and Expenses exceed US \$10,000 for each individual claim and US \$50,000 in the aggregate, in which case such Expenses will be covered from the first dollar of Losses or Expenses incurred or sustained.

5.2 Unless otherwise set forth in the Schedules hereto, each representation and warranty provided to the Investor herein is deemed to be made on the date of this Agreement and at the Closing Date, and shall survive and remain in full force and effect after the Closing Date (i) indefinitely (subject only to statute of limitations) with respect to the representations stated in Sections 4.1, 4.2 and 4.7, (ii) for a period of 36 months, with respect to the representations in Sections 4.11, 4.12 and 4.13, and (iii) for a period of 24 months with respect to all other representations. The aforesaid time limitation shall not apply in connection with claims made for fraud, willful misconduct or intentional or willful misrepresentation.

5.3 Except in connection with claims made for fraud, willful misconduct or intentional or willful misrepresentation on the part of the Company, the total liability, in the aggregate, shall not exceed (i) with respect to each of the Purchasers, such Purchaser's respective Investment Amount, or (ii) with respect to the Lenders, such Lender's portion of the Convertible Loans, plus in the case of both the Purchasers and the Lenders, the reasonable actual legal and other reasonable actual direct out-of-pocket costs and expenses incurred by the Investors in enforcing their rights hereunder.

5.4 Notwithstanding anything to the contrary hereunder, in the event of any breach or misrepresentation by the Company which relates to the capitalization of the Company (a "**Capitalization Inaccuracy**"), which results in the percentage holdings of any Investor(s) as reflected in the cap table being reduced due to such breach from the percentage that such Investor were to hold at the Closing Date had such Capitalization Inaccuracy not occurred (a "**Dilutive Issuance**"), then the Company shall indemnify such Investor so affected by such Capitalization Inaccuracy, solely by issuing to such Investor additional Purchased Shares (unless such act does not cure all their Losses, in which case such cure shall be irrespective of any of their other rights hereunder with respect to such other Losses), for no additional consideration, at such number of Purchased Shares which shall bring such Investor's percentage holding in the Company at the Closing Date, to the percentage holding such Investor were to have at the Closing Date had the Dilutive Issuance not occurred ("**Capitalization Adjustment Shares**").

5.5 The right to indemnification, payment of Losses and Expenses, or any other remedy will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any representation, warranty, covenant or agreement made by the Company or any other matter. The waiver of any condition based on the accuracy of any such representation or warranty, or on the performance of or compliance with any such covenant or agreement, will not affect the right to indemnification, payment of Losses and Expenses, or any other remedy based on any such representation, warranty, covenant or agreement. No Investor shall be required to show reliance on any representation, warranty, certificate or other agreement in order for such Investor to be entitled to indemnification hereunder.

6. Representations and Warranties of the Investors. Each Investor hereby represents and warrants, severally and not jointly, to the Company and the other Investors as follows:

6.1 Organization and Standing. The Investor is an entity duly organized and validly existing under the laws of the state of its jurisdiction. No proceeding or resolution for bankruptcy, dissolution, liquidation, winding-up, appointment of a receiver and/or similar proceeding has been instituted or taken by the Investor, and, to the best of its knowledge, no such proceeding has been instituted or threatened against it.

6.2 Enforceability. The Investor has the full power and authority to enter into, execute and deliver this Agreement and all Transaction Documents. This Agreement, the Transaction Documents and the agreements to be executed by such Investor under this Agreement, when executed and delivered by such Investor, will constitute valid, binding and enforceable obligations of such Investor, and the Investor shall comply with its obligations hereunder and thereunder, and consummate, pursuant and subject to the terms of this Agreement and the Transaction Documents, the transactions contemplated hereunder and thereunder.

6.3 Authorization. The execution, delivery and performance of the obligations of such Investor of this Agreement and all Transaction Documents have been duly approved and authorized by all necessary corporate action, and this Agreement and the Transaction Documents were signed by its duly authorized representatives and constitutes a valid and legally binding obligation on it. Neither the execution and delivery of this Agreement nor performance by the Investor of the respective terms thereof, will conflict with, or result in a breach or violation of, any of the terms, conditions and provisions of (i) any of its corporate documents, (ii) any judgment, order, injunction, decree, or ruling of any court or governmental authority, domestic or foreign, to which it is aware and subject, (iii) any agreement, contract, lease, license or commitment to which it is party or to which it is subject, or (iv) any applicable laws. No approval or consent from any person, entity or authority, is required by it for the execution, delivery and performance by it of this Agreement and the Transaction Documents.

6.4 Experience. Without derogating from the representations provided to it under Section 4 herein, such Investor is an experienced investor and has reviewed and inspected all of the data and information provided to it by the Company and/or requested by it from the Company in connection with this Agreement, and has had an opportunity to discuss the Company's business, management, financial affairs of Company and the terms and conditions of the transaction contemplated hereunder with the Company's management and has had an opportunity to review the Company's facilities. The Investor recognizes that the investment in the Company's shares involves special risks, and represents that it is an investor in securities of start-up companies in the development stage and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in such shares, and has the ability to bear the economic risks of its investment. Each Investor represents and agrees that the Purchased Shares being acquired by it hereunder are purchased only for investment, for its own account, and without any present intention to sell or distribute such Purchased Shares or any part thereof.

6.5 Foreign Investor. If the Investor is a US Person as such term is defined under applicable US securities laws, such Investor confirms that it is an Accredited Investor (as such term is defined under applicable US securities laws) and an available exemption from registration of shares under US Federal and state laws exists with respect to the Purchased Shares being offered to it.

6.6 Brokers. No agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Investor is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, on account of any action taken by the Investor in connection with any of the transactions contemplated under the Transaction Documents. The Investor shall indemnify and hold the Company and the other Investors harmless from and against any claim or liability resulting from any party claiming any such commission or fee, if such claims shall be contrary to the foregoing statement.

7. Conditions of Closing of the Investors. The obligations of each Investor to purchase its portion of the Purchased Shares at the Closing by (with respect to the Purchasers) transfer of the

Investment Amount, or (with respect to the Lenders) conversion of the Convertible Loans, are subject to the fulfillment at or before the Closing of the following conditions precedent to the full satisfaction of each Investor, any one or more of which may be waived in whole or in part by each of the Investors, which waiver shall be at the sole discretion of each of the Investors and in which case such waiver shall apply only with respect to such Investor:

7.1 Representations and Warranties. The representations and warranties made by the Company in this Agreement shall have been true and correct when made, and shall be true and correct as of the Closing as if made on the Closing Date.

7.2 Legal Investment. The sale and issuance of the Purchased Shares shall be legally permitted by all laws and regulations to which the Investors and the Company are subject.

7.3 Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Company prior to the Closing shall have been performed or complied with by the Company, prior to or at the Closing.

7.4 Delivery of Documents. All of the documents to be delivered by the Company pursuant to Section 3.2 shall have been fully and duly executed (if applicable) and delivered to the Investors in accordance with the provisions thereof. The Shareholders Rights Agreement and the Shareholders Agreement shall have been fully-executed by all shareholders whose names appear as intended signatories thereto.

7.5 Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by the Transaction Documents except for such as may be properly obtained subsequent to the Closing.

7.6 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by the Transaction Documents and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the Investors and their counsel, and the Investors and their counsel shall have received all such counterpart copies of such documents as the Investors or their counsels may reasonably request.

7.7 Absence of Adverse Changes. From the date hereof until the Closing, there has not occurred any event that had or may have a material adverse effect on the Company or the properties, business, operations, assets, condition (financial or otherwise) or results of operation of the Company (“**Material Adverse Effect**”). For the avoidance of doubt, any changes in general economic conditions, the market or industry in which the Company operates, and the political or military situation in the region or the financial markets, so long as such changes do not have a disproportionate effect on the Company, shall not constitute a Material Adverse Effect.

7.8 Completion of Due Diligence. In the case of YEC, it has completed, to its full satisfaction, a legal, financial and intellectual property due diligence examination.

7.9 Board of Directors. Upon the Closing, the authorized size of the Board shall be nine (9) members, and the members of the Board presiding shall have been appointed thereto as per the provisions of the Amended Articles.

7.10 Insurances. The directors appointed by YEC shall be included in the Company's directors and officers liability insurance policy.

8. Conditions of Closing of the Company. The Company's obligations to sell and issue the Purchased Shares at the Closing are subject to the fulfillment at or before the Closing of the following conditions precedent, any one of which may be waived in whole or in part by the Company, and which waiver shall be at the sole discretion of the Company:

8.1 Representations and Warranties. The representations and warranties made by the Investors in this Agreement shall have been true and correct when made, and shall be true and correct as of the Closing Date.

8.2 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed, or complied with, by the Investors prior to or at the Closing shall have been performed or complied with by the Investors prior to or at the Closing.

8.3 Investment. Each Purchaser shall have delivered its respective portion of the Investment Amount.

8.4 Delivery of Documents. All of the documents to be delivered by the Investors pursuant to Section 3.2 shall have been fully and duly executed (if applicable) and delivered to the Company in accordance with the provisions thereof.

8.5 Office of Chief Scientist's Undertaking. On or prior to the Closing, to the extent required by the OCS, each of the Investors shall have executed an undertaking in the form substantially attached hereto as Schedule 8.4.

9. Affirmative Covenants

9.1 Use of Proceeds. The proceeds of the Investment Amount shall be used by the Company in accordance with the company budget, as amended by the Board from time to time following the Closing, in accordance with the provisions of the Amended Articles.

9.2 Legal Fees, Expenses. Other than as set forth in this Section 9.2, each of the Investors and the Company will be responsible for and bear all of its own costs and expenses (including any broker's or finder's fees and the expenses of its representatives) incurred at any time in connection with the transactions contemplated hereunder. The Company shall reimburse YEC at the Closing for YEC's legal fees actually incurred with respect to the transactions contemplated by this Agreement; *provided, however*, that such reimbursement shall not exceed US \$25,000 plus Value Added Tax, to the extent applicable.

10. Miscellaneous

10.1 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.

10.2 Governing Law; Jurisdiction. This Agreement shall be governed by and construed according to the laws of the state of Israel 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 courts of Tel Aviv only, and each of the parties hereby submits irrevocably to the exclusive jurisdiction of such courts.

10.3 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. Except to permitted transferees of such party, none of the rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred without the prior consent in writing of each party to this Agreement.

10.4 Entire Agreement and Amendment. 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 (and shall supersede and replace in their entirety any Term Sheet discussed and/or signed relating to this investment and the letter dated July 4, 2013). Any term of this Agreement may be amended only with the written consent of the Company and YEC.

10.5 Notices. All notices and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given: in the case of hand delivery to the address shown 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;

(iii) in the case of a notice sent by facsimile or e-mail transmission to the number, and addressed as, set forth below, on the next Business Day after delivery, if facsimile or e-mail transmission is confirmed;

When, "**Business Day**" means a day on which the banks are open for business in the country of receipt of any notice.

10.5.2. The parties contact details shall be as set forth in Schedule 10.5 to this Agreement. 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 10.5 by giving the other party written notice of the new contact details in the manner set forth above.

10.6 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. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

10.7 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. All of the Investors' undertakings and obligations set forth in this Agreement are several, and not joint.

10.8 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.

10.9 Exculpation Among Investors. Each Investor acknowledges that it is not relying upon any person, firm or corporation (including without limitation any other Investor), other than the representations as set forth in this Agreement in deciding to invest and in making its investment in the Company. Each Investor agrees that no other Investor, nor the respective controlling persons, officers, directors, partners or employees of any other Investor shall be liable to such Investor for any losses incurred by such Investor in connection with its investment in the Company.

10.10 Aggregation of Shares; Administration Simplicity. All Purchased Shares held or acquired by an Investor and its affiliates (including any entity controlled by, controlling or under common control with such Investor and as to any Investor which is a partnership, shares held by its partners and its affiliated partnerships managed by the same management company or managing general partner or by an entity which controls, is controlled by, or is under common control with, such management company or managing general partner and as to any Investor which is a limited liability company, shares held by its members) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

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

(Signature pages to follow)

This Series D Preferred Share Purchase Agreement is hereby executed as of the date first above written.

Company:

Argo Medical Technologies Ltd.

By: _____
Title: _____

Purchasers:

Yaskawa Electric Corporation

By: _____
Title: _____

Previs Ventures L.P.

By: _____
Title: _____

Technion Research & Development Foundation Ltd

By: _____
Title: _____

Lenders:

Israel Healthcare Ventures 2 LP Incorporated

By: _____
Title: _____

Pontifax (Cayman) II, L.P.

By: _____
Title: _____

Pontifax (Israel) II - Individual Investors, L.P.

By: _____
Title: _____

Pontifax (Israel) II, L.P.

By: _____
Title: _____

SCP Vitalife Partners II L.P.

By: SCP Vitalife II Associates, L.P.,
By: SCP Vitalife II GP, LTD
By: _____
Title: Director

SCP Vitalife Partners (Israel) II L.P.

By: SCP Vitalife II Associates, L.P.,
By: SCP Vitalife II GP, LTD
By: _____
Title: Director

Technion Research & Development Foundation Ltd

By: _____
Title: _____

Pro-seed Venture capital Fund

By: _____
Title: _____

OurCrowd (Investment In Argo) L.P.

By: _____
Title: _____

OurCrowd (Investment In Argo)-II) L.P.

By: _____
Title: _____

Schedule A
SCHEDULE OF PURCHASERS

<u>Purchaser Name</u>	<u>Investment Amount (USD)</u>	<u>Number of Preferred D-1 Shares</u>
Yaskawa Electric Corporation	10,000,000	82,645
Previz Ventures L.P.	100,000	826
Technion Research & Development Foundation Ltd	65,000	537
<u>TOTAL:</u>	<u>10,165,000</u>	<u>84,008</u>

Schedule B.
SCHEDULE OF LENDERS

Lender Name	Principal Loan Amount (USD)	Accrued Interest (USD)	Withholding Tax (USD)	Net Interest (USD)	Loan Amount (Principal + Net Interest) (USD)	Number of Preferred D-2/3/4 Shares	Class of Preferred D-2/3/4 Shares
SCP Vitalife Partners II L.P.	498,770	25,826	0	25,826	524,596	5,419	D2
SCP Vitalife Partners II L.P.	1,869,612	54,859	0	54,859	1,924,471	19,881	D2
SCP Vitalife Partners (Israel) II L.P.	166,591	8,626	0	8,626	175,217	1,810	D2
SCP Vitalife Partners (Israel) II L.P.	624,458	18,323	0	18,323	642,781	6,640	D2
Israel Healthcare Ventures 2 LP Incorporated	425,429	21,540	0	21,540	446,969	4,617	D2
Israel Healthcare Ventures 2 LP Incorporated	1,594,700	47,404	0	47,404	1,642,104	16,964	D2
Pontifax (Cayman) II, L.P.	118,808	5,992	0	5,992	124,800	1,289	D2
Pontifax (Cayman) II, L.P.	445,346	12,042	0	12,042	457,388	4,725	D2
Pontifax (Israel) II, L.P.	89,508	4,515	1,129	3,386	92,894	960	D2
Pontifax (Israel) II, L.P.	335,515	9,331	2,333	6,998	342,513	3,538	D2
Pontifax (Israel) II - Individual Investors, L.P.	34,779	1,755	439	1,316	36,095	373	D2
Pontifax (Israel) II - Individual Investors, L.P.	130,369	3,625	905	2,720	133,089	1,375	D2
Technion Research & Development Foundation Ltd	16,284	855	0	855	17,139	177	D2
Technion Research & Development Foundation Ltd	30,000	564	0	564	30,564	302	D3
Pro-seed Venture capital Fund	149,831	6,868	0	6,867	156,699	1,619	D2
OurCrowd (Investment in Argo) L.P.	875,000	16,445	4,111	12,334	887,334	8,768	D3
OurCrowd (Investment in Argo) L.P.	175,000	2,987	747	2,240	177,240	1,721	D4
OurCrowd (Investment in Argo - II) L.P.	125,000	2,349	587	1,762	126,762	1,253	D3
OurCrowd (Investment in Argo - II) L.P.	25,000	427	107	320	25,320	246	D4
TOTAL:	7,730,000	244,333	10,358	233,974	7,963,975	81,677	

**AGREEMENT FOR THE PROVISION OF A LOAN FACILITY
OF UP TO US\$ 5,000,000**

Dated June 19, 2014

Between

KREOS CAPITAL IV (EXPERT FUND) LIMITED a company incorporated in Jersey whose registered office is at 47 Esplanade, St Helier, Jersey (the “**Lender**”, which expression shall include its successors and assigns);

and

REWALK ROBOTICS LTD., a company incorporated in Israel under registered number 513121376 whose registered office is at 0 HaCarmel Street, Yokneam Illit 2069200, Israel (the “**Borrower**”).

WHEREAS:

1. The Borrower wishes to borrow up to the Total Loan Facility (as defined below) and the Lender wishes to make the Total Loan Facility available to the Borrower on the terms of this agreement (the “**Loan Agreement**”); and
2. The Borrower hereby confirms that on or about the date hereof it shall enter into the Initial Security Documents as security for monies borrowed by the Borrower hereunder under which it shall grant to the Lender, as security for monies borrowed by the Borrower hereunder, (A) a first priority fixed charge over the Equipment and the Intellectual Property of the Borrower as well as all shares held by the Borrower in Argo Medical Technologies Inc. and Argo Medical Technologies GmbH (the “**Fixed Charge**”), and (B) a first priority floating charge over all the assets of the Borrower as of the date hereof or hereafter acquired (the “**Floating Charge**”).

LOAN FACILITY TERMS:

Total Loan Facility	Up to US\$5,000,000.
Expiry Date	September 30, 2014 (subject to Clause 3.4 below).
Advance Payment	Last month deposit for each Tranche (as defined below).
Repayment Term	Thirty six (36) months (in respect of each Tranche) as follows: thirty-six (36) repayments of principal and interest accrued thereon, all as set forth in Clause 3.4 below).
Transaction Fee	1.00% of the Total Loan Facility, payable upon execution of this Loan Agreement.
End of Loan Payment	1% of the total amount withdrawn by the Borrower out of the Total Loan Facility.
Minimum Drawdown Amount	US\$ 1,000,000 (subject to Clause 3.4 below).

1 DEFINITIONS

In this Loan Agreement, including the recitals set out above, unless otherwise defined:

- 1.1 “**Accounts**” means the audited annual consolidated profit and loss account and balance sheet of the Borrower.
- 1.2 “**Advance Payment**” has the meaning given in Clause 5.1 and is in the amount set forth above in the Loan Facility Terms;
- 1.3 “**Affiliate**” means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
- 1.4 “**Applicable Interest Rate**” has the meaning given in Clause 6.1;
- 1.5 “**Assignee**” has the meaning given in Clause 16.4;
- 1.6 “**Business Day**” means any day on which banks are generally open for business in London and Tel Aviv other than a Friday, Saturday or Sunday;
- 1.7 “**Charged Assets**” means the assets and undertaking charged or to be charged to the Lender from time to time pursuant to the Security Documents;
- 1.8 “**Companies Registrar**” means the Registrar of Companies in Israel;
- 1.9 “**Contractual Currency**” has the meaning given to it in Clause 5.2.4;
- 1.10 “**Debentures**” Means the Debenture – First Ranking Fixed Charge and the Debenture – First Ranking Floating Charge signed between the Borrower and the Lender on June 19, 2014.
- 1.11 “**Drawdown**” means the drawdown of a Tranche under the Loan Facility;
- 1.12 “**Drawdown Date**” means, unless otherwise provided herein, the date on which any Tranche is actually advanced to the Borrower by the Lender;
- 1.13 “**Drawdown Notice**” means a drawdown notice served in accordance with Clause 3.2 in the form attached hereto as Schedule A (as may be amended with the prior written consent of the Lender);
- 1.14 “**End of Loan Payment**” means the End of Loan Payment set forth above under the Loan Facility Terms;
- 1.15 “**Equipment**” means all the equipment of the Borrower as listed in Schedule B.
- 1.16 “**Event of Default**” means any of the events or circumstances described in Clause 9;
- 1.17 “**Expiry Date**” means the date set forth above under the heading Loan Facility Terms;

- 1.18 “**Financial Indebtedness**” means (i) monies borrowed, (ii) finance or capital leases, (iii) receivables sold or discounted (other than on a non-recourse basis), (iv) other transactions having the commercial effect of borrowing, (v) the market to market value of derivative transactions entered into in connection with protection against or benefit from fluctuation in any rate or price, (vi) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution, (vii) any other transaction or arrangement having the commercial effect of a borrowing, and (viii) liabilities under guarantees or indemnities for any of the obligations referred to in items (i) to (vii);
- 1.19 “**Group**” means (i) the Borrower and its subsidiaries (if any), (ii) any holding company of the Borrower, and (iii) any subsidiaries of such holding companies from time to time and “**Group Company**” means any member of the Group;
- 1.20 “**Intellectual Property**” means copyrights and related rights (including, without limitation, rights in computer software), patents, supplementary protection certificates, utility models, trademarks, trade names, service marks, domain name registrations, registered and unregistered rights in designs, database rights, semi-conductor topography rights, plant variety rights, rights in undisclosed or confidential information (such as know-how, trade secrets and inventions (whether patentable or not)), and other similar intellectual property rights (whether registered or not) and applications for such rights as may exist anywhere in the world;
- 1.21 “**Initial Security Documents**” means the documents listed in Schedule C and dated on or about the date of this Loan Agreement;
- 1.22 “**LIBOR**” means the average rate of interest at which banks borrow funds from each other, in marketable size, in the London interbank market, for an interest period of three (3) months, as published by the British Bankers’ Association.
- 1.23 “**Loan**” means the loan to be made in accordance with the terms of this Loan Agreement;
- 1.24 “**Loan Facility**” means the loan facility set out in this Loan Agreement;
- 1.25 “**Loan Term**” means with respect to each Tranche, the period commencing on the Drawdown Date and expiring on thirty six (36) Monthly Repayment Date thereafter;
- 1.26 “**Material Adverse Change**” is (a) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower. provided, however, that a “Material Adverse Change” shall not include (a) changes in the management of the Borrower; (b) the Borrower’s product not being approved by the US Food and Drug Administration; (c) Borrower’s failure to perform an initial public offering of its securities; (d) any declaration or acts of war, hostilities or terrorism or any escalation or worsening of any acts of war, armed hostilities or terrorism in any country or region in which the Borrower or any of its subsidiaries or a material portion of their business is situated, or in which major customer(s) or sources of supply are situated; or (e) changes in general economic conditions or changes affecting the industry generally in which Borrower or any of its subsidiaries operate.

- 1.27 “**Minimum Drawdown Amount**” means the minimum amount permitted to be drawn down in each Tranche as set forth above under the heading Loan Facility Terms;
- 1.28 “**Monthly Repayment Date**” means the first Business Day of a calendar month, and “**First Monthly Repayment Date**” shall mean the first Monthly Repayment Date following the Drawdown Date;
- 1.29 “**Permitted Indebtedness**” means (a) bank credit not to exceed US\$100,000; (b) indebtedness for current taxes or other governmental or regulatory assessments which are not delinquent, or which are contested in good faith by the appropriate procedures and for which appropriate reserves are maintained; (c) indebtedness in favor of the Lender; (d) indebtedness incurred for the acquisition of supplies or inventory on normal trade credit as provided in the budget as approved by the Borrower’s board of directors from time to time (with a deviation of not more of 10%); (e) indebtedness in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods; (f) any indebtedness in favor of the Office of Chief Scientist; and (g) indebtedness which have been approved by Lender, at its reasonable discretion, provided that such debt is subordinated to the Lender.
- 1.30 “**Permitted Security Interests**” means: (a) security interests on any property held or acquired in the ordinary course of business securing the purchase price of such property or indebtedness incurred or assumed solely for the purpose of financing all or any part of the cost of acquiring such property; (b) debt approved by Lender with a subordination agreement approved by the Lender; (c) bankers’ indebtedness, rights of setoff and similar indebtedness incurred on deposits made in the ordinary course of business; and (d) materialmen’s, mechanics’, repairmen’s, employees’ or other like indebtedness arising in the ordinary course of business.
- 1.31 “**Related Fund**” in relation to a fund (the “**First Fund**”), means a fund which is managed or advised by the same investment manager or investment adviser as the First Fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the First Fund;
- 1.32 “**Repayment Schedule**” has the meaning given in Clause 5.2.1;
- 1.33 “**Security Documents**” means the Initial Security Documents, and any other applicable document evidencing the security over assets of the Borrower (or any Group Company), or (for the avoidance of doubt) any document creating a Security Interest in favor of the Lender;
- 1.34 “**Security Interest**” means any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, hypothecation, assignment by way of security or otherwise, trust arrangement, title retention or encumbrance or enforceable right of a third party, any other type of Security Interest or preferential arrangement having a similar effect to any of the foregoing or in the nature of security of any kind whatsoever and in any jurisdiction;

- 1.35 “**Security Period**” means the period commencing on the first Drawdown Date and ending on the date on which all amounts due and payable by the Borrower under this Loan Agreement and the Security Documents have been repaid in full, including the End of Loan Repayment;
- 1.36 “**Taxes**” means all present and future income, value added and other taxes, levies, imposts, deductions, charges and withholdings in the nature of taxes (other than taxes on the profits and overall income of the Lender) whatsoever together with interest thereon and penalties with respect thereto made on or in respect thereof;
- 1.37 “**Total Loan Facility**” means the amount set forth above under the heading Loan Facility Terms;
- 1.38 “**Tranche**” an amount drawn down pursuant to this Loan Agreement as set forth above under the heading Loan Facility Terms;
- 1.39 “**Transaction Fee**” has the meaning given in Clause 10.1 and is the amount set forth above in the Loan Facility Terms;
- 1.40 “**Warrant Instrument**” means a warrant instrument in agreed form to be issued by the Borrower to the Lender on the date of this Loan Agreement.

2 INTERPRETATION

In this Loan Agreement (unless the context requires otherwise) any reference to:

- 2.1 any law or legislative provision includes a reference to any subordinate legislation made under that law or legislative provision before the date of this

Loan Agreement, to any modification, re-enactment or extension of that law or legislative provision made before that date and to any former law or legislative provision which it consolidated or re-enacted before that date;

- 2.2 any gender includes a reference to other genders and the singular includes a reference to the plural and vice versa;
- 2.3 a Clause or Schedule is to a Clause or Schedule (as the case may be) of or to this Loan Agreement;
- 2.4 a “**person**” shall be construed as including a reference to an individual, firm, company, corporation, unincorporated body of persons or any country (or state thereof or any agency thereof);
- 2.5 an “**amendment**” includes a supplement, novation or re-enactment executed by both Lender and Borrower in writing and “amended” is to be construed accordingly;
- 2.6 “**assets**” includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 2.7 an “**authorization**” includes an authorization, consent, approval, resolution, license, exemption, filing, registration and notarization;
- 2.8 a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organization;

- 2.9 “other” and “otherwise” are not to be construed ejusdem generis with any foregoing words where a wider construction is possible and “including” and “in particular” are to be construed as being by way of illustration or emphasis only and are not to be construed as, nor shall they take effect as, limiting the generality of any foregoing words;
- 2.10 a document being in “agreed form” is a document which is previously agreed in writing by or on behalf of the Lender and the Borrower;;
- 2.11 any reference to an Event of Default being continuing is a reference to an Event of Default that has not been remedied to the reasonable satisfaction of the Lender; and
- 2.12 the headings in this Loan Agreement are inserted for convenience only and do not form part of this Loan Agreement and do not affect its interpretation.

3 LOAN FACILITY

3.1 Lender’s Commitment

- 3.1.1 Subject to Clause 3.5 below, the Lender shall and agrees hereby to make available to the Borrower a loan facility of up to the Total Loan Facility under the terms of this Loan Agreement, to be drawn down as set out in the Loan Facility Terms and in accordance with Clause 3.2 before the Expiry Date of the Loan Facility.

The Borrower shall not be under any commitment or obligation to drawn down or borrow any amount of loan from the Lenders under this Loan Agreement or otherwise.

- 3.1.2 The Lender shall not be under any commitment to advance any Tranche or any part thereof after the Expiry Date or upon the earlier termination of the Loan Facility in accordance with Clause 3.4.

- 3.1.3 The unutilized portion (if any) of the Loan Facility shall be cancelled after the Expiry Date, whereupon the Total Loan Facility available for Drawdown shall be reduced accordingly.

- 3.1.4 In granting the Loan Facility the Lender is relying on the representations and warranties contained in Clause 7.

- 3.1.5 Each Drawdown made under the Loan Facility shall be secured by the Security Documents.

3.2 Date of Advance(s) of the Loan

Subject to Clause 3.1.2, (and subject to the satisfaction of the relevant conditions set forth in Clause 3.5), each Tranche shall be advanced and made available to the Borrower within ten (10) Business Days from receipt by the Lender of an executed Drawdown Notice. Each Drawdown Notice shall constitute a separate and independent obligation of the Borrower incorporating the terms of this Loan Agreement. No more than one Drawdown Notice may be served in respect of each Tranche. Each Tranche requested to be advanced pursuant to a Drawdown Notice shall be in an amount equal to or greater than the Minimum Drawdown Amount except for the last Tranche in the amount of the remaining Total Loan Facility which can be made in a lower amount.

3.3 Method of Disbursement

The payment by the Lender to the account specified in the Drawdown Notice shall constitute the making of the Loan (or the relevant part thereof) and the Borrower shall thereupon become indebted, as principal and direct obligor, to the Lender in an amount equal to the Loan (or the relevant part thereof).

3.4 **Termination or Modification of Funding Commitment**

The Lender's commitment to advance each Tranche of the Loan in accordance with the terms of this Loan Agreement is limited in aggregate to the amount of the Total Loan Facility; provided, however, that the Lender, acting in its sole discretion, may terminate or modify its funding commitment pursuant to this Loan Agreement at any time if, in the opinion of the Lender:

3.4.1 there is any Material Adverse Change in the general affairs, business, management, results of operations, or financial condition of the Group whether or not arising from transactions in the ordinary course of business;

3.4.2 there is any material deviation by the Borrower from its business plan (as it may have been supplemented in writing with the prior consent of the Lender) presented to the Lender prior to the date of this Loan Agreement, *provided however* that such deviation results in Material Adverse Change;

3.4.3 on either the date of the Drawdown Notice or at the Drawdown Date:

- (i) an Event of Default has occurred and is continuing or would result from the borrowing to be made pursuant to the Drawdown Notice; or
- (ii) the Borrower's representations and warranties in Clause 7.1 or those which are set out in any Security Document

would not be true in all material respects if repeated on each of those dates with respect to the circumstances then existing taking into account the time that has lapsed since the representations and warranties were made;

3.5 **Conditions Precedent requirements relative to the Advance of the Loan**

3.5.1 The Lender's obligation to provide the Loan (or any part thereof) is subject to the satisfaction by the Borrower of the following conditions:

- (i) the provision of a duly executed copy of the resolutions of the Borrower's board of directors and, to the extent required, shareholders, authorizing the transactions contemplated by this Loan Agreement and the execution and delivery to the Lender of this Loan Agreement and associated documents, including but not limited to, the Security Documents;
- (ii) certified copies of the Certificate of Incorporation and the Articles of Association of the Borrower;
- (iii) all necessary consents of shareholders, warrant holders, and other third parties (including landlords, to the extent required) with respect to the entering into of this Loan Agreement and the execution of associated documents, including but not limited to, any Security Documents, have been obtained;

- | | | | |
|--------|---|-------|--|
| (iv) | submission of the Security Documents to the Companies Registrar or any equivalent in any relevant foreign jurisdiction and registration of the Security therein and the approval thereof, subject to compliance with all applicable laws in respect of such registration within the time frame provided for under applicable law. | 3.5.2 | Each copy document delivered under this Clause 3.5 shall be either in its original form or certified as a true and up to date copy by a director or the company secretary of the Borrower. |
| (v) | the Borrower's compliance with Clause 10.1 and evidence of the Borrower's compliance with Clause 12.2.3 below. | 3.5.3 | This Agreement, the Security Documents and the Warrant Instrument shall be delivered to the Borrower in original form. |
| (vi) | delivery of a copy of the financial model and forecasts for the Group as reasonably requested by the Lender; | 3.5.4 | The Borrower on the date of this Loan Agreement shall deliver to the Lender an original of the Warrant Instrument. |
| (vii) | the most recent reports to the Board of the Borrower; | 3.6 | Waiver Possibility |
| (viii) | certified copies of any policies of insurance maintained by the Borrower or any other Group Company in respect of the Charged Assets including such insurances as are required pursuant to and complying in all material respects with the requirements of Clause 12 shall be provided to the Lender; | | If the Lender advances all or any part of the Loan to the Borrower prior to the satisfaction of all or any of the conditions referred to in Clause 3.5 (which the Lender has no obligation to do) the Borrower shall satisfy or procure the satisfaction of such condition or conditions which have not been satisfied within fourteen (14) Business Days of the Drawdown Date (or within such longer period as the Lender may agree or specify in writing), provided, that the Lender at its sole discretion may waive the satisfaction of any condition. |
| (ix) | <u>Reserved;</u> | | |
| (x) | Subject to the Permitted Security Interests, the Charged Assets being free and clear of all Security Interests of third parties whatsoever; and | 3.7 | Equipment |
| (xi) | the legal opinion of counsels for the Borrower - Shenhav & Co., Advocates and Notary, in form and substance satisfactory to the Lender. | | The existing Equipment of the Borrower as listed in <u>Schedule B</u> (as may be amended from time to time with the consent of the Borrower and the Lender) shall be part of the Security Interest of the Lender and be included in the Fixed Charge. Future purchases of any Equipment purchased until (and including) the last day of the Security Period (" New |

Equipment) shall, in addition be made subject to the provisions of this Loan Agreement and form part of the Security and shall be charged by way of either listing such New Equipment to the relevant schedule in the Debenture - Fixed Charge, to be amended accordingly, or, at the Lender's election, as a separate supplemental Fixed Charge (which shall be part of the Security Documents hereunder), and submitted to and registered with the Companies Registrar (at the Lender's request, Schedule B hereto shall be replaced or supplemented from time to time to reflect any addition of such New Equipment as aforesaid); it being agreed that, at any time until the end of the Security Period, the Borrower shall be obliged to register any additional Fixed Charge and/or US Security Interest in favor of the Lender only at such time as the aggregate value of the New Equipment exceeds US\$ 50,000, provided that in any event, upon Lender's request, the Borrower shall register a Fixed Charge and/or US Security Interest on any New Equipment in favor of the Lender within seven (7) days following the last Business Day of each calendar year during the Security Period, regardless of the value of such New Equipment. For the avoidance of doubt, in addition, the Equipment is subject to the Floating Charge and any New Equipment shall become subject to the Floating Charge as soon as an interest therein is acquired by Borrower (without any further action being required to effect the same).

3.8 Intellectual Property

The registered Intellectual Property of the Borrower as of the date hereof is listed in Schedule D (as may be amended from time to

time with the consent of the Borrower and the Lender) and is covered by the Fixed Charge.

Future applications for registration of Intellectual Property of the Borrower shall, in addition, be made subject to the provisions of this Loan Agreement and form part of the Security Interest of the Lender and be charged by way of either listing such new Intellectual Property on the relevant schedule in the Fixed Charge and/or US Security Interest, as applicable, to be amended accordingly, or, at the Lender's election, as a separate supplemental Fixed Charge and/or US Security Interest (and, at the Lender's request, Schedule D hereto shall be replaced or supplemented from time to time to reflect any addition of such new Intellectual Property as aforesaid), and, in either case, submitted to and registered with the Companies Registrar, and with respect to applications for registration of Intellectual Property submitted to the Companies Registrar, submitted to the Israeli Patent Office or to the United States Patent and Trademark Office until (and including) the last day of the Security Period ("**New Registered Intellectual Property**") shall, in addition, be submitted to and registered with the Israeli Patent Office and/or the United States Patent and Trademark Office, as applicable; it being agreed that, at any time until the end of the Security Period, the Borrower shall be obliged to create and register any such additional Fixed Charge in favor of the Lender, as follows:

- (i) with respect to New Registered Intellectual Property, the Borrower shall be obliged to notify the Lender within five (5) Business Days of the day of filing of each New Registered

Intellectual Property, and upon Lender's request, within seven (7) Business Days from registration of such New Registered Intellectual Property by the Borrower and if such registration is not possible under the rules governing such New Registered Intellectual Property, then, no later than seven (7) days from the date on which the charge of such New Registered Intellectual Property becomes registrable;

- (ii) with respect to other new unregistered Intellectual Property, if any, at the request of the Lender and in any event within seven (7) days following the last Business Day of each calendar year and if such registration is not possible under the rules governing such new registered Intellectual Property, then, no later than seven (7) days from the date on which the charge of such new registered Intellectual Property becomes registrable; and
- (iii) with respect to any future applications for registration of Intellectual Property submitted by the Borrower in countries other than Israel and the United States, , the Borrower shall be obliged to notify the Lender within five (5) Business Days of the day of filing of each such application, and upon Lender's request, the Borrower will be obliged to create and register an additional Fixed Charge (as aforesaid) in favor of the Lender within seven (7) Business Days from request of the Lender and if such registration is not possible under the rules governing

such Intellectual Property, then, no later than seven (7) Business Days from the date on which the charge of such Intellectual Property becomes registrable.

For the avoidance of doubt, in addition, the Intellectual Property of the Borrower is subject to the Floating Charge and any New Intellectual Property of the Borrower shall become subject to the Floating Charge as soon as an interest therein is acquired by Borrower (without any further action being required to effect the same).

3.9 **Charged Assets**

- 3.9.1 Unless the Lender shall otherwise agree in writing, the Borrower shall use the Loan solely for the purpose of general working capital. The Lender shall not be under any obligation to concern itself with the application of the Loan.
- 3.9.2 The Charged Assets charged to the Lender pursuant to the Security Documents shall form security for the monies borrowed by the Borrower.

4 **TERM**

- 4.1 This Loan Agreement is effective upon execution by the Lender and the Borrower and shall continue until the later of (i) the Expiry Date (subject to Section 3.1.2) and (ii) the date upon which the Borrower shall have performed all its obligations hereunder.
- 4.2 If the conditions set out in Clause 3.5 have not been satisfied within forty-five (45) days of the execution of this Loan Agreement (except to the extent waived in writing by the Lender), the Lender shall in its sole discretion have the

option to either terminate this Loan Agreement or extend the period in which such conditions must be satisfied.

- 4.3 For as long as no amount was actually withdrawn by the Borrower under this Loan Agreement, or if the Borrower elects to prepay the Loan in whole, subject to the conditions set forth in Section 5.4 below, then, upon such payment, Borrower shall have the right to terminate this Loan Agreement, provided, however, that there are no further outstanding obligations of the Borrower under this Loan Agreement.

5 REPAYMENT AND PREPAYMENT

5.1 Advance Payment

On delivery of each Drawdown Notice with respect to a Tranche, the Borrower shall pay to the Lender (by way of deduction by Lender from the amount of the Tranche actually advanced to the Borrower) the advance payment specified above in the Loan Facility Terms with respect to the applicable Tranche (the “**Advance Payment**”) which shall be held by the Lender and applied in or towards payment of the last repayment in respect of that particular Tranche.

5.2 Repayments

- 5.2.1 the Borrower shall pay all unpaid and accrued interest in respect of each Tranche (principal and interest accrued thereon) separately by way of standing order (“**Hora’at Keva**”), by way of thirty-six (36) monthly payments as follows: with respect to each Tranche, the Borrower shall pay, in respect of each Tranche,

principal and interest accrued thereon in thirty-six (36) equal monthly payments, each such payment in an amount equal to 3.3109% of the amount of such Tranche. Each monthly payment shall be paid to the Lender on the first Business Day of each calendar month or, if such day is not a Business Day, the first Business Day thereafter, commencing on (and including) the first calendar month following the Drawdown Date of such Tranche, all as specified in a fully-amortizing repayment schedule issued by the Lender prior to the Drawdown Date (the “**Repayment Schedule**”).

Subject to Clause 5.2.2, each payment received by the Lender in respect of any Tranche shall be applied as follows:

- 5.2.1.1 firstly, to discharge all outstanding fees, costs and expenses of or due to the Lender in respect of such Tranche;
- 5.2.1.2 secondly, to discharge all accrued interest in respect of such Tranche; and
- 5.2.1.3 thirdly, to reduce the outstanding principal balance of such Tranche.
- 5.2.2 For the avoidance of doubt, the Lender may in its discretion apply any payment received or recovered from the Borrower to discharge any unpaid amount in respect of any Tranche.
- 5.2.3 Any amount repaid or prepaid may not be redrawn.
- 5.2.4 If the Drawdown Date is not a Monthly Repayment Date, the Borrower shall pay to the Lender on the Drawdown Date (by way of deduction by the Lender of the amount of the Tranche actually advanced to the Borrower) the Interim Repayment which shall discharge interest accrued on the Tranche for the period from the Drawdown Date to First Monthly

Repayment Date. For the purpose of this Clause 5.2.4 “Interim Repayment” shall mean the payment in respect of interest accruing during the period from each Drawdown Date to the first Monthly Repayment Date being the amount of interest accruing at the Applicable Interest Rate on the amount drawn down for the period from and including the Drawdown Date to First Monthly Repayment Date.

5.3 **Currency of Payments**

Repayment of the Loan and payment of all other amounts owed to the Lender will be paid in Euros (the “**Contractual Currency**”), unless otherwise agreed by the parties in writing. The Borrower shall bear the costs in the event of and in respect of any conversion of a currency to the Contractual Currency. The exchange rate will be defined at the time of each Drawdown.

5.4 **Prepayments**

The Borrower shall be entitled to prepay the Loan, in whole but not in part, subject to the following conditions:

- 5.4.1 The Borrower shall submit to the Lender an irrevocable written notice for prepayment of the applicable Tranche, at least thirty (30) days in advance, indicating the amount to be prepaid (the “**Prepayment Sum**”) and the date of prepayment, provided that such prepayment shall be made on the last day of a calendar month;

- 5.4.2 In the event that the Borrower prepays the Loan in accordance with this Section 5.4, the Prepayment Sum shall be the outstanding principal of the Loan (without any interest) plus (i) in case of prepayment within 24 months from the applicable Drawdown Date, the net present value of all future interest payments which would have accrued until the lapse of the applicable Loan Term with respect to the outstanding principal of the Loan at the time of prepayment, discounted back at LIBOR; or (ii) in case of prepayment on a date that is more than 24 months but less than 36 months from the Drawdown Date, an amount equal to 1% of the outstanding principal of the Loan at that time (without any interest).

5.4.3 The Borrower shall also pay the Lender:

5.4.3.1 the End of Loan Payment;

5.4.3.2 all unpaid Transaction Fee (if any); and

5.4.3.3 all other sums payable by the Borrower to the Lender hereunder (including without limitations the fees and payment to be made according to the provisions of Section 10 and Section 11 hereinbelow);

6 INTEREST

- 6.1 Interest on the principal amount of each Tranche from time to time shall accrue from day to day until repayment of the applicable Tranche at a rate of 12.50% per annum (i.e., the equivalent of a fixed repayment per month of 3.3109% of the amount of each Tranche), from the Drawdown Date until the repayment in full of such Tranche (the “**Applicable Interest Rate**”). Interest on each Tranche and each part thereof shall be calculated and paid in the Contractual Currency.

6.2 Time of payment of any sum due from the Borrower is of the essence under this Loan Agreement. If the Borrower fails to pay any sum to the Lender on its due date for payment and during five (5) Business Days thereafter, the Borrower shall pay to the Lender forthwith on demand interest on such sum from the original due date to the date of actual payment (as well after as before judgment) at a rate equal to the Applicable Interest Rate plus 5% per annum.

6.3 Unless otherwise instructed in writing by the Lender, immediately upon each due date for effecting any interest payment under or pursuant to this Loan Agreement and the Security Documents to which the Borrower is or is to be party, or upon actually paying any interest in advance of the due date for any reason, the Borrower shall report such payment to the relevant Israeli tax authorities, on behalf of the Lender, pay in full the value added tax liability arising in accordance with Section 6D of the Israeli Value Added Tax Regulations 5736-1976 and the Israeli Value Added Tax Law 5735-1975, and shall provide the Lender with documentation evidencing such payment, provided, however, that commencing upon Lender's request and continuing afterward until otherwise notified by Lender, the Borrower shall pay in full any applicable value added tax directly to Lender (or such agent of the Lender as the Lender may direct in written) against delivery of an invoice.

7 **REPRESENTATIONS AND WARRANTIES OF THE BORROWER**

7.1 The Borrower warrants and represents the following as of the date hereof:

7.1.1 ReWalk Robotics Ltd. is a private limited company duly organized and validly existing under the laws of Israel.

7.1.2 The Borrower has the corporate capacity, and has taken all corporate action and obtained all consents, including third party consents, necessary for it:

- (i) to execute this Loan Agreement and the Security Documents to which the Borrower is or is to be party;
- (ii) to borrow under this Loan Agreement and to make all the payments contemplated by, and to comply with all its other obligations under this Loan Agreement and the Security Documents to which the Borrower is or is to be party; and
- (iii) to grant the Lender first priority Security Interest in respect of the Charged Assets (subject to the OCS rules and regulations as set forth in the Debentures) pursuant to the Security Documents to which the Borrower is or is to be party;

7.1.3 this Loan Agreement and the Security Documents will, upon execution and delivery (and, where applicable, registration as provided for in this Loan Agreement and the Security Documents):

- (i) constitute the Borrower's legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms; and

- (ii) create legal, valid and binding Security Interests enforceable in accordance with their respective terms (subject to the OCS rules and regulations as set forth in the Debentures), subject to any relevant insolvency laws affecting creditors' rights generally;
- 7.1.4 the execution and (where applicable) registration by the Borrower of this Loan Agreement and each Security Document to which it is or is to be party, and the borrowing by the Borrower of the Loan and its compliance with this Loan Agreement and each Security Document to which it is or is to be party, will not involve or lead to a contravention of:
 - (i) any applicable law or other legal requirement; or
 - (ii) the constitutional documents of the Borrower; or
 - (iii) any contractual or other obligation or restriction which is binding on the Borrower or any of its assets;
- 7.1.5 all consents, licenses, approvals and authorizations required by the Borrower in connection with the entry into, performance, validity and enforceability of this Loan Agreement and the Security Documents to which it is or is to be party have been or (upon execution thereof) shall have been obtained by the Drawdown Date and are (or upon execution thereof shall be) in full force and effect during the life of this Loan Agreement;
- 7.1.6 all financial and other information furnished by or on behalf of the Borrower in connection with the negotiation of this Loan Agreement and the Security Documents pursuant to this Loan Agreement or the Security Documents was true and accurate in all material respects when given, there are no other facts or matters the omission of which would have made any statement or information contained therein misleading in any material respect and all projections and statements of belief and opinion given to the Lender were made in good faith after due and careful enquiry;
- 7.1.7 all payments made or to be made by the Borrower under or pursuant to this Loan Agreement and the Security Documents to which the Borrower is or is to be party shall be made following deduction or withholding for, or on account of, any taxes for which withholding is required pursuant to applicable law and/or tax ruling of the applicable tax authorities.
- 7.1.8 the Accounts were prepared in accordance with accounting principles and practices generally accepted in Israel or the US, and consistently applied and fairly represent (in conjunction with the notes thereto) the financial condition of the Borrower as at the date to which they were drawn up and the results of the Borrower's operations during the financial year then ended;
- 7.1.9 since execution of the Accounts, there has been no Material Adverse Change in the business or financial condition of the Borrower and/or any of its subsidiaries;
- 7.1.10 there is no action, proceeding or claim pending or, so far as the Borrower is aware or ought reasonably to be aware, threatened against any Group Company before any court or administrative agency which might have a

- material adverse effect on the business, condition of operations of the Borrower or any subsidiary;
- 7.1.11 subject to the Permitted Security Interests, the Borrower owns good and marketable title in all the Charged Assets, free from all Security Interests and other interests and rights of every kind, and all the Charged Assets are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such Charged Assets are in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. It is clarified that part of the Charged Assets are subject to restrictions set forth in the R&D Law and the regulation promulgated thereunder; and
- 7.1.12 the Borrower's representations and warranties set out in this Clause 7 shall survive the execution of this Loan Agreement until the end of the Security Period and shall be deemed to be repeated on each Drawdown Date and each date of repayment with respect to the facts and circumstances then existing, as if made at such time.
- 7.2 **REPRESENTATIONS AND WARRANTIES OF THE LENDER**
- 7.2.1 It is duly organized and validly existing under the laws of its jurisdiction of incorporation, and has the full power and authority to consummate the transactions contemplated hereunder. The consummation of the transactions contemplated hereunder and the performance of this Agreement by it do not violate the provisions of its corporate documents, or any applicable law, and will not result in any breach of, or constitute a default under, any agreement or instrument to which it is a party or under which it is bound.

7.2.2 The execution and performance of this Agreement by it have been duly authorized by all necessary actions, and this Agreement has been duly executed and delivered by it. This Agreement is valid and binding upon it and enforceable in accordance with its terms.

8 UNDERTAKINGS

- The Borrower undertakes to the Lender to comply with the following provisions of this Clause 8 at all times during the Security Period, except as the Lender may otherwise permit:
- 8.1.1 the Borrower will (and will procure that each Group Company will) obtain, effect and keep effective all permissions, licenses, consents and permits which may from time to time be required (i) in connection with the Charged Assets and (ii) to conduct its business;
- 8.1.2 With the exception of the Permitted Security Interest, the Borrower will (and to the extent any Group Company has charged its assets pursuant to a Security Document, the Borrower shall procure that this Group Company shall) own only for its own account the Charged Assets free from all Security Interests, except for those created by the Security Documents, and shall not (and shall ensure that no other Group Company will) create or permit to subsist any security over any of its assets;
- 8.1.3 the Borrower will not (and shall procure that each Group Company will not) sell, assign, transfer or otherwise dispose of any of the Charged Assets (except for the Charged Assets charged under the Floating Charge (as set forth in

- the Debentures), which may be sold, assigned, transferred or otherwise disposed in the ordinary course of business), without the Lender's prior written consent, and shall give immediate notice to the Lender of any judicial process or encumbrance affecting the Charged Assets;
- 8.1.4 Reserved;
- 8.1.5 the Borrower will provide the Lender (and will procure that each Group Company will provide the Lender) with:
- (i) a monthly report, in the form and contain such information to the extent provided to other shareholders of the Borrower.
- (ii) such other information (financial or otherwise) as the Lender may reasonably request from time to time concerning any of the Group Company and its affairs (including, without limitation, information concerning the Charged Assets, its assets from time to time and any request for amplification or explanation of any item in the financial statements, budgets or other material provided by the Borrower under this Loan Agreement).
- 8.1.6 the Borrower will provide to the Lender all documents, confirmations and evidence required by the Lender to satisfy its "know your customer" requirements or similar identification checks in order to meet its obligations from time to time under applicable money laundering, or similar, laws and regulations;
- 8.1.7 the Borrower will provide the Lender with annual audited consolidated financial statements for each Group Company within one hundred and fifty (150) days of the end of fiscal year of the respective Group Company;
- 8.1.8 the Borrower will (and will procure that each Group Company will) within ten (10) days from the board of directors' approval, provide a budget showing a projected consolidated balance sheet as of the end of each financial year, a projected profit and loss account, and a cash flow forecast for the forthcoming financial year;
- 8.1.9 the Borrower will deliver (and shall procure that each Group Company will deliver) to the Lender copies of all notices, minutes, consents and other materials formally sent to the board of directors at the same time they are delivered to the directors. Upon the occurrence of an Event of Default and for as long as the Borrower shall be in default, the Lender shall be entitled to have a representative to attend all meetings of the Borrower's (and each Group Company's) board of directors in a non-voting observer capacity, provided that such representative shall have executed a confidentiality undertaking in a form satisfactory to both the Lender and the Borrower. The Lender's observer may be excluded from participation in certain meeting(s) of the board of directors (or any part thereof), if based on the legal advice of the legal counsel of the Company such observer may have a personal or conflict of interest in the subject matter thereof. The Borrower agrees (and shall procure that each Group Company agrees) to give notice of all board meetings to the Lender at the same time as to its directors.
- 8.1.10 the Borrower will (and will procure that each Group Company will) maintain in force and promptly obtain or renew, and will promptly send certified copies to the Lender of, all consents to the extent required:
- (i) for the Borrower and each Group Company to perform its obligations under this Loan Agreement and each Security Document, as relevant;

- (ii) for the validity or enforceability of this Loan Agreement and any Security Document; and
 - (iii) for the Borrower and each Group Company to continue to own the Charged Assets,
- and the Borrower will, and will procure that each Group Company will, comply with the terms of all such consents;

8.1.11 the Borrower will notify the Lender as soon as it becomes aware of:

- (i) the occurrence of an Event of Default; or
- (ii) any matter which indicates that an Event of Default has occurred or, may have occurred,

and will thereafter keep the Lender fully up to date with all developments;

8.1.12 the Borrower will (and shall ensure that each Group Company will) maintain adequate risk protection through insurances on and in relation to its business and assets to the extent reasonably required on the basis of good business practice taking into account, inter alia, its (and any Group Company's) financial position and nature of operations. All insurances must be with reputable independent insurance companies or underwriters;

8.1.13 the Borrower shall not (and shall ensure that no Group Company will) incur or allow to remain outstanding any Financial Indebtedness, except:

- (i) Any Permitted Indebtedness or any other indebtedness under this Loan Agreement;
- (ii) where a Group Company is lending to or borrowing from the Borrower or another Group Company;
- (iii) non-speculative hedging transactions entered into in the ordinary course of business in connection with protection against interest rate or currency fluctuations; or
- (iv) arising in the ordinary course of business with suppliers of goods with a maximum duration of 90 days;

8.2 The Borrower shall, to the extent reasonably possible, affix to the Equipment (as listed in Schedule B attached hereto and as to be amended from time to time with the consent of the Borrower and the Lender) permanent indications of Lender's interest in the Equipment, and shall not remove or hide them and shall comply with Lender's request in assisting Lender with all perfection requirements under the laws of the State of Israel and pursuant to and in accordance with the provisions of the Security Documents;

8.2.1 With the exception of the Permitted Indebtedness, the Borrower shall not (and shall ensure that no Group Company will) incur or allow to remain outstanding any Financial Indebtedness owing to any shareholder of a Group Company (excluding other Group Companies) or any persons or

- companies related to them, unless such Financial Indebtedness is on terms (including interest, repayment and subordination) satisfactory to the Lender;
- 8.2.2 With the exception of the Permitted Security Interest, the Borrower shall not (and shall ensure that no other Group Company will) create or permit to subsist any Security Interest over any of its assets;
- 8.2.3 the Borrower shall not (and shall ensure that no other Group Company will):
- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are leased to or intended to be re-acquired by any Group Company; or
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- 8.2.4 the Borrower will not (and shall ensure that no other Group Company will) make any distribution by way of dividend or otherwise without the prior written consent of the Lender;
- 8.2.5 the Borrower shall be responsible for all costs associated with the Charged Assets including all tax assessments, insurance premiums, operating costs and repair and maintenance costs as well as any fees associated with registering of any security granted in connection with this Loan; and
- 8.2.6 the Borrower shall at the request of the Lender from time to time (and shall procure that each Group Company) execute and deliver such further documents creating Security Interests in favor of the Lender over such Charged Assets and in such form as the Lender may reasonably require in its discretion from time to time to:
- (i) secure all monies, obligations and liabilities of the Borrower and/or any Group Company to the Lender or
 - (ii) facilitate the realization of the Charged Assets or
 - (iii) exercise the powers conferred on the Lender or a receiver appointed under any Security Document, from time to time.
- 8.2.7 During the Loan Term the Borrower shall provide the Lender with a first offer for additional debt or loan financing fifteen (15) Business Days prior to the time that such requests are provided to other financing sources (the “**Notice of First Offer**”). Should the Lender and the Borrower fail to agree on the terms and conditions of such financing within five (5) Business Days from the date of receipt of the Notice of First Offer by the Lender, then the Borrower may accept a funding source other than the Lender.

9 EVENTS OF DEFAULT

- 9.1 An Event of Default occurs if:
- 9.1.1 the conditions set out in Clause 3.5 (except to the extent waived in writing by Lender) are not satisfactorily accomplished within forty five (45) days of signature of this Loan Agreement unless the period for satisfactory accomplishment is extended in accordance with Clause 4.2; or
- 9.1.2 any Group Company fails to pay when due and payable or (if so payable) on demand any sum payable under this Loan Agreement or the Security Documents or under any document relating to the Security Documents; or
- 9.1.3 any other breach by any Group Company (as relevant) of any material provision of this Loan Agreement or any Security Document occurs, or if the Borrower or any Group Company does not comply with, perform or observe any other material obligation accepted or material undertaking given by it to the Lender, unless the Lender (at its sole discretion) notifies the Borrower in writing that it is satisfied that the breach has not put any of the security for the Loan immediately at risk and that it considers that the breach is capable of remedy, and within ten (10) Business Days after the Lender serves on the Borrower a notice of default under this Loan Agreement, or such longer period as the Lender may specify in such notice, the Borrower remedy the breach to the satisfaction of the Lender; or
- 9.1.4 any representation, warranty or statement made by the Borrower, or by an officer of, any Group Company in this Loan Agreement or the Security Documents or in the Drawdown Notice or any other notice or document relating to this Loan Agreement or any other
- Security Document is incorrect, untrue or misleading in any material respect when it is made or deemed repeated; or
- 9.1.5 Financial Indebtedness of any Group Company in an amount which the Lender considers to be material (which shall not be below US\$ 100,000) is not paid when due or any Security Interests over any of the assets of any Group Company is lawfully enforced; or
- 9.1.6 any order shall be made by any competent court, a petition presented or any resolution shall be passed by any Group Company for the appointment of a liquidator, administrator or receiver of, or for the winding up of, any Group Company or a moratorium is imposed or declared over any or all of the assets and business of any Group Company and, in any such case, such order, resolution or declaration is not set aside, cancelled or revoked within thirty (30) days after being made or passed provided that (i) the Borrower has informed the Lender in writing shortly after first notification that it intends to contest such enforcement order and (ii) the Borrower has actively contested such enforcement order within 10 days after being made or passed; or
- 9.1.7 an encumbrancer takes possession of or a receiver, liquidator, supervisor, compulsory manager, trustee, administrator or similar official is appointed over the whole or, in the opinion of the Lender, any material part of, the assets of any Group Company or a distress, execution or other process is levied or enforced upon or sued out against the whole or, in the opinion of the Lender, a material part of the assets of any Group Company, and, in any such case, either such procedure is not terminated within thirty (30) days

- after commencement provided that (i) the Borrower has informed the Lender in writing shortly after first notification that it intends to contest such enforcement order and (ii) the Borrower has actively contested such enforcement within 10 days after commencement of such enforcement order; or
- 9.1.8 any judgment made against any Group Company is not paid, stayed or discharged within 14 days; or
- 9.1.9 any Group Company shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or declared bankrupt or insolvent, or shall enter into any composition or other arrangement with its creditors generally; or
- 9.1.10 any event shall occur which under the law of any jurisdiction to which any Group Company is subject has an effect equivalent or similar to any of the events referred to in Clause 9.1.6, 9.1.7 or 9.1.9; or
- 9.1.11 any Group Company ceases, threatens to cease, or suspends carrying on its business or a part of its business which is material in the context of this Loan Agreement and the Security Documents; or
- 9.1.12 it becomes unlawful or impossible (i) for the Borrower and/or each Group Company (as relevant) to discharge any liability under this Loan Agreement or to comply with any other obligation which the Lender considers material under this Loan Agreement or the Security Documents, or (ii) for the Lender to exercise or enforce any right under, or to enforce any Security Interest created by, this Loan Agreement or the Security Documents; or
- 9.1.13 any provision of this Loan Agreement or the Security Documents proves to have been or becomes invalid or unenforceable, or a security interest created by the Security Documents proves to have been or becomes invalid or unenforceable or such a security interest proves to have ranked after, or loses its priority to, another security interest or any other third party claim or interest, provided however that if the Borrower and/or any Group Company proposes replacement security which the Lender accepts, and such replacement security is constituted in a manner acceptable to the Lender within such period of time as the Lender may require, such event shall cease to constitute an Event of Default; or
- 9.1.14 the security constituted by the Security Documents is in any way materially imperiled or in jeopardy (including by way of depreciation in value beyond a normal depreciation), provided however that if the Borrower and/or any Group Company proposes replacement security which the Lender accepts, and such replacement security is constituted in a manner acceptable to the Lender within such period of time as the Lender may require, such event shall cease to constitute an Event of Default; or
- 9.1.15 any other event (whether related or not) occurs in the business affairs, operations, assets or condition (financial or otherwise) of the Group, the effect of which is, in the reasonable opinion of the Lender, to materially imperil, delay or prevent the due fulfillment by the Borrower and each Group Company of any of its obligations or undertakings under this Loan Agreement or the Security Documents; or

9.1.16 any event of default (howsoever described) specified in the Security Documents shall occur.

9.2 Lender's Rights

On or at any time following the occurrence of any Event of Default the Lender may:

- 9.2.1 serve on the Borrower a notice stating that all obligations of the Lender to the Borrower under this Loan Agreement including (without limitation) the obligation to advance the Loan (or any part thereof) are terminated; and/or
- 9.2.2 serve on the Borrower a notice stating that the Loan, all accrued interest and all other amounts accrued or owing under this Loan Agreement and the Security Documents are immediately due and payable; and/or
- 9.2.3 take any other action which, as a result of the Event of Default or any notice served under Clauses 9.2.1 or 9.2.2 above, the Lender is entitled to take under the Security Documents or any applicable law.

9.3 End of Lender's Obligations

On the service of a notice under Clause 9.2.1 and/or Clause 9.2.2, all the obligations of the Lender to the Borrower under this Loan Agreement shall terminate

9.4 Acceleration

On the service of a notice under Clause 9.2.2, the following sums shall become immediately due and payable:

- 9.4.1.1 the outstanding principal amount of the Loan;
- 9.4.1.2 all accrued and unpaid interest;

9.4.1.3 in respect of each Tranche, the aggregate of the monthly interest payments scheduled to be paid by the Borrower on each Monthly Repayment Date (as is set out in the most recent Repayment Schedule issued by the Lender) for the period from the date of prepayment to the expiry of the Loan Term, in each case discounted from the applicable Monthly Repayment Date to the date of prepayment at the rate of 2% per annum;

9.4.1.4 the End of Loan Payment;

9.4.1.5 all unpaid fees, costs and expenses; and

9.4.1.6 all other sums payable by the Borrower to the Lender under this Loan Agreement and the Security Documents.

9.5 Waiver of Event of Default

The Lender, at its sole and absolute discretion, may waive any Event of Default hereunder, prior to or after the event or events giving rise thereto, provided that such waiver may be effected only by written notice provided by the Lender to the Borrower to that effect (and subject further to Clause 16.3 below); it being understood and acknowledged, that if and so long as no notice of waiver of an Event of Default was so provided, such Event of Default shall be deemed as having occurred and in effect for all purposes hereunder.

9.6 Change of Control

9.6.1 All the obligations of the Lender to the Borrower under this Loan Agreement shall terminate if there is a Change of Control (as defined below) in the Borrower. In such event, unless the Lender agrees otherwise by written notice to the Borrower, immediately and simultaneously with the closing of

the transaction that constitutes a Change of Control the Borrower shall prepay the outstanding Loan in accordance with Clause 5.4 above.

9.6.2 For purposes of this Clause 9.6, a “**Change of Control**” shall mean any of the following events (whether in one or in a series of related transactions): (a) merger, consolidation, or reorganization of the Borrower with or into another entity after which the shareholders who held the majority of the voting power in the Borrower prior to such transaction do not retain a majority of the voting power in the Borrower after the transaction, or (b) the sale of all or substantially all the assets of the Borrower (on a consolidated basis with its Subsidiaries), or (c) the sale of shares of the Borrower (whether by the Borrower or by shareholders of the Borrower) after which the shareholders who held the majority of the voting power in the Borrower prior to such transaction do not retain a majority of the voting power in the Borrower after the transaction, excluding sale of shares in equity financing, sale of shares in a public market or sale of shares to employees, or (d) the exclusive license of all or a material portion of the Borrower’s Intellectual Property, to, any other entity or person, other than a wholly-owned subsidiary of the Borrower.

Notwithstanding anything to the contrary in this Section 9.6 or otherwise in this Agreement, it is agreed that in the event that a Change of Control occurs before any amount was withdrawn by the Borrower under this Agreement, then the Borrower shall be entitled to terminate this Agreement and the Security Documents with no liability whatsoever towards the Lender provided that the Transaction Fee, the End of Loan

Payment Fee and other fees and expenses incurred by the Lender in connection to this Loan Agreement and any of the Security Documents have been already paid.

10 FEES, EXPENSES AND TAXES

10.1 Transaction Fee

The Parties hereby agree and acknowledge that the Transaction Fee and other expenses shall be paid by the Borrower to the Lender as follows:

(i) upon the execution of this Loan Agreement, a one-time transaction fee in an amount of US\$50,000; and (ii) all expenses related to registration of the Security; and (iii) all expenses of Lender in connection with the negotiation and execution of this Loan Agreement, including, without limitation, costs of due diligence and reasonable fees of attorneys, appraisers, examiners and consultants, up to US\$ 20,000 plus applicable VAT.

10.2 Documentary Costs

The Borrower shall promptly pay to the Lender on the Lender’s demand, the reasonable legal expenses and disbursements incurred by the Lender in connection with the following, plus VAT, to the extent applicable:

- 10.2.1 any amendment or supplement to this Loan Agreement or the Security Documents or any proposal for such amendment to be made that was initiated by the Borrower; and
- 10.2.2 any consent or waiver by the Lender concerned under or in connection with this Loan Agreement or the Security Documents or any request for such a consent or waiver; and

10.2.3 any step taken by the Lender with a view to the protection, exercise or enforcement of any right or security interest created by this Loan Agreement or the Security Documents or for any similar purpose.

10.3 **Certain taxes and duties**

The Borrower shall promptly pay any documentary, stamp or other equivalent tax or duty payable on or by reference to this Loan Agreement or the Security Documents, and shall, on the Lender's demand, fully indemnify the Lender against any costs, losses, liabilities and expenses resulting from any failure or delay by the Borrower to pay such a tax.

10.4 **Recovery of Overdue Fees**

Without prejudice to any other provisions of this Loan Agreement, the Lender shall be entitled (and the Borrower hereby irrevocably authorizes the Lender), at any time and from time to time, to apply any credit balance to which the Borrower are then entitled on any account with the Lender in satisfaction of the sum or sums from time to time owing by the Borrower to the Lender under and/or pursuant to this Clause 10.4. The Lender shall give notice to the Borrower of any such application promptly thereafter.

10.5 **Liability for Taxes**

10.5.1 The Borrower shall make all payments to be made by it without any Tax deduction, unless a Tax deduction is required by law. The Borrower shall promptly upon becoming aware that it must make a Tax deduction (or that there is any change in the rate or the basis of a Tax deduction) notify the Lender.

10.5.2 If the Borrower is required to make a Tax deduction, the Borrower shall make that Tax deduction and any payment required in connection with that Tax deduction within the time allowed and in the minimum amount required by law.

10.5.3 Within thirty (30) days of making either a Tax deduction or any payment required in connection with that Tax deduction, the Borrower shall deliver to the Lender evidence reasonably satisfactory to it that the Tax deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

10.6 **Illegality and Increased Costs**

10.6.1 If it is or becomes contrary to any law or regulation for the Lender to make available the Loan Facility or to maintain its obligations to do so or fund the Loan, the Lender shall promptly notify the Borrower whereupon (a) the Lender's obligations to make the Loan Facility available shall be terminated and (b) the Borrower shall be obliged to prepay the Loan either (i) forthwith or (ii) on a future specified date on or before the latest date permitted by the relevant law or regulation.

10.6.2 If the result of any change in (or in the interpretation, administration or application of), or to the generally accepted interpretation or application of, or the introduction of, any law or regulation is to subject the Lender to Taxes or change the basis of the payment of Taxes by the Lender with respect to any payment under this Loan Agreement (other than Taxes on the overall net income, profits or gains of the Lender), then (i) the Lender shall notify the

Borrower in writing of such event promptly upon its becoming aware of the same; and (ii) the Borrower shall on demand, made at any time whether or not the Loan has been repaid, pay to the Lender the amount of the increased costs which the Lender has suffered as a result.

11 INDEMNITIES

11.1 Indemnity for Non-Scheduled Payments

Without derogating from Clause 9 above, the Borrower shall indemnify the Lender fully on its demand in respect of all expenses, liabilities and losses which are suffered or incurred by the Lender, as a result of or in connection with:

- 11.1.1 any Tranche not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender;
- 11.1.2 any failure (for whatever reason) by the Borrower to make payment of any amount due under this Loan Agreement or the Security Documents on the due date or, if so payable, on demand; or
- 11.1.3 the occurrence and/or continuance of an Event of Default and/or the acceleration of repayment of the Loan under Clause 9.4, and in respect of any Taxes for which the Lender is liable or held liable in connection with any amount paid or payable to the Lender (whether for its own account or otherwise) under this Loan Agreement or the Security Documents.

11.2 Third Party Claims Indemnity

The Borrower shall indemnify the Lender fully on its demand in respect of claims, demands, proceedings, liabilities, taxes, losses and expenses of every kind, including without limitation legal fees and expenses which were

brought against, or incurred by, the Lender, in any country, in relation to:

- 11.2.1 any action lawfully taken, or omitted or neglected to be taken, under or in connection with this Loan Agreement or the Security Documents by the Lender or by any receiver appointed under the Security Documents after the occurrence of any Event of Default; and
- 11.2.2 any breach or inaccuracy of any of the representations and/or warranties contained in Clause 7 hereof or in the Security Documents or any breach of any covenant, commitment or agreement by the Borrower contained in Clause 8 hereof or elsewhere in this Loan Agreement or in the Security Documents.

12 RISK AND INSURANCE

- 12.1 All risk of loss, theft and damage of and to the Charged Assets from any cause whatsoever shall be the risk of the Borrower, and no such event shall relieve the Borrower of any obligation under a Drawdown Notice.
- 12.2 The Borrower shall:
 - 12.2.1 bear all risk of loss of or damage to the Charged Assets whether insured against or not;
 - 12.2.2 maintain with an insurance company approved by the Lender, in accordance with good and prudent practices of owners of such Charged Assets, fully comprehensive insurance under a standard form of "new for old" all risks policy including terrorism, third party, and business interruption for a 6 month period covering (i) loss of or damage to, the Charged Assets and against such other risks as assets of the same type as the Charged Assets are normally (or when used in the

manner or for the purposes for which the Charged Assets are to be used) insured, and the new replacement value of the Charged Assets; and (ii) all liability whatsoever (including liability of the Lender) to any third party whomsoever including any employee, agent or sub-contractor of the Lender or the Borrower who may suffer damage to or loss of property or death or personal injury, whether arising directly or indirectly from the Charged Assets or their use;

12.2.3 procure that the Lender and, if the Lender so requests, any affiliates of the Lender is an additional insured and that the interest of the Lender is noted under the policy and that the Lender is loss payee;

12.2.4 upon request produce to the Lender the policy and all premium receipts;

12.2.5 promptly notify the Lender of any event which may give rise to a claim under the policy and upon request irrevocably appoint the Lender to be its sole agent to negotiate agree or compromise such claim; and

12.2.6 upon request assign by way of security, or following the occurrence of an Event of Default, a complete assignment to the Lender, the Borrower's rights under such policy and irrevocably appoint the Lender to institute any necessary proceedings.

13 END OF LOAN PAYMENT

Upon the final repayment of the Total Loan Facility, the Borrower shall pay the Lender the End of Loan Payment. Upon payment of the End of Loan Payment, subject to the terms of this Loan Agreement and the Security Documents (including the making of all payments hereunder and thereunder), the Lender shall take

appropriate action to release the security over the Charged Assets. Failure to pay End of Loan Payment shall constitute a breach of this Loan Agreement.

14 POWER OF ATTORNEY

14.1 The Borrower by way of security hereby irrevocably appoints the Lender and separately any receiver appointed under any Security Document severally to be its attorney in its name and to act on its behalf and to execute and complete any deeds or documents which the Lender may require for perfecting its title to or for vesting the Charged Assets both present and future in the Lender or its respective nominees or in any purchaser and otherwise generally to sign seal and deliver and otherwise perfect any such legal or other Security Interest referred to in Clause 1.34 and all such deeds and documents and to do all such acts and things as may be required for the full exercise of the powers conferred hereunder or under any Security Document including any sale, lease, disposition, realization or getting in and this appointment shall operate as a general power of attorney made under applicable law. The Borrower hereby covenants with the Lender and separately with any such receiver to ratify and confirm any deed, document, act and thing and all transactions which any such attorney may lawfully execute or do.

15 NOTICES

15.1 Any notice, demand or other communication ("**Notice**") to be given by any party under, or in connection with, this Loan Agreement shall be in writing and signed by or on behalf of the party giving it. Any Notice shall be served by sending it by fax to the

number set out in Clause 15.2, or delivering it by hand to the address set out in Clause 15.2 and in each case marked for the attention of the relevant party set out in Clause 15.2 (or as otherwise notified from time to time in accordance with the provisions of this Clause 15). Any Notice so served by fax or hand shall be deemed to have been duly given or made as follows:

- 15.1.1 if sent by fax, at the time of transmission; or
- 15.1.2 in the case of delivery by hand, when delivered, provided that in each case where delivery by fax or by hand occurs after 5pm on a Business Day (local time in the place of receipt) or on a day which is not a Business Day, service shall be deemed to occur at 9am on the next following Business Day (local time in the place of receipt).

References to time in this Clause 15 are to local time in the country of the addressee.

- 15.2 The addresses and fax number of the parties for the purpose of this Clause 15 are as follows:

- 15.2.1 **Lender:**

Address: 47 esplanade Saint Helier, Jersey

with a copy to:

Kadouch & Co., Law Offices,

8b Abba Eban

46733 Herzliya

Israel

For the attention of Emmanuel Kadouch, Adv.

Fax: +972-9-9525450

Email: emmanuel@kadouchlaw.com

Borrower:

Address: 0 HaCarmel Street,

Yokneam Illit 2069200, Israel

Fax: +972 4 959 0125

For the attention of: Ami Kraft

with a copy to:

Shenhav & Co., Advocates & Notary

4 Hanechoshet Street, Tel Aviv For the attention of Dr. Ayal

Shenhav Adv.

Email: ayal@shenhavlaw.co.il

- 15.3 A party may notify the other party to this Loan Agreement of a change to its name, relevant addressee, address or fax number for the purposes of this Clause 15, provided that such notice shall only be effective on:

- 15.3.1 the date specified in the notification as the date on which the change is to take place; or

- 15.3.2 if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date following five Business Days after notice of any change has been given.

- 15.4 In proving service it shall be sufficient to prove that the envelope containing such notice was properly addressed and delivered to the address shown thereon or that the facsimile transmission was made and a facsimile confirmation report was received, as the case may be.

16 GENERAL

- 16.1 All agreements, covenants, representations and warranties of each of the Borrower contained in this Loan Agreement or in the Drawdown Notices or other documents delivered pursuant hereto or in connection herewith and continuing, shall survive and remain binding the execution and delivery, and the expiration,

- cancellation or other termination of this Loan Agreement and/or the Drawdown Notice.
- 16.2 If the Borrower shall fail to perform any of its obligations under any Drawdown Notice duly and promptly, the Lender may, at its option and at any time, perform the same without waiving any default on the part of the Borrower, or any of the Lender's rights. The Borrower shall reimburse the Lender, within five (5) Business Days after notice thereof is given to the Borrower, for all expenses and liabilities incurred by the Lender in the performance of the Borrower's obligations.
- 16.3 No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy hereunder shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Loan Agreement are cumulative and not exclusive of any rights or remedies provided by law or in equity. Waiver by the Lender of any default shall not constitute waiver of any other default.
- 16.4 The Borrower may not assign or transfer its rights, benefits and obligations under this Loan Agreement. The Lender shall have the right, in its sole discretion, to assign, sell, pledge, grant a security interest in or otherwise encumber its rights under this Loan Agreement and/or one or more Drawdown Notices to any reputable financing institutions (an "Assignee"), or may be acting as an agent for any Assignee in entering into any Drawdown Notice. The Borrower hereby irrevocably consents to any assignment, sale, pledge, grant of a security interest or any other disposal to an Assignee. The Borrower agrees that if it receives notice from the Lender that it is to make payments under this Loan Agreement and/or any Drawdown Notice to such Assignee rather than to the Lender, or that any of its other obligations under the relevant Drawdown Notice are to be owed to the named Assignee, the Borrower shall comply with any such notice. Subject to the foregoing, this Loan Agreement and each Drawdown Notice inures to the benefit of, and is binding upon, the successors and assigns of the Lender.
- 16.5 The Borrower consents to the disclosure of information by the Lender to its Affiliates, Related Funds and to other parties to the Security Documents and potential Assignees.
- 16.6 Clause titles are solely for convenience and are not an aid in the interpretation of this Loan Agreement.
- 16.7 If, at any time, any provision herein is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
- 16.8 A person who is not a party to this Loan Agreement has no right to enforce or enjoy the benefits of this Loan Agreement.
- 16.9 This Loan Agreement, together with the Security Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof. This Loan Agreement may not be

modified except in writing executed by the Lender and the Borrower. No supplier or agent of the Lender is authorized to bind the Lender or to waive or modify any term of this Loan Agreement.

16.10 This Loan Agreement may be executed in counterparts (including facsimile copies), each of which shall be an original, but all such counterparts shall together constitute one and the same instrument.

16.11 This Loan Agreement and any obligations arising out of or in connection with it are governed by the laws of the State of Israel without regard to the conflict of laws provisions thereof. The

courts of Tel Aviv - Jaffa have exclusive jurisdiction to settle any dispute arising out of or in connection with this Loan Agreement (including a dispute relating to the existence, validity or termination of this Loan Agreement or any obligation arising out of or in connection with this Loan Agreement (a "**Dispute**"). The parties to this Loan Agreement agree that the courts of Israel are the most appropriate and convenient courts to settle Disputes and accordingly no party to this Loan Agreement will argue to the contrary. Notwithstanding the above, the Lender may be entitled to initiate proceedings against the Parent in any applicable jurisdiction.

**SCHEDULE A
FORM OF DRAWDOWN NOTICE**

DRAWDOWN NOTICE

**Drawdown
No. []**

dated

between

**KREOS CAPITAL IV (EXPERT FUND) LIMITED
the (“Lender”)**

**REWALK ROBOTICS LTD.
the (“Borrower”)**

This Drawdown Notice forms a Schedule to a Loan Agreement between the Lender and the Borrower dated [] 2014 (the “**Loan Agreement**”)

The Lender has granted the Borrower a loan facility pursuant to the terms and conditions set out in the Loan Agreement and attached Schedules.

Words and expressions in this Drawdown Notice shall have the same meanings as in the Loan Agreement.

PART 1

Loan Details

Total Loan Facility	up to US\$ 5,000,000
Amount of Loan Facility to be drawn down pursuant to this Drawdown Notice	[]
Loan Term	[]
Bank Account Details for remittance of funds	[]

We confirm that:

- (a) the representations and warranties made by us in the Loan Agreement are true and accurate on the date of this Drawdown Notice as if made on such date; and
- (b) no Event of Default has occurred and is continuing or would result from the delivery of this Drawdown Notice.

for and on behalf of

[]

Authorized Signatory _____

Name _____

Dated [] 201[]

SCHEDULE B
LIST OF EQUIPMENT

SCHEDULE C
INITIAL SECURITY DOCUMENTS

Debenture Fixed Charge.

Debenture Floating Charge.

US IP Security Agreement

Security Agreement

Guaranty from Argo Medical Technologies Inc.

Guaranty from Argo Medical Technologies GmbH.

SCHEDULE D
REGISTERED INTELLECTUAL PROPERTY

Duly executed by the parties on the date first set out on the first page of this Loan Agreement.

BORROWER

REWALK ROBOTICS LTD.

By: _____
Its: _____
Date: _____

LENDER

For and on behalf of
KREOS CAPITAL IV (EXPERT FUND) LIMITED

By: _____
Its: _____
Date: _____

ARGO MEDICAL TECHNOLOGIES LTD.

2012 EQUITY INCENTIVE PLAN

1. PURPOSES.

(a) **Eligible Share Award Recipients.** The persons eligible to receive Share Awards are the Employees, Directors and Consultants of the Company and its Affiliates.

(b) **Available Share Awards.** The purpose of the Plan is to provide a means by which eligible recipients of Share Awards may be given an opportunity to benefit from increases in value of the Shares through the granting of the following Share Awards: (i) Incentive Share Options and (ii) Nonstatutory Share Options.

(c) **General Purpose.** The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Option Awards, to secure and retain the services of new members of this group and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

2. **DEFINITIONS.** The following capitalized terms have the following meanings. Other capitalized terms are defined elsewhere herein.

(a) **"Affiliate"** means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company and/or (ii) to the extent provided by the Committee, any person or entity in which the Company has a significant interest as determined by the Committee in its discretion. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

(b) **"Award"** means, individually or collectively, a grant under the Plan and/or the Sub Plan of Options, Restricted Share, Restricted Share Units, Share Appreciation Rights, Performance Units, Performance Shares and other shares or cash awards as the Committee may determine.

(c) **"Award Agreement"** means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan and/or the Sub Plan. The Award Agreement is subject to the terms and conditions of the Plan and/or the Sub Plan.

(d) **"Board"** means the Board of Directors of the Company. If a Committee has been appointed to administer this Plan, references herein to the term "Board" shall apply to such Committee to the extent such Committee has been delegated authority over the applicable subject matter.

(e) **"Business Day"** means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City, New York are authorized or obligated by federal law or executive order to be closed.

(f) **“Cause”** shall mean, in the case of a particular Award, unless the applicable Award Agreement states otherwise: (1) if the Participant is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of “cause”, the definition contained therein; or (ii) if no such agreement exists, or if such agreement does not define “cause”: (a) conviction of, or plea of guilty or no contest to, any felony or any crime involving moral turpitude or dishonesty or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (b) participation in a fraud, misappropriation, or embezzlement of Company and/or its Affiliate funds or property or act of dishonesty against the Company and/or its Affiliate; (c) material violation of any rule, regulation, policy or plan for the conduct of (as the case may be) any director, officer, employee, member, manager, consultant or service provider of or to the Company or its Affiliates or its or their business (which, if curable, is not cured within 5 Business Days after notice thereof is provided to the Participant); (d) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its Affiliates; (e) gross negligence or willful misconduct with respect to the Company or an Affiliate; (f) material violation of U.S. state, federal or other applicable (including non-U.S.) securities laws or (g) material breach of Participant’s proprietary information and inventions agreement (h) any disclosure of confidential information of the Company or breach of any obligation not to compete with the Company or not to violate a restrictive covenant.

(g) **“Change in Control”** shall, in the case of a particular Award, unless the applicable Award Agreement states otherwise or contains a different definition of “Change in Control,” be deemed to occur upon:

(i) An acquisition (whether directly from the Company or otherwise) of any voting securities of the Company (the **“Voting Securities”**) by any “Person” (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities and Exchange Act of 1934, as amended (the **“Exchange Act”**)), immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company’s then outstanding Voting Securities.

(ii) The individuals who constitute the members of the full Board of Directors of the Company cease, by reason of a financing, merger, combination, acquisition, takeover or other non-ordinary course transaction affecting the Company, to constitute at least fifty-one percent (51%) of the members of the full Board of Directors of the Company; or

(iii) Approval by the full Board of Directors of the Company and, if required, shareholders of the Company of, or execution by the Company of any definitive agreement with respect to, or the consummation of (it being understood that the mere execution of a term sheet, memorandum of understanding or other non-binding document shall not constitute a Change of Control):

(A) A merger, consolidation or reorganization involving the Company, where either or both of the events described in clauses (i) or (ii) above would be the result;

(B) A liquidation or dissolution of or appointment of a receiver, rehabilitator, conservator or similar person for, or the filing by a third party of an involuntary bankruptcy against, the Company; provided, however, that to the extent necessary to comply with Section 409A of the Code, the occurrence of an event described in this subsection (B) shall not permit the settlement of Restricted Share Units granted under this Plan; or

(C) An agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a subsidiary of the Company).

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Any reference to a section of the Code shall be deemed to include any regulations promulgated thereunder.

(i) “**Committee**” means a committee of one or more members of the Board appointed by the Board in accordance with subsection 3(c) to administer this Plan.

(j) “**Company**” means Argo Medical Technologies Ltd.

(k) “**Consultant**” means any person, including an advisor engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services.

(l) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant’s Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, *provided that* there is no interruption or termination of the Participant’s Continuous Service; *provided further that* if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave, relocation or any other personal or family leave of absence.

(m) “**Covered Employee**” means the chief executive officer and the other highest compensated officers of the Company for whom total compensation is required to be reported to shareholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

(n) “**Director**” means a member of the Board.

(o) “**Disability**” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment; *provided, however,* for purposes of determining the term of an Incentive Share Option, the term Disability shall have the meaning ascribed to it Section 22(e)(3) of the Code. The determination

of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Share Option within the meaning of Section 22(e)(3) of the Code, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.

(p) “**Employee**” means any person, including an Officer or Director, employed by the Company or an Affiliate; *provided, that*, for purposes of determining eligibility to receive incentive Share Options, an Employee shall mean an employee of the Company or a parent or subsidiary corporation within the meaning of Code Section 424. Mere service as a Director or payment of a director’s fee by the Company or an Affiliate shall not be sufficient to constitute “employment” by the Company or an Affiliate.

(q) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(r) “**Fair Market Value**” means, as of any date, the value of the Shares determined as follows:

(i) If the Shares is listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, or quoted on a national exchange or other recognized securities quotation system (such as the OTC Bulletin Board/OTCQB Market), the Fair Market Value of a Share shall be the closing sales price for such Share as quoted on such exchange, market or quotation system (or the exchange or market with the greatest volume of trading in the Share) on the last market trading day prior to the day of determination (or the closing price on the date immediately preceding such date if no sales activity occurred on the day of determination), as reported by Bloomberg or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Shares, the Fair Market Value shall be determined in good faith by the Board and such determination shall be conclusive and binding on all persons; provided that, (a) with respect to Awards that are Incentive Share Options, the Board shall make such determination in accordance with the provisions of Section 422 of the Code and subject to all applicable U.S. Treasury Regulations and any other applicable guidance promulgated pursuant thereto; (b) with respect to Awards that are not Incentive Share Options, the determination shall be in accordance with and applicable to U.S. Treasury Regulations and any other applicable guidance promulgated pursuant thereto.

(s) “**Incentive Share Option**” means an Option intended to qualify as an incentive Share option within the meaning of Section 422 of the Code and the U.S. Treasury Regulations promulgated thereunder.

(t) “**IPO**” means the occurrence of each of the following: (i) either (A) a registration statement covering an initial public offering or public resale of the Company’s securities by the Company and/or its shareholders is declared effective by the Securities and Exchange Commission or (B) the Company consummates a “reverse merger” transaction with a public vehicle and (ii) the Company (or its successor) becomes or is a reporting company under the

Securities Exchange Act of 1934, as amended, with its ordinary shares listed or quoted on a national exchange or other recognized securities quotation system (such as the OTC Bulletin Board/OTCQB Market).

(u) “**Listing Date**” means the first date upon which the Company’s ordinary shares is (i) listed (or approved for listing) upon notice of issuance on any securities exchange, (ii) designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system if such securities exchange or interdealer quotation system has been certified or (iii) quoted on any recognized securities quotation system (such as the OTC Bulletin Board/OTCQB Market).

(v) “**Non-Employee Director**” means a Director who either (i) is not a current Employee or Officer of the Company or its parent or a subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or a subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(w) “**Nonstatutory Share Option**” means an Option not intended to qualify as an Incentive Share Option and does not meet the requirements of, and is not governed by, the rules of Sections 421 through 424 of the Code.

(x) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(y) “**Option**” means an Incentive Share Option, a Nonstatutory Share Option or any other option granted pursuant to the Plan or any Sub Plan.

(z) “**Outside Director**” means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an “affiliated corporation” at any time and is not currently receiving direct or indirect remuneration from the Company or an “affiliated corporation” for services in any capacity other than as a Director or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(aa) “**Parent**” means any corporation (other than the Company) in an unbroken chain of corporations or other entities ending with the Company, if each of the corporations or other entities (other than the Company) owns shares possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations in such chain. A corporation or other entity that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(bb) "**Participant**" means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(cc) "**Performance Goals**" will have the meaning set forth in Section 11 of the Plan.

(dd) "**Performance Period**" means any period as determined by the Committee in its sole discretion.

(ee) "**Performance Share**" means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Committee may determine pursuant to Section 10.

(ff) "**Performance Unit**" means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Committee may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(gg) "**Period of Restriction**" means the period during which the transfer of Shares of Restricted Shares are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Committee.

(hh) "**Plan**" means this 2012 Equity Incentive Plan.

(ii) "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(jj) "**Securities Act**" means the Securities Act of 1933, as amended.

(kk) "**Share**" means **Ordinary A Share**, par value of NIS 0.01 per share, of the Company.

(ll) "**Service Provider**" means an Employee, Director or Consultant.

(mm) "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations or other entities beginning with the Company, if each of the corporations or other entities other than the last corporation or entity in the unbroken chain owns share possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations or entities in such chain. A corporation or other entity that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(nn) "**Sub Plan**" means any sub plan subject to the terms of the Plan.

(oo) "**Ten Percent Shareholder**" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any of its Affiliates.

3. ADMINISTRATION.

(a) **Administration by Board.** The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c). Any interpretation of the Plan by the Board and any decision by the Board under the Plan shall be final and binding on all persons.

(b) **Powers of Board.** The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) to determine from time to time which of the persons eligible under the Plan shall be granted Awards; when and how each Award shall be granted; what type or combination of types of Award shall be granted; the provisions and terms of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Share pursuant to an Award; the number of shares of Share with respect to which an Award shall be granted to each such person; and to prescribe the terms and conditions of each Award, including, without limitation, the exercise price and medium of payment and vesting provisions, and to specify the provisions of the Award relating to such grant;

(ii) to construe and interpret (i) the Plan and apply its provisions and (ii) Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective;

(iii) to promulgate, amend and rescind rules and regulations relating to the administration of the Plan or an Award;

(iv) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(v) to delegate its authority to one or more Officers of the Company with respect to Awards that do not involve Covered Employees or "insiders" within the meaning of Section 16 of the Exchange Act;

(vi) to determine whether each Option is to be an Incentive Share Option or a Nonstatutory Share Option;

(vii) to amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award; *provided, however*, that if any such amendment impairs a Participant's rights or increases a Participant's obligations under his or her Award or creates or increases a Participant's tax liability with respect to an Award, such amendment shall also be subject to the Participant's consent;

(viii) to determine the duration and purpose of leaves of absences which may be granted to a Participant without constituting termination of their employment for purposes of the Plan, which periods shall be no shorter than the periods generally applicable to Employees under the Company's employment policies;

(ix) to make decisions with respect to outstanding Awards that may become necessary upon a change in corporate control or an event that triggers anti-dilution adjustments;

(x) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan; and

(xi) generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(c) Delegation to Committee.

(i) **General.** The Board may delegate administration of the Plan to a Committee or Committees of one (1) or more members of the Board, and the term “**Committee**” shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan. From time to time, the Board may increase or decrease the size of the Committee, add additional members to, remove members (with or without cause) from, appoint new members in substitution therefor, and fill vacancies, however caused, in the Committee. The Committee shall act pursuant to a vote of the majority of its members or, in the case of a Committee comprised of only two members, the unanimous consent of its members, whether present or not, or by the written consent of the majority of its members and minutes shall be kept of all of its meetings and copies thereof shall be provided to the Board. Subject to the limitations prescribed by the Plan and the Board, the Committee may establish and follow such rules and regulations for the conduct of its business as it may determine to be advisable.

(ii) **Committee Composition when ordinary share is Publicly Traded.** At such time as the ordinary share of the Company is publicly traded, unless otherwise determined by the Board not to comply with the exemption requirements of rule 16b-3 and/or Section 162(m) of the Code, a Committee shall consist solely of two (2) or more Outside Directors, in accordance with Section 162(m) of the Code, and/or solely of two (2) or more Non-Employee Directors, in accordance with Rule 16b-3. Within the scope of such authority, the Board or the Committee may (1) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Awards to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Award or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (2) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Awards to

eligible persons who are not then subject to Section 16 of the Exchange Act. Nothing herein shall create an inference that an Award is not validly granted under the Plan in the event Awards are granted under the Plan by a compensation committee of the Board that does not at all times consist solely of two or more Non-Employee Directors who are also Outside Directors.

4. SHARES SUBJECT TO THE PLAN.

(a) **Share Reserve.** Subject to the provisions of Section 15 relating to adjustments upon changes in shares, the Share that may be issued pursuant to Awards shall not exceed in the aggregate of 26,000 (Twenty Six Thousand) Ordinary, "A" Shares. During the terms of the Awards, the Company shall keep available at all times the number of Shares required to satisfy such Awards.

(b) **Reversion of Shares to the Share Reserve.** If any Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the Shares not acquired under such Award shall revert to the Plan and again become available for issuance under the Plan. Notwithstanding anything to the contrary contained herein, shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such shares are (a) shares tendered in payment of an Award, (b) shares delivered or withheld by the Company to satisfy any tax withholding obligation, or (c) shares covered by any other Awards that were not issued upon the settlement of the Award.

(c) **Source of Shares.** The Shares subject to the Plan may be, in whole or in part, authorized and unissued shares, treasury shares or shares reacquired by the Company in any manner.

(d) Subject to adjustment in accordance with Section 15, no Participant shall be granted, during any one (1) year period, Options to purchase Shares with respect to more than 26,000 (Twenty Six Thousand) Ordinary "A" Shares in the aggregate or any other Awards with respect to more than 26,000 (Twenty Six Thousand) Ordinary "A" Shares in the aggregate. If an Award is to be settled in cash, the number of Shares on which the Award is based shall count toward the individual share limit set forth in this Section 4.

(e) Any Shares subject to an Award that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Plan.

5. ELIGIBILITY.

(a) **Eligibility for Specific Share Awards.** Incentive Share Options may be granted only to Employees. Options Awards other than Incentive Share Options may be granted to Employees, Directors and Consultants.

(b) Ten Percent Shareholders.

(i) A Ten Percent Shareholder shall not be granted an Incentive Share Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Shares at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(ii) Prior to the Listing Date, a Ten Percent Shareholder shall not be granted a Nonstatutory Share Option unless the exercise price of such Option is at least (i) one hundred ten percent (110%) of the Fair Market Value of the Shares at the date of grant.

(c) Consultants.

(i) Prior to the Listing Date, a Consultant shall not be eligible for the grant of an Award if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 of the Securities Act ("**Rule 701**") because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

(ii) From and after the Listing Date, a Consultant shall not be eligible for the grant of an Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("**Form S-8**") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless the Company determines both (i) that such grant (A) shall be registered in another manner under the Securities Act (*e.g.*, on a Form S-3 Registration Statement) or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.

(iii) As of April 7, 1999, Rule 701 and Form S-8 generally are available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parent; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

6. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate and set forth in the Award Agreement approved by the Board. All Options shall be separately designated as Incentive Share Options or Nonstatutory Share Options of U.S. Participants or 3(i) Option and Options granted under Section 102 of the Ordinance (as defined under the applicable Sub Plan) for Israeli Participants at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for Shares purchased on exercise of each type of Option. No Option shall be treated as an Incentive Share Option unless this Plan has been approved by the shareholders of the Company in a manner intended to comply with the shareholder approval requirements of Section 422(b)(1) of the Code, provided that any

Option intended to be an Incentive Share Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonstatutory Share Option unless and until such approval is obtained. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) **Procedure for Exercise.** An Option shall be deemed exercised when the Company receives (i) written or electronic notice of exercise in accordance with the Award Agreement) from the person entitled to exercise the Option, and (ii) full payment for the shares with respect to which the Option is exercised, together with any applicable withholding taxes. Full payment may consist of any consideration and method of payment authorized by the Board and permitted by the Award Agreement and the Plan. The exercise price shall be denominated in the currency of the primary economic environment of, either the Company or the participant (that is the functional currency of the Company or the currency in which the Participant is paid) as determined by the Company.

(b) Until an IPO, Shares issued upon the exercise of Option, shall be voted by an irrevocable proxy (attached to the Award Agreement) (the “**Proxy**”) pursuant to the directions of the Board, such Proxy to be assigned to representatives designated by Board (the “**Representatives**”). Such Representatives shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him/her, 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 voting of the Proxy unless arising out of such Representative’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 Representative(s) may have as a director or otherwise under the Company’s Article of Association and/or any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

(c) **Term.** Subject to the provisions of subsection 5(b) regarding Ten Percent Shareholders, no Option shall be exercisable after the expiration of ten (10) years from the date it was granted, or the date set forth at the Award Agreement, as earlier.

(d) **Exercise Price of an Incentive Share Option.** Subject to the provisions of subsection 5(b) regarding Ten Percent Shareholders, the exercise price of each Incentive Share Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Shares subject to the Option on the date the Option is granted or such other amount as may be required pursuant to the Code. Notwithstanding the foregoing, an Incentive Share Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(e) **Exercise Price of a Nonstatutory Share Option.** Subject to the provisions of subsection 5(b) regarding Ten Percent Shareholders, the exercise price of each Nonstatutory Share Option granted prior to the Listing Date shall be not less than one hundred percent (100%) of the Fair Market Value of the Share subject to the Option on the date the Option is granted or such other amount as may be required pursuant to the Code. The exercise price of each

Nonstatutory Share Option granted on or after the Listing Date shall be not less than one hundred percent (100%) of the Fair Market Value of the Share subject to the Option on the date the Option is granted. Notwithstanding the foregoing, a Nonstatutory Share Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(f) **Consideration.** The purchase price of Shares acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash and/ or check at the time the Option is exercised or (ii) at the discretion of the Board at the time of the grant of the Option (or subsequently in the case of a Nonstatutory Share Option) (1) by delivery to the Company of other Shares, or (2) in any other form of legal consideration that may be acceptable to the Board. The Board shall have the authority to postpone the date of payment on such terms as it may determine.

(g) **Transferability of an Incentive Share Option.** An Incentive Share Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option.

(h) **Transferability of a Nonstatutory Share Option.** A Nonstatutory Share Option granted prior to the Listing Date shall not be transferable except by will or by the laws of descent and distribution and, to the extent provided in the Agreement, and shall be exercisable during the lifetime of the Participant only by the Participant. A Nonstatutory Share Option granted on or after the Listing Date shall be transferable to the extent provided in the Award Agreement. If the Nonstatutory Share Option does not provide for transferability, then the Nonstatutory Share Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option.

(i) **Vesting Generally.** The total number of Shares subject to an Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary.

(j) **Termination of Continuous Service.** In the event an Participant's Continuous Service terminates (other than upon the Participant's death or Disability), and unless otherwise specified in the applicable Award Agreement, the Participant may exercise his or her Option (to the extent that the Participant was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such shorter period specified in the Award Agreement or such different period as the Board may prescribe, which

period shall not be less than thirty (30) days for Options granted prior to the Listing Date unless such termination is for Cause), or (ii) the expiration of the term of the Option as set forth in the Award Agreement. If, after termination, the Participant does not exercise his or her Option within the time specified in the Award Agreement, the Option shall terminate.

(k) **Extension of Termination Date.** An Participant's Award Agreement may also provide that if the exercise of the Option following the termination of the Participant's Continuous Service (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in subsection 6(c) or (ii) the expiration of a period of three (3) months after the termination of the Participant's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(l) **Disability of Participant.** Unless otherwise provided in its Award Agreement, in the event that an Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option (to the extent that the Participant was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such shorter period specified in the Award Agreement which period shall not be less than six (6) months for Options granted prior to the Listing Date or such longer period as specified in the Award Agreement and approved by the Board) or (ii) the expiration of the term of the Option as set forth in the Award Agreement. If, after termination, the Participant does not exercise his or her Option within the time specified herein, the Option shall terminate.

(m) **Death of Participant.** Unless otherwise provided in its Award Agreement, in the event (i) an Participant's Continuous Service terminates as a result of the Participant's death or (ii) the Participant dies within the period (if any) specified in the Award Agreement after the termination of the Participant's Continuous Service, then the Option may be exercised (to the extent the Participant was entitled to exercise such Option as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the option upon the Participant's death pursuant to subsection 6(g) or 6(h), but only within the period ending on the earlier of (1) the date Twelve (12) months following the date of death (or such shorter period specified in the Award Agreement which period shall not be less than six (6) months for Options granted prior to the Listing Date as specified in the Award Agreement and approved by the Board) or (2) the expiration of the term of such Option as set forth in the Award Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(n) **Termination of Continuous Service for Cause.** Notwithstanding Sections (j)-(m) above, in the event of termination of Participant's employment with the Company or any of its Affiliates, or if applicable, the termination of services given to the Company or any of its Affiliates by Consultants of the Company or any of its Affiliates for Cause (as defined above), all outstanding Awards granted to such Participant (whether vested or not) will immediately expire and terminate on the date of such termination and the holder of Awards shall not have any right in connection to such outstanding Awards, unless otherwise determined by the Board. The Shares covered by such Awards shall revert to the Plan.

(o) **Compliance With Laws, etc.** Notwithstanding the foregoing, following the Listing Date, in no event shall a Participant be permitted to exercise an Option in a manner that the Committee determines would violate the Sarbanes-Oxley Act of 2002, if applicable, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange, inter-dealer quotation system or other recognized securities quotation system on which the securities of the Company are listed, quoted or traded.

7. SHARE APPRECIATION RIGHTS.

(a) **Grant of Share Appreciation Rights.** Subject to the terms and conditions of the Plan and the relevant Sub Plan, a Share Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Committee, in its sole discretion.

(b) **Number of Shares.** The Committee will have complete discretion to determine the number of Share Appreciation Rights granted to any Participant.

(c) **Exercise Price and Other Terms.** The Committee, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Share Appreciation Rights granted under the Plan.

(d) **Share Appreciation Right Agreement.** Each Share Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Share Appreciation Right, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, will determine.

(e) **Expiration of Share Appreciation Rights.** A Share Appreciation Right granted under the Plan will expire upon the date determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(a) also will apply to Share Appreciation Rights.

(f) **Payment of Share Appreciation Right Amount.** Upon exercise of a Share Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Share Appreciation Right is exercised.

At the discretion of the Committee, the payment upon Share Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. RESTRICTED SHARE.

(a) **Grant of Restricted Share.** Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Share to Service Providers in such amounts as the Committee, in its sole discretion, will determine.

(b) **Restricted Share Agreement.** Each Award of Restricted Share will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Committee, in its sole discretion, will determine. Unless the Committee determines otherwise, Shares of Restricted Share will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) **Transferability.** Except as provided in this Section 88, Shares of Restricted Share may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction and subject to any applicable laws.

(d) **Other Restrictions.** The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Share as it may deem advisable or appropriate.

(e) **Removal of Restrictions.** Except as otherwise provided in this Section 8, Shares of Restricted Share covered by each Restricted Share grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The restrictions will lapse at a rate determined by the Committee.

(f) **Dividends and Other Distributions.** During the Period of Restriction, Service Providers holding Shares of Restricted Share will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement and subject to applicable laws. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Share with respect to which they were paid.

(g) **Return of Restricted Share to Company.** On the date set forth in the Award Agreement, the Restricted Share for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

9. RESTRICTED SHARE UNITS.

(a) **Grant.** Restricted Share Units may be granted at any time and from time to time as determined by the Committee. Each Restricted Share Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Committee, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Share Units and the form of payout, which, subject to Section 9(d), may be left to the discretion of the Committee.

(b) **Vesting Criteria and Other Terms.** The Committee will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Share Units that will be paid out to the Participant.

(c) **Earning Restricted Share Units.** Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) **Form and Timing of Payment.** Payment of earned Restricted Share Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Committee, in its sole discretion, may pay earned Restricted Share Units in cash, Shares, or a combination thereof. Shares represented by Restricted Share Units that are fully paid in cash again will be available for grant under the Plan.

(e) **Cancellation.** On the date set forth in the Award Agreement, all unearned Restricted Share Units will be forfeited to the Company.

10. PERFORMANCE UNITS AND PERFORMANCE SHARES.

(a) **Grant of Performance Units/Shares.** Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Committee, in its sole discretion. The Committee will have complete discretion in determining the number of Performance Units/Shares granted to each Participant.

(b) **Value of Performance Units/Shares.** Each Performance Unit will have an initial value that is established by the Committee on or before the date of grant.

(c) **Performance Objectives and Other Terms.** The Committee will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Participant. The Committee may set performance objectives based upon the achievement of Company and/or Affiliate wide, divisional, or individual goals, or any other basis determined by the Committee in its discretion. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Committee, in its sole discretion, will determine.

(d) **Earning of Performance Units/Shares.** After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved.

(e) **Form and Timing of Payment of Performance Units/Shares.** Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Committee, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) **Cancellation of Performance Units/Shares.** On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. PERFORMANCE GOALS.

(a) Awards of Restricted Share, Restricted Share Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria and may provide for a targeted level or levels of achievement (“**Performance Goals**”) including assets; bond rating; cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per Share; economic profit; economic value added; equity or shareholder’s equity; growth in earnings; growth in revenue; market share; net income; net profit; net sales; noninterest income as percent of total income; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; results of regulatory reviews and examinations; return on equity; return on net assets; return on sales; revenue; sales growth; or total return to shareholders.

(b) Any Performance Goals may be used to measure the performance of the Company and/or the Affiliate as a whole or a business unit of the Company and/or the Affiliate and may be measured relative to a peer group or index. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the determination date, the Committee will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company’s financial statements, generally accepted accounting principles, or under, a methodology established by the Committee prior to the issuance of an Award, which is consistently applied and identified in the financial statements, including footnotes, or the management discussion and analysis section of the Company’s and/or the Affiliate annual report.

12. COVENANTS OF THE COMPANY.

(a) **Availability of Shares.** During the terms of the Awards, the Company shall keep available at all times the number of authorized of Share required to satisfy such Awards.

(b) **Securities Law Compliance.** The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell Shares upon exercise of the Awards; provided, however, that this undertaking shall not require the Company to register under the Plan, any Award or any Shares issued or issuable pursuant to any such Award under the Securities Act. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Shares under the Plan, the Company shall be relieved from any liability for failure to issue and sell Shares upon exercise of such Awards unless and until such authority is obtained.

13. USE OF PROCEEDS FROM SHARE.

Proceeds from the sale of Shares pursuant to Awards shall constitute general funds of the Company.

14. MISCELLANEOUS.

(a) **Acceleration of Exercisability and Vesting.** Subject to applicable law, the Board in its sole discretion shall have the power to accelerate the time at which a certain Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(b) **Shareholder Rights.** No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Shares subject to such Award unless and until such Participant has satisfied all requirements for exercise of the Award pursuant to its terms.

(c) **No Employment or other Service Rights.** Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without Cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(d) **Incentive Share Option \$100,000 Limitation.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of Shares with respect to which Incentive Share Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars (\$100,000), the Awards or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Share Options.

(e) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Shares under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Shares subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Shares. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the Shares upon the exercise or acquisition of Shares under the Award has been registered under a then currently effective registration statement under the Securities Act or (2)

as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on Share certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Shares.

(f) **Withholding Obligations.** The Company or any Subsidiary or Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes which the Company or any Subsidiary or Affiliate is required by any applicable law to withhold in connection with any Awards (collectively, “**Withholding Obligations**”). Such actions may include, without limitation, (i) requiring a Participant to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations; (ii) subject to applicable law, allowing the Participant to provide Shares to the Company, in an amount that at such time, reflects a value that the Board determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Award at a value which is determined by the Board to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Award by or on behalf of a Participant until all tax consequences arising from the exercise of such Award are resolved in a manner acceptable to the Company.

15. ADJUSTMENT UPON CHANGES IN SHARE.

(a) **Capitalization Adjustments.** If any change is made in the shares generally or the Shares subject to the Plan, or the Shares subject to any Award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, share dividend, dividend in property other than cash, share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to subsection 4(a) and the maximum number of securities subject to award to any person pursuant to subsection 5(c), and the outstanding Awards will be appropriately adjusted in the class(es) and number of securities and price per share of the Shares subject to such outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (For this purpose, the conversion of any convertible securities of the Company shall not be treated as a transaction “without receipt of consideration” by the Company.)

(b) **Dissolution or Liquidation.** In the event of a dissolution or liquidation of the Company, then the Company shall immediately notify Participant who holds outstanding Awards of such dissolution or liquidation, and such Participant shall have thirty (30) days to exercise any outstanding vested options held by him at that time. Upon the expiration of such thirty days period, all remaining outstanding options shall terminate immediately.

(c) **Change in Control.** In the event of a Change in Control, then, without the consent or action required of any holder of an Award (in such holder's capacity as such):

(i) Any surviving corporation or acquiring corporation or any parent or affiliate thereof, as determined by the Board in its discretion, shall assume or continue any Awards outstanding under the Plan in all or in part or shall substitute to similar share awards in all or in part; or

(ii) In the event any surviving corporation or acquiring corporation does not assume or continue any Awards or substitute to similar share awards, for those outstanding under the Plan, then: (a) all unvested Awards shall expire (b) vested options shall terminate if not exercised at or prior to such Change in Control; or

(iii) Upon Change in Control the Board may, in its sole discretion, accelerate the vesting, partially or in full, in the sole discretion of the Board and on a case-by-case basis of one or more Awards as the Board may determine to be appropriate prior to such events.

(d) Notwithstanding the above, in case of Change in Control, in the event all or substantially all of the shares of the Company are to be exchanged for securities of another Company, then each holder of an Award shall be obliged to sell or exchange, as the case may be, any shares such holder hold or purchased under the Plan, in accordance with the instructions issued by the Board, whose determination shall be final.

(e) Each holder of an Award acknowledges that in the event that the Company's shares shall be listed, quoted or registered for trading in any public market, the rights of such holder to sell the shares may be subject to certain limitations (including a lock-up period), as may be requested by the Company or its underwriters, and the holder of such Award unconditionally agrees and accepts any such limitations.

(f) Notwithstanding the above said, the Board may, in its sole discretion, decide other terms regarding the treatment of the outstanding Awards, in case of Change in Control and/or in case of IPO.

16. SHARES SUBJECT TO RIGHT OF FIRST REFUSAL.

(a) Notwithstanding anything to the contrary in the Article of Association of the Company, none of the Participants shall have a right of first refusal or preemptive right in relation with any sale of shares in the Company.

(b) Sale of Shares by the Participant shall be subject to the right of first refusal of other shareholders as set forth in the Article of Association of the Company.

(c) Prior to an IPO, and in addition to the right of first refusal, any transfer of Shares of the Company by a Participant shall require the approval of the Board as to the transferee. The Board may refuse to approve the transfer of Shares to any competitor of the Company or to any other person or entity the Board determines, in its discretion, may be detrimental to the Company.

(d) Notwithstanding anything to the contrary unless otherwise determined by the Board, until such time as the Company shall complete an IPO, a Participant shall not have the right to sell Shares unless otherwise determined by the Board.

17. AMENDMENT OF THE PLAN AND AWARDS.

(a) **Amendment of Plan.** The Board at any time, and from time to time, may amend the Plan.

(b) **Contemplated Amendments.** It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Share Options and/or to bring the Plan and/or Incentive Share Options granted under it into compliance therewith.

(c) **Amendment of Awards.** The Board at any time, and from time to time, may amend the terms of any one or more Awards.

18. TERMINATION OR SUSPENSION OF THE PLAN.

(a) **Plan Term.** The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by the shareholders of the Company, whichever is earlier. No Award may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) **No Impairment of Rights.** Suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the Participant.

19. TAX CONSEQUENCES.

(a) Any tax consequences arising from the grant or exercise of any Award, from the payment for Shares covered thereby or from any other event or act (of the Company and/or its Affiliates, or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Affiliates shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Participant shall agree to indemnify the Company and/or its Affiliates 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 Participant.

(b) The Company shall not be required to release any share certificate to a Participant until all required payments have been fully made.

20. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Without derogating from all of the above, each Employee who receives an Incentive Share Option 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 Incentive Share Option. 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 Incentive Share Option, or (b) one (1) year after the date the Employee acquired Shares by exercising the Incentive Share Option. If the Employee has died before such Share is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

21. EFFECTIVE DATE OF PLAN.

The Plan shall take effect upon its adoption by the Board (the “**Effective Date**”), except that solely with respect to grants of Incentive Share Options the Plan shall also be subject to approval within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting or a written consent of shareholders. Failure to obtain approval by the shareholders shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not an Incentive Share Option. Upon approval of the Plan by the shareholders of the Company as set forth above, all Incentive Share Options granted under the Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved the Plan on the Effective Date. Notwithstanding the foregoing, in the event that approval of the Plan by the shareholders of the Company is required under applicable law, in connection with the application of certain tax treatment or pursuant to applicable stock exchange rules or regulations or otherwise, such approval shall be obtained within the time required under the applicable law.

22. CHOICE OF LAW.

(i) **Choice of Law.** This Plan, all Awards and all documents evidencing awards and all other related documents will be governed by, and construed in accordance with, the laws of the State of Israel, provided that the tax treatment and the tax rules and regulations applying to a grant in any specific jurisdiction shall be the local tax laws of such jurisdiction.

(ii) **Israeli and other Participants.** Any grant of an Award to an Israeli Employees or to an Israeli Non-Employees (as each of such terms is defined in the Sub Plan applicable to Israeli Participants) shall be made in accordance with and pursuant to the provisions of this Plan and the Sub Plan applicable to Israeli Participants. In addition, any grant of Awards to Participants from other jurisdiction may be subject to a Sub Plan applicable to such Participant’s jurisdiction.

(iii) **Severability.** If it is determined that any provision of this Plan, Sub Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan, Sub Plan and/or the Award Agreement, as applicable, will continue in effect.

ARGO MEDICAL TECHNOLOGIES LTD.

2012 ISRAELI EQUITY INCENTIVE SUB PLAN

I. GENERAL

This 2012 Israeli Equity Incentive Sub Plan (the “**Sub-Plan**”) is a sub plan to the 2012 Equity Incentive Plan (the “**Plan**”) of Argo Medical Technologies Ltd. (the “**Company**”) and set forth the terms for the grant of Awards to Israeli Employee or Israeli Non-Employee (as defined below).

II. DEFINITIONS

1. Any capitalized term not specifically defined in this Sub-Plan shall have the meaning assigned to it in the Plan.

2. As used in this Sub-Plan, the following definitions shall apply:

“Affiliate” means an affiliate of, or person affiliated with, a specified person or company or other trade or business that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Parent or Subsidiary. For the purpose of Awards granted pursuant to Section 102 shall mean also an “employing company” within the meaning of Section 102(a) of the Ordinance.

“Capital Gain Option” means a Trustee 102 Option intended to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

“Capital Gain Share” means a Trustee 102 Share intended to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

“Capital Gain Award” means Options granted under this Sub-Plan as Capital Gain Option and/or Shares granted under this Sub-Plan as Capital Gain Shares and/or Awards granted under this Sub-Plan intended to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

“Controlling Shareholder” shall have the meaning ascribed to it in Section 32(9) of the Ordinance as amended from time to time.

“Israeli Employee” means any employee of the Company or its Affiliate, and any individual who is serving as *Nosei Misra - Officer Holder* (as such term is defined in the Israeli Companies’ Law, 5759-1999, including directors) of the Company or its Affiliate, but excluding any Controlling Shareholder.

“Israeli Non-Employee” means any individual or an entity providing services to the Company or its Affiliate who is not an Israeli Employee.

“ITA” means the Israeli Tax Authority.

“Non Trustee 102 Option” means an Option granted to an Israeli Employee pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

“Non Trustee 102 Share” means Shares granted to an Israeli Employee pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

“Non Trustee Award” means Options granted under this Sub-Plan as Non Trustee 102 Options and Shares granted under this Sub-Plan as Non Trustee 102 Shares and Awards granted pursuant to Section 102(c) of the Ordinance.

“3(i) Option” means an Option granted pursuant to Section 3(i) of the Ordinance.

“Option” means an option to purchase Shares of the Company granted pursuant to Section 3(i) and/or Section 102 of the Ordinance.

“Ordinance” means the Income Tax Ordinance [New Version], 5721, 1961 as now in effect or as hereafter amended.

“Ordinary Income Option” means a Trustee 102 Option intended to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

“Ordinary Income Share” means a Trustee 102 Share intended to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

“Ordinary Income Award” means Options granted under this Sub-Plan as Ordinary Income Option and shares granted under this Sub-Plan as Ordinary Income Shares and Awards granted pursuant to Section 102(b)(1) of the Ordinance.

“Section 102” means Section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

“Award Agreement” means a written agreement between the Company and a holder of an Award evidencing the terms and conditions of an individual Award grant. Each Award Agreement shall be subject to the terms and conditions of the Plan and this Sub-Plan.

“Trustee” means any individual or entity appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance and the regulations thereof.

“Trustee 102 Option” means an Option granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of an Israeli Employee.

“Trustee 102 Share” means Shares granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of an Israeli Employee.

“Trustee 102 Award” means Options granted under this Sub-Plan as Trustee 102 Option and/or shares granted under this Sub-Plan as Trustee 102 Shares and/or Awards granted pursuant to Section 102(b) of the Ordinance.

III. OPTION GRANTS AND SHARE GRANTS

Eligibility. The persons eligible to receive Awards under this Sub-Plan are Israeli Employees and/or Israeli Non-Employees.

Types of Options. The Board shall have the authority to grant an Option under this Sub-Plan classified as (i) a Trustee 102 Option, (ii) a Non Trustee 102 Option or (iii) a 3(i) Option; provided, however, that a Trustee 102 Option and a Non Trustee 102 Option may only be granted to an Israeli Employee, and a 3(i) Option shall be granted only to an Israeli Non Employee.

Types of Shares. The Board shall have the authority to grant shares under this Sub-Plan classified as (i) a Trustee 102 Share, or (ii) a Non Trustee 102 Share; provided, however, that a Trustee 102 Share and a Non Trustee 102 Share shall only be granted to an Israeli Employee.

Trustee 102 Award.

(a) The grant of Trustee 102 Award under this Sub-Plan shall be conditioned upon the approval of this Sub-Plan and the Trustee by the ITA, and the filing of the Company’s Election (as defined below) with the ITA at least thirty (30) days before the first date of grant of Awards under this Sub-Plan. The grant of 102 Trustee Award shall be in accordance with the terms and conditions of Section 102.

(b) The Company may grant at any single time only one type of Trustee 102 Award, either Capital Gain Award or Ordinary Income Award (the “**Election**”). The Company shall file its Election with the ITA. The Election shall apply to any Employee who has been granted Trustee 102 Award. The first Election shall become effective as of the date of grant of the first Trustee 102 Award granted under this Sub-Plan and shall remain in effect at least until the end of the year following the year during which the Company first granted Trustee 102 Award. The Company may not be entitled to change its election at least until the lapse of a year from the end of the year in which the first Trustee 102 Award were granted pursuant to the prior Election.

(c) Such Election shall not prevent the Company from granting Non Trustee 102 Award to Israeli Employees or 3(i) Options to Israeli Non-Employees simultaneously.

(d) All Trustee 102 Award will be held in trust by a Trustee, as described in Section IV below.

Non Trustee 102 Award. The granting of a Non Trustee 102 Award to an Israeli Employee shall be made in accordance with the provisions of Section 102(c) of the Ordinance. With respect to Non Trustee 102 Award or other Share Awards which are deemed as Non Trustee 102 Award, in the event of termination of Israeli Employee’s engagement with the Company or any of its Affiliate, then the Israeli Employee shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax and/or social charges due at the time of sale of Non Trustee 102 Award, all in accordance with the provisions of Section 102.

3(i) Option. The Company may grant 3(i) Option to any person who is an Israeli Non Employee.

IV. TRUSTEE

Appointment of Trustee. A Trustee shall be appointed by the Board to administer each Trustee 102 Award in accordance with the provisions of Section 102 and pursuant to a written agreement to be entered into between the Trustee and the Company (the “**Trust Agreement**”).

Grants of Trustee 102 Award. All Trustee 102 Award granted under this Sub-Plan as well as shares allocated or issued upon exercise of such Trustee 102 Award and/or bonus shares and/or any rights granted with respect to such Trustee 102 Award, shall be registered and held by the Trustee for the benefit of the Israeli Employee for the requisite period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the “**Holding Period**”). The Trustee shall be exempt from any liability in respect of any action or decision duly taken in its capacity as a Trustee, provided, however, that the Trustee acted at all times in good faith.

Grants of 3(i)Option. The Board may choose to deposit the 3(i) Option with the Trustee. In such event, the Trustee shall hold such 3(i) Option in trust, until exercised by the Participant, pursuant to the Company’s instructions from time to time.

Release of Awards. The Trustee shall not release any Trustee 102 Award granted under this Sub-Plan as well as shares allocated or issued upon exercise of such Trustee 102 Award and/or bonus shares and/or any rights granted with respect to such Trustee 102 Award, until all required payments have been fully made: (i) the receipt by the Trustee of an acknowledgment from the ITA that the Israeli Employee has paid any applicable tax due pursuant to the Ordinance, or (ii) the Company has made other arrangements for the deduction of tax at source acceptable to the Trustee.

V. THE HOLDING PERIOD REQUIREMENT

Holding Period Requirements.

(a) Trustee 102 Award may not be sold, transferred, assigned, pledged, given as collateral, or mortgaged (other than through a transfer by will or by operation of law), nor may they be subject of an attachment, seizure power of attorney or transfer deed unless Section 102 and/or the regulations, rules, orders or procedures promulgated thereunder allow otherwise.

(b) With respect to any Awards granted as Trustee 102 Award, and subject to the provisions of Section 102, an Israeli Employee shall not be entitled to sell or release from trust any Trustee 102 Award, Share received upon the exercise of any such Trustee 102 Option and/or bonus shares granted with respect to such Trustee 102 Award, until the lapse of the Holding Period and in accordance with Section 102. Notwithstanding the above, if any such sale or

release occurs during the Holding Period it will result in adverse tax consequences to the Israeli Employee under Section 102 of the Ordinance and the Rules, which shall apply to and shall be borne solely by such Israeli Employee.

Trustee 102 Award Requirements. In the event that the requirements of Section 102 with respect to Trustee 102 Award are not met, then it shall be treated in accordance with the provisions of Section 102 and any regulations promulgated thereunder.

Award Agreement. Upon receipt of Trustee 102 Award, Israeli Employee shall sign an Award Agreement under which the Israeli Employee shall, among others, (i) agree to be subject to the trust agreement between the Company and the Trustee, stating, among others, that the Trustee will be released from any liability in respect of any action or decision duly taken and bona fide executed in relation with the Plan, or any Awards granted to him or her thereunder; (ii) declare that he/she understands the provisions of Section 102 and the applicable tax track and approve the tax arrangement; and (iii) confirm that he/she shall not sell nor transfer the Awards from the Trustee until the lapse of the Holding Period.

VI. DIVIDEND

Any dividends payable with respect to shares acquired upon exercise of an Option or an Award or shares issued under the Sub-Plan and the Plan shall also be subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

VII. TAX CONSEQUENCES

Israeli Employee.

(a) Any tax consequences (including, without limitation, the Israeli Employee's social security taxes and health insurance, if applicable) arising from the grant vesting or exercise of any Award and/or Option or from sale or release or transfer of such Option or shares or from any other event or act (of the Company and/or its Affiliate, the Trustee or the Israeli Employee) shall be borne solely by the Israeli Employee. Notwithstanding the foregoing, the Company and/or its Affiliate and/or the Trustee shall withhold taxes according to the requirements under the laws, rules, and regulations, including withholding taxes at source under Section 102.

(b) Furthermore, the Participant shall indemnify the Company and/or Affiliate and/or the Trustee, and/or the Company's shareholders and/or directors and/or officers if applicable, 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 Israeli Employee.

(c) The Company shall not be obligated to honor the exercise of any Option by or on behalf of a Participant until all tax consequences (if any) arising from the grant of an Award and/or exercise of Options and/or sale of shares and/or Awards are resolved to the full satisfaction of the Company. Without derogating from the above, the Company and/or the Trustee when applicable shall not be required to release any share certificate until all required payments (including tax payments) have been fully made in accordance with Section 102 and/or the ITO.

(d) If at the date of grant the Company's shares (or options) are listed on any established stock exchange or a national market system or if the Company's shares (or option) will be registered for trading within ninety (90) days following the date of grant, the fair market value and classification of income as either capital gain or ordinary income shall be determined pursuant to Section 102(b)(3) of the Ordinance. Without derogating from the definition of "Fair Market Value" in the Plan and solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant of the Capital Gain Options, subject to applicable law, the fair market value of the shares at the date of grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be and all in accordance with Section 102(b)(3) of the Ordinance or any tax ruling obtained from the Israeli tax authority.

Israeli Non Employee. Any tax consequences arising from the grant or exercise of any Option and/or Award, or from sale or transfer of such Award or from any other event or act (of the Company and/or its Affiliate or the Israeli Non Employee), hereunder shall be borne solely by the Israeli Non Employee.

VIII. COORDINATION WITH THE PLAN

Section 102 and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended shall apply to grant of Awards under the provisions of the Sub-Plan to an Israeli Employee.

The Plan is hereby incorporated by reference and shall be deemed as an integral part of this Sub-Plan. Without derogating from the provisions of Section 102 of the Ordinance, all the terms and conditions of the Plan shall apply to grant of Awards to Israeli Employee or Israeli Non-Employee. In the event of conflict between the Sub-Plan and the Plan the Sub-Plan would take precedence as for the provisions with respect to Section 102 of the Ordinance.

ARGO MEDICAL TECHNOLOGIES LTD.

(the “Company”)

2012 EQUITY INCENTIVE PLAN

2012 U.S. SUB PLAN

(For U.S. Participants Only)

1. Special Provisions for U.S. Participants

This U.S. Sub Plan (the “U.S. Sub Plan”) to the Company’s 2012 Equity Incentive Plan (the “Plan”) shall apply only to Participants who are citizens or residents of the United States as of the date of the grant of Awards (“U.S. Participants”). This U.S. Sub Plan shall be deemed to be part of the Plan and all of the provisions of the Plan shall apply to this U.S. Sub Plan, and where any terms of this U.S. Sub Plan are in conflict with the Plan, the terms of the Plan shall control.

Capitalized terms contained herein shall have the same meanings given to them in the Plan, unless otherwise provided by this U.S. Sub Plan. Notwithstanding any provisions contained in the Plan to the contrary and to the extent required by applicable laws, the following terms shall apply to all Awards granted to U.S. Participants.

This Sub Plan applies to the grants of any Awards of the Company under the Plan. The purpose of this U.S. Sub Plan is to establish certain rules and limitations applicable to Awards that may be granted or issued under the Plan from time to time, in compliance with the United States federal income taxation applicable laws currently in force in the United States. Except as otherwise provided by this Sub Plan, all grants made pursuant to this Sub Plan shall be governed by the terms of the Plan.

2. Definitions

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Plan. The following additional definitions will apply to grants made pursuant to this Sub Plan:

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Incentive Share Option**” means any Option granted to a U.S. Participant intended to be, and designated as, an “Incentive Stock Option” within the meaning of Section 422 of the Code.

“**Listing Date**” means the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an inter dealer quotation system if such securities exchange or inter dealer quotation system has been certified.

“**Non-Qualified Share Option**” means any Option granted to a U.S. Participant that is not an Incentive Share Option.

“**Ten Percent Shareholder**” means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any of its Affiliates.

3. Eligibility

The Board (or to the extent permitted under applicable law, the Committee) may at any time and from time to time grant Options to U.S. Participants under this Sub-Plan; provided, however, that Incentive Share Option may be granted only to employees in accordance with the Code.

4. U.S. Award Provisions

Each Award shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate and set forth in the Agreement. All Awards shall be separately designated Incentive Share Options or Nonstatutory Share Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares purchased on exercise of each type of Award. Any Award granted under this Sub Plan will be in such form as the Board may at the time of such grant approve.

The Award Agreement evidencing any Award(s) will incorporate, among others, the following terms and conditions and will contain such additional terms and conditions, as the Board deems appropriate in its sole and absolute discretion:

(a) **Award Exercise Price.** (i) The Exercise Price per Award will be determined by the Board, subject to applicable law, and will not be less than 100% of the Fair Market Value per Share on the date of the grant. However, a Ten Percent Shareholder shall not be granted an Incentive Share Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the shares on the date of grant. (ii) Prior to the Listing Date, a Ten Percent Shareholder shall not be granted a Non-Qualified Share Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

5. Amendments and Termination

(a) The Board shall have the authority to amend this Sub Plan in accordance with Section 17 of the Plan.

(b) The Board may amend, alter or discontinue this Sub-Plan at any time, provided that no amendment, alteration or discontinuation will be made without the approval of such amendment by the Company's shares holders and in a manner consistent with the requirements of Section 422 of the Code.

6. General Provisions

(a) The Board may require each U.S. Participant to represent to, and agree with the Company in writing that, the U.S. Participant is acquiring securities of the Company for investment purposes and without a view to distribution thereof and as to such other matters as the Board believes are appropriate.

(b) Shares shall not be issued hereunder unless, in the judgment of counsel for the Company, the issuance complies with the requirements of any stock exchange or quotation system on which the Shares are then listed or quoted, the Securities Act of 1933, the Exchange Act, the Code, all rules and regulations promulgated thereunder and all other applicable laws.

(c) All certificates for Shares or other securities delivered under this Sub-Plan will be subject to such transfer orders and other restrictions as the Board may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the shares are then listed and any applicable laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) No later than the date as of which an amount first becomes includible in the gross income of the U.S. Participant for United States federal income tax purposes with respect to any Award, the U.S. Participant will pay to the Company, or make arrangements satisfactory to the Board regarding the payment of taxes of any kind required by law to be withheld with respect to such amount. The obligations of the Company under the Plan and this Sub Plan will be conditioned on such payment or arrangements and the Company will have the right to deduct any such taxes from any payment of any kind otherwise due to the U.S. Participant. Unless otherwise determined by the Board, the minimum required withholding obligation with respect to an Award may be settled in shares of Company, including the Shares that are subject to that Award.

7. California Participants.

A U.S. Participant located in California shall receive Nonqualified Share Options and Incentive Share Options that comply also with the California Award Terms and Conditions attached as Appendix A.

8. Invalid Provisions

In the event that any provision of this Sub-Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability will not be construed as rendering any other provisions contained herein as invalid or unenforceable, and all such other provisions will be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

APPENDIX A

**ARGO MEDICAL TECHNOLOGIES LTD.
CALIFORNIA AWARD TERMS AND CONDITIONS**

(Applicable to U.S. Participants Located in California)

Definitions. With respect to U.S. Participants located in California (“**Participant**”), the following terms shall have the respective meanings set forth below:

“California Code” means the California Corporate Securities Law of 1968, as amended.

“California Regulations” means the regulations set forth in Title 10 of the California Code of Regulations.

“Disability” means (x) before the Listing Date, the inability of a Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant’s position with the Company or any Affiliate because of the sickness or injury of the Participant, and (y) after the Listing Date, the permanent and total disability of a Participant within the meaning of Section 22(e)(3) of the Code.

Applicability of this Annex A. Prior to the Listing Date, unless an applicable exemption from Section 25110 of the California Code other than the exemption set forth in Section 25102(o) of the California Code is available, Awards granted under this Plan that are subject to the California Code shall be subject to the additional requirements of this Annex A. In the event of any conflict or inconsistency between the provisions of this Annex A and the Plan and/or the U.S. Sub Plan, the provisions of this Appendix A shall control.

Securities Law Compliance. Prior to the Listing Date, a person shall not be eligible for the grant of an Award if, at the time of grant, either the offer or the sale of the Company’s securities to such person is not exempt under Rule 701 of the Securities Act because of the nature of the services that the person is providing to the Company and/or any Affiliate, or because such person is not a natural person, or as otherwise provided by Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

Termination of Employment. In the event a Participant’s employment terminates (other than upon the Participant’s death or Disability), the Participant may exercise the Participant’s Award (to the extent that the Participant was entitled to exercise such Award as of the date of termination or as otherwise permitted by the Committee) but only within such period of time ending on the earlier of (i) the date thirty (30) days following the Participant’s severance date (or such longer specified in the Award Agreement) or (ii) the expiration of the term of the Award as set forth in the Award Agreement. If, after termination, the Participant does not exercise the Participant’s Award within the time specified in the Award Agreement, the Award shall terminate.

Disability of Participant. In the event that a Participant's employment terminates as a result of the Participant's disability, the Participant may exercise the Participant's Award (to the extent that the Participant was entitled to exercise such Award as of the date of termination), but only within such period of time ending on the earlier of (i) the date six (6) months following the Participant's severance date (or such longer period specified in the Award Agreement) or (ii) the expiration of the term of the Award as set forth in the Award Agreement. If, after termination, the Participant does not exercise the Participant's Award within the time specified herein, the Award shall terminate.

Death of Participant. In the event (i) a Participant's employment terminates as a result of the Participant's death or (ii) the Participant dies within the period (if any) specified in the Award after the termination of the Participant's employment for a reason other than death, then the Award may be exercised (to the extent the Participant was entitled to exercise such Award as of the date of death or as otherwise permitted by the Committee) by the Participant's estate, by a person who acquired the right to exercise the Award by bequest or inheritance or by a person designated to exercise the Award upon the Participant's death, but only within the period ending on the earlier of (x) the date six (6) months following the date of death (or such longer or shorter period specified in the Award Agreement) or (y) the expiration of the term of such Award as set forth in the Award Agreement. If, after death, the Award is not exercised within the time specified herein, the Award shall terminate.

Filing with California Commissioner of Corporations. No later than thirty (30) days after an Award subject to this Appendix A is granted under the Plan and/or the U.S. Sub Plan, the Company shall file a notice of transaction in accordance with rules adopted by the California Commissioner of Corporations, accompanied by a filing fee as prescribed by subdivision (y) of Section 25608 of the California Code, or any successor provision thereto.

Argo Medical Technologies Ltd.2006 STOCK OPTION PLAN

1 PURPOSES OF THE PLAN

The purposes of this Stock Option Plan (the “**Plan**”) are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, members of the board of directors of Argo Medical Technologies Ltd. (the “**Company**”), consultants and other service providers of the Company, its Controlling Company (as defined in Section 4 below) and its Subsidiaries (as defined in Section 4 below), and to promote the success of the Company and its Subsidiaries.

2 TYPES OF AWARDS.

The Plan is intended to enable the Company to issue Awards (as defined in Section 4 below) subject to Applicable Laws (as defined in Section 4 below) and to Section 3 below, including without limitation (i) Stock Options without a trustee pursuant and subject to the provisions of Section 102 of the Israeli Income Tax Ordinance (New Version) 1961 (the “**Ordinance**”), as amended and any regulations, rules, orders or procedures promulgated thereunder (the “**Regulations**”) including the Income Tax Regulations (Tax Relief for Issuance of Shares to Employees), 5763-2003 (the Ordinance and the Regulations being hereinafter referred to together as “**Section 102**) (such options, “**Non Trustee 102 Stock Options**”); (ii) Stock Options allocated to a Trustee (as defined in Section 4 below) under the capital gains track pursuant and subject to the provisions of Section 102 (such options, “**102 Capital Gain Stock Options**”); (iii) Stock Options allocated to a Trustee (as defined in Section 4 below) under the ordinary income track pursuant and subject to the provisions of Section 102 (such options, “**102 Ordinary Income Stock Options**”) (iv) Stock Options pursuant to Section 3(i) of the Ordinance (“**3(i) Stock Options**) (all Non Trustee 102 Stock Options, 102 Capital Gain Stock Options, 102 Ordinary Income Stock Options, 3(i) Stock Options each an “**Option**”, and collectively, the “**Options**”); Apart from issuance under the relevant tax regimes in the State of Israel, the Plan contemplates issuances to Grantees (as defined in Section 4 below) in other jurisdictions with respect to which the Administrator (as defined in Section 4 below) is empowered to make the requisite adjustments in the Plan and set forth the relevant conditions in the Company’s agreement with the Grantee in order to comply with the requirements of the tax regimes in said jurisdictions.

The Plan contemplates the issuance of Awards by the Company, both as a private company and as a publicly traded company.

3 THE ELECTION

It is clarified, that, with regard to Trustee Stock Options (as defined in Section 4 below), although this Plan enables the Company to grant both types of Trustee Stock Options

during the Term of the Plan (as defined in Section 9 below), the Company must choose between granting 102 Capital Gain Stock Options and 102 Ordinary Income Stock Options (the “**Election**”) at any given time during the Term of the Plan. The Company is entitled to change such Election only after the passage of at least twelve (12) months from the end of the year in which the first grant was made in accordance with the previous Election. Until the Election is changed all Trustee Stock Options shall be issued either as 102 Capital Gain Stock Options or as 102 Ordinary Income Stock Options in accordance with the Election.

4 DEFINITIONS

For the purposes of this “Plan, the following terms shall have the following meanings:

- (a) “**Administrator**” means the Board or any of its committees as shall be appointed by the Board to administer the Plan, in accordance with Section 6 hereof.
- (b) “**Adoption Date**” means the later of the date on which the Board adopted this Plan and the date the Plan was approved by the Company’s shareholders, if such approval is necessary under Applicable Laws.
- (c) “**Applicable Laws**” means the requirements relating to the adoption of and the administration of stock option plans under the relevant laws and regulations of the State of Israel, any stock exchange or quotation system on which the Shares may be listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan, as well as the Articles of Association of the Company.
- (d) “**Articles of Association**” means the articles of association of the Company as amended from time to time and all shareholders rights agreements, as amended from time to time, entered or to be entered into by the Company and/or its Shareholders.
- (e) “**Award**” shall mean any Option granted to a Grantee under the Plan.
- (f) “**Award Agreement**” means a written agreement between the Company and a Grantee evidencing the terms and conditions of an individual Award grant, as further specified in Section 8.
- (g) “**Award Share**” means a Share subject to an Award.
- (h) “**Board**” means the board of directors of the Company.

- (i) “**Cause**” means: (i) any action by a Grantee involving willful malfeasance or a willful breach of a Grantee’s fiduciary duties in connection with such Grantee’s employment or engagement with the Company, the Controlling Company or with any Subsidiary; (ii) the conviction of a Grantee in a court of law of, or a guilty plea by the Grantee to, a felony or a fraud or any other similar act; (iii) substantial and continuing refusal or neglect by a Grantee to perform the duties requested of such Grantee (including without limitation, observance of policies relating to confidentiality and reasonable workplace conduct) provided such duties are expected to be performed by a person engaged in a similar capacity (other than as a result of death, illness or other objective incapacity), which refusal or neglect continues for a period of ten days after written notice thereof is provided to the Grantee from the Company, the Controlling Company or from a Subsidiary; (iv) an act of moral turpitude, or any similar act, to the extent that such act causes or may cause injury to the reputation of the Company, the Controlling Company or any Subsidiary; (v) any other act or omission which, in the reasonable opinion of the Company, could materially financially harm the Company, Controlling Company or Subsidiary or harm the business reputation of the Company, Controlling Company or any Subsidiary; (vi) any other circumstance deemed by law to constitute termination for cause; or (vii) termination of a Grantee’s employment for cause in accordance with provisions of his or her employment agreement or engagement agreement, if any, with the Company, the Controlling Company or the relevant Subsidiary.
- (j) “**Committee**” means a committee of directors appointed by the Board.
- (k) “**Consultant**” means any person who is engaged by the Company, the Controlling Company or a Subsidiary to render consulting or advisory services to the Company or a Subsidiary.
- (l) “**Controlling Company**” means a company that has ‘control’ (as that term is defined in the Securities Law 5725-1968) over the Company.
- (m) “**Effective Date**” means the date on which the Award Agreement is signed by the Company and the Grantee. The “**Effective Date**” of Trustee Stock Options shall be the date on which such Trustee Stock Options are allocated to the Trustee.
- (n) “**Employee**” means any person employed by the Company, the Controlling Company or any Subsidiary, or any person who is engaged as an officer of the Company, the Controlling Company or any Subsidiary, who is not a “controlling party”, as defined in section

32 (i) of the Ordinance, prior to and after the issuance of the Awards. A person employed by the Company, the Controlling Company or any Subsidiary shall not cease to be an Employee for the purposes of the Plan in the case of (i) any leave of absence approved by the Company, the Controlling Company or any Subsidiary or, (ii) transfers of the place of such person's employment between different locations of the Company or, (iii) transfer of such person's employment among the Company, the Controlling Company, a Subsidiary and any successor.

- (o) "**Exercise Date**" means the date on which the Grantee exercises Awards, subject to the compliance with all of provisions set out in Section 11 of this Plan.
- (p) "**Exercise Price**" means the amount stipulated in the Award Agreement, to be paid by the Grantee to the Company in order to exercise an Award into an Award Share.
- (q) "**Grantee**" means the holder of an outstanding Award granted under the Plan.
- (r) "**Merger or Acquisition**" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation); or (ii) a sale of all or substantially all of the assets of the Company (including, for purposes of this Section, intellectual property rights which, in the aggregate, constitute substantially all of the Company's material assets); unless in each case, the Company's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Company's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity; or (iii) the transfer of more than fifty percent (50%) of the voting power of the Company to an unrelated third party pursuant to a transaction or series of related transactions.
- (s) "**Purchaser**" means the Company (if and as permitted by law), the Controlling Company and any Subsidiary and/or any other person or entity designated for this purpose by the Company.
- (t) "**Service Provider**" means an Employee or a Consultant.
- (u) "**Share**" means a share of the Company's non-voting "B" ordinary shares having a par value of NIS 0.01.

- (v) “**Subsidiary**” when used in respect of the Company, means any company other than the Company, whether now or hereafter existing, in an unbroken chain of companies beginning with the Company if at the time of granting of the Awards each of the companies other than the last company in an unbroken chain owns shares possessing 50 percent or more of the total combined voting power of all classes of shares in one of the other companies in such chain; when used in respect of any other entity, means a corporation, partnership, limited liability company, or other entity of which such entity directly or indirectly owns or controls (i) a majority of the voting securities; or (ii) interests that are sufficient to elect or appoint a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity.
- (w) “**Tax Authorities**” means the Israel Income Tax Authority.
- (x) “**Tax Officer**” means the official of the Tax Authorities vested with powers pursuant to the Ordinance.
- (y) “**Trustee**” means a person or entity appointed by the Board or the Committee and approved by the Tax Officer to hold Trustee Stock Options on behalf of the Grantee according to the conditions set forth in Section 102.
- (z) “**Trustee Stock Options**” means all 102 Capital Gain Stock Options and 102 Ordinary Income Stock Options.
- (aa) “**Vesting Schedule**” has the meaning set forth in Section 8(d).

5 AUTHORIZED SHARES

- (a) Awards may be granted under the Plan, subject to the provisions of Section 16(a) of the Plan, for up to an aggregate of 3,448 Shares. The Awards may be granted at any time, during a period of five (5) years beginning on the Adoption Date.
- (b) Trustee Stock Options may be granted after the passage of thirty days (or a shorter period if and when approved by the Tax Authorities) following the delivery by the Company to the Tax Authorities of a request for approval of the Plan and the Trustee according to Section 102.
- (c) Notwithstanding the above, if within ninety (90) days of delivery of the abovementioned request, the Tax Officer notifies the Company of the Tax Authorities’ decision not to approve the Plan, the Awards that were intended to be granted as a Trustee Stock Options shall be deemed to be Non Trustee 102 Stock Options, unless otherwise approved by the Tax Officer.

- (d) If an Award expires, is cancelled or otherwise becomes unexercisable without having been exercised in full, the unexercised, canceled or terminated Award Shares which were subject thereto shall (unless the Plan shall have been terminated) become available for future grant under the Plan; provided, however, that Award Shares that have actually been issued under the Plan at such time shall not become available for future grant under the Plan.
- (e) The number of Shares that are subject to Awards under the Plan shall not exceed the number of Shares reserved for the grant of Awards that then remain available for issuance under the Plan. The Company, during the Term of the Plan, shall at all times reserve and keep available a sufficient number of Shares to satisfy the requirements of the Plan. The Board may, at any time during the Term of the Plan, increase the number of the Awards available for grant under the Plan. Such increase must be approved by the Company's shareholders if so required under the Applicable Laws.

6 ADMINISTRATION

- (a) Procedure. The Plan shall be administered by the Board or a Committee either constituted in order to administer the Plan or whose duties are extended to include the administration of the Plan. The Board may appoint and disband the Committee at any time and from time to time as the Board, in its sole discretion, sees fit. The Committee will hold its meetings at such times and places as it may determine and will maintain written minutes of its meetings.
- (b) Powers of the Administrator. Subject to the terms and conditions of the Plan, and in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities and Applicable Laws, the Administrator shall have the authority, in its discretion:
 - (i) to select the Service Providers to whom Awards may from time to time be granted hereunder, and to grant Awards to them. This authority shall be granted solely to the Board, which will take into consideration the recommendations of the Committee;
 - (ii) to determine, from time to time, the type of Awards to be granted to eligible Employees under the Plan,

including the determination of which Employee will receive Non Trustee 102 Stock Options and, subject to the Election pursuant to Section 3 and the provisions of Section 7 below, which Employee will receive 102 Capital Gain Stock Options and/or 102 Ordinary Income Stock Options , and to prescribe the terms and conditions (which need not be identical) of Awards granted under the Plan to such persons;

- (iii) to approve forms of the Award Agreements for use under the Plan;
- (iv) to determine the terms and conditions of any Award granted hereunder, including, without limitation, the Vesting Schedule and the vesting conditions on whose fulfillment vesting will occur;
- (v) to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company with respect to the Plan, including but not limited to prescribing, amending and rescinding any provisions related to the Plan;
- (vi) to amend any outstanding Award, subject to Section 17 hereof, and to accelerate the vesting or extend the exercisability of any Award and to waive conditions or restrictions on any Award, to the extent it shall deem appropriate, provided that this authority shall be granted to the Board, and only subject to its prior approval to the Committee which approval shall specifically state the number and identity of Grantees with respect to whose rights the Committee will have authority to act in accordance with this Subsection;
- (vii) to allow Grantees to satisfy withholding tax obligations by electing to have the Company, if permitted under Applicable Laws, withhold from the Award Shares to be issued upon exercise of an Award that number of Award Shares having a value equal to the minimum statutory withholding amount. The value of the Award Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Grantees to have Award Shares withheld for this

purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable and after consultation with the Company's legal counsel; and

- (viii) to construe and interpret the terms of the Plan, the Award Agreements and Awards.
- (c) Committee Composition. The Board may fill all vacancies, however caused, in the Committee. The Board may from time to time appoint additional members to the Committee, and may at any time remove one or more Committee members and substitute others.
- (d) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Grantees. Each member of the Board and the Committee shall be indemnified and held harmless by the Company against any cost or expense (including fees of counsel) reasonably incurred by him, or 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 Laws. Such indemnification shall be in addition to any rights of indemnification the member may have as director or otherwise under the Articles of Association of the Company, any agreement or otherwise.

7 ELIGIBILITY

- (a) General. Awards may be granted to Service Providers as defined in this Plan. Non Trustee 102 Stock Options and Trustee Stock Options may be granted only to Employee Grantees who are Israeli residents or are deemed to be Israeli residents for purposes of taxation, and to members of the Board, and shall be granted subject to the Ordinance.
- (b) 3(i) Stock Options may be granted only to Service Providers who are Israeli residents or are deemed to be Israeli residents for purposes of taxation, who are not Employees, and to Employees who are deemed a "controlling party" as defined in Section 32 (i) of the Ordinance.
- (c) Continuing Relationship. The Plan and the Award Agreements shall not confer upon any Grantee any right with respect to continuing the Grantee's relationship as a Service Provider with the Company, the Controlling Company or a Subsidiary, nor shall it

interfere in any way with his right or the Company's right, the Controlling Company's right or the right of a Subsidiary, to terminate such relationship at any time, with or without Cause.

8 AWARD AGREEMENTS

- (a) Entitlement to an Award. A Service Provider will be entitled to an Award only if such Award is granted to the Service Provider by the Administrator and an Award Agreement is signed between the Company and the Service Provider. Subject to the terms and conditions of the Plan, each Award Agreement shall contain provisions as the Administrator shall from time to time deem appropriate. Award Agreements need not be identical, but each Award Agreement shall include, by appropriate language, the substance of the applicable provisions set forth herein, and any such provision may be included in the Award Agreement by reference to the Plan. Unless otherwise defined specifically in the Award Agreement and approved by the Board, in the case of a conflict between the terms of any Award Agreement and the Plan, the terms of the Plan shall govern in all cases.
- (b) Number of Shares. Each Award Agreement shall state the number of Award Shares to which the Awards relates.
- (c) Type of Award. Each Award Agreement shall specifically state the type of Awards granted thereunder and whether they constitute Non Trustee 102 Stock Options, 102 Capital Gain Stock Options, 102 Ordinary Income Stock Options, 3(i) Stock Options, or otherwise.
- (d) Exercise Price. Each Award Agreement shall state the Exercise Price of the Award Shares to which the Award relates. The Exercise Price shall be subject to adjustment as provided in Section 16 hereof.
- (e) Term and Vesting of Options. Each Award Agreement shall provide the schedule according to which such Awards may be exercised ("**Vesting Schedule**"). The Vesting Schedule for the Awards will be determined by the Administrator, provided that (to the extent permitted under Applicable Laws) the Administrator, in its absolute discretion, shall have the authority, subject to Section 6(b)(vi) above, to accelerate the vesting of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. If and to the extent that Awards have vested in accordance with the Vesting Schedule, Awards may be exercised into Award Shares within ten years from the Effective Date unless an Initial Public Offering of the Company's shares (an "**IPO**") takes place prior to the tenth anniversary of the Effective

Date, in which case Awards may be exercised into Award Shares within two years from the IPO (the “**Exercise Period**”), unless otherwise determined by the Administrator (to the extent permitted under Applicable Laws and this Plan). The Exercise Period shall be subject to earlier termination as provided in Section 11 hereof.

- (f) The Rights of Grantee as a Shareholder. No Award Share issued upon exercise of an Award shall entitle the holder thereof to vote at any meeting of the shareholders of the Company. All Award Shares issued upon exercise of Awards shall entitle the holder thereof to receive dividends and other distributions in relation thereto, if any, granted to all holders of common stock in their capacity as such holders of common stock.
- (g) Other Provisions. The Award Agreements evidencing Awards under the Plan shall contain such other terms and conditions not inconsistent with the Plan as the Administrator may determine.

9 TERM OF THE PLAN

- (a) Entry into Effect. The Plan shall become effective upon the Adoption Date. The Plan shall continue in effect during the Exercise Period, unless terminated sooner under Section 17 of the Plan (the “**Term of the Plan**”).
- (b) Expiration. Unless otherwise stated in the Award Agreement, each Award shall expire on the tenth anniversary of the Effective Date unless an Initial Public Offering of the Company’s shares (an “**IPO**”) takes place prior to the tenth anniversary of the Effective Date, in which case each Award shall expire two years from the IPO.
- (c) Exercise. The Awards granted will be exercisable into Award Shares of the Company according to the Vesting Schedule set forth in the Award Agreement or in this Plan.
- (d) Exercise Price. The Exercise Price per Award Share subject to each Award Agreement shall be determined by the Administrator, provided however, that such Exercise Price shall not be less than the par value of the share into which such Option is exercisable.
- (e) Transfer. No Award granted hereunder shall be transferable by the Grantee other than by testamentary disposition or by the laws of descent and distribution. Awards may be exercised during the Grantee’s lifetime only by the Grantee, or his guardian or legal representative. Award Shares acquired upon exercise of the

Awards shall be subject to such restrictions on transfer as are generally applicable to ordinary shares of stock of the Company in accordance with the Articles of Association. Without derogating from any other provision in this Plan, it is expressly clarified that no transfer of Award Shares shall become effective unless the Grantee has delivered to the Company a written notice thereof, together with a confirmation in writing by any transferee of the Award Shares that the transferee is bound by all terms and conditions of this Plan and the Award Agreement. In case of transfer of the Award Shares after the death of the Grantee, the transfer shall become effective only after the transferee delivers such a written confirmation.

(f) Restrictions on Transfer of Awards Shares.

- (i) Securities Law Restrictions. Regardless of whether the offering and sale of Award Shares under the Plan have been registered under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”) or have been registered or qualified under the securities laws of any state or other laws of any other jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Award Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.
- (ii) Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act or equivalent law in another jurisdiction, including an IPO, the Grantee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any Award or other contract for the purchase of, purchase any or contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Award Shares acquired under this Agreement without the prior written consent of the Company or its underwriters. Such restriction (the

“**Market Stand-Off**”) shall be in effect for such period of time following the date of the final prospectus for the IPO as may be requested by the Company or such underwriters. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Award Shares subject to the Market Stand-Off, or into which such Award Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Award Shares acquired under this Plan until the end of the applicable stand-off period. The Company’s underwriters shall be beneficiaries of the agreement set forth in this Subsection. This Subsection shall apply to Award Shares held by Grantees registered in the public offering under the Securities Act or equivalent law in another jurisdiction, only if the directors and officers of the Company are subject to similar arrangements.

10 CONDITIONS UPON ISSUANCE OF AWARD SHARES

- (a) Legal Compliance. Award Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award, the method of payment and the issuance and delivery of such Award Shares shall comply with Applicable Laws (namely Section 102 for Non Trustee 102 Stock Options and Trustee Stock Options) and shall be further subject to the approval of legal counsel of the Company with respect to such compliance.
- (b) Investment Representations. As a condition to the exercise of an Award, the Administrator may require the person exercising such Award to represent and warrant at the time of any such exercise that the Award Shares are being purchased only for investment purposes and without any present intention to sell or distribute such Award Shares if, in the opinion of legal counsel for the Company, such a representation is in the best interests of the Company.

- (a) Procedure for Exercise and Rights as a Shareholder. Any Award granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator or set forth in the Award Agreement with respect to Employee Grantees and unless the Administrator provides otherwise, the vesting periods of Awards granted hereunder shall be interrupted for the period of any unpaid leave of absence other than leave which according to the law does not impair employment continuity.

The Grantee may deliver to the Company on any business day a written notice stating the number of Award Shares the Grantee then desires to purchase, and each Award shall be deemed exercised only when the Company receives: (i) such written notice of exercise (in accordance with the Award Agreement) from the Grantee entitled to exercise the Award, and (ii) full payment for the Award Shares with respect to which the Award is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by Applicable Laws, the Award Agreement and the Plan. Award Shares issued upon exercise of an Award shall be issued in the name of the Grantee or in the name of the Trustee in the case of Trustee Stock Options. Until the Award Shares are issued (as evidenced by the appropriate entry in the books of the Company or of a duly authorized transfer agent of the Company), no right to vote at any meeting of the shareholders of the Company or to receive dividends or any other rights as a shareholder shall exist with respect to the Award Shares, notwithstanding the exercise of the Award, nor shall the Grantee be deemed to be a class of shareholders or creditors of the Company. Without derogating from the above, following the issuance of Award Shares, as stated above, no right to vote at any meeting of the shareholders of the Company shall exist with respect to the Award Shares. Upon the exercise of an Award, the Company shall issue (or cause to be issued) such Award Shares promptly (up to 30 days) after the Exercise Date. If any law or regulation requires the Company to take any action with respect to the Award Shares specified in such notice before the issuance thereof, then the date of their issuance shall be delayed for the period necessary to take such action.

Exercise of an Award in any manner shall result in a decrease in the number of Award Shares thereafter available for vesting under the Award by the number of Award Shares in respect of which the Award is exercised.

- (b) Termination of Relationship with a Grantee. If a Grantee ceases to be a Service Provider, for whatsoever reason, at any time during the six (6) month period immediately following the Effective Date, such Grantee will immediately lose all and any rights in and to the Awards. Except as provided in this Subsection and Subsections (c) through (g) below, an Award may not be exercised unless the Grantee is a Service Provider of the Company, the Controlling Company or a Subsidiary on the Award Exercise Date. If a Grantee ceases to be a Service Provider, other than in cases as specified in

Subsections (c) through (g) below, the Grantee may exercise any vested Award on the date of service termination within a period of ninety (90) days following the Grantee's service termination (but in no event later than the expiration date of the term of such Award as set forth in Section 9 above or in the Plan). In addition, the Grantee will be entitled to exercise a portion of the Awards included in the next due Award installment, relative to the number of service months elapsed (rounded downwards) since the later of the vesting date of the previous installment or the Effective Date, whichever is the later, compared to the total number of months (rounded downwards) between the vesting date of the previous installment or the Effective Date (as appropriate) and the vesting date of the next due Award installment (the "**Additional Portion**"). The Board, considering the recommendations made by the Administrator, is authorized to approve the exercise of additional Awards. If the Grantee dies during this ninety (90) day period, his rights according to this Subsection 11(b) shall be transferred to the Grantee's estate or to the person who acquires the right to exercise the Awards by bequest or inheritance, who will be allowed to exercise such vested Awards and the Additional Portion, during a period of six months from the date of death. Unless otherwise determined by the Administrator, on the date of service termination, any remaining unvested portion, with the exception of any Additional Portion, shall not be exercisable and the Award Shares covered by the unvested portion of the Awards shall revert to the Plan.

- (c) Dismissal. In case of dismissal of an Employee, such Employee Grantee will be entitled to exercise, within ninety (90) days of the date of employment termination (but in no event later than the expiration date of the term of such Award as set forth in Section 9 above or in the Plan), any vested Award, and, in addition, but only if the dismissal occurs at least twelve (12) months subsequent to the Employee Grantee's commencement of employment with the Company, the Employee Grantee will be entitled to exercise the Additional Portion, as long as the Grantee was not dismissed for Cause. The Board, considering the recommendations made by the Administrator, is authorized to approve the exercise of additional Awards. If and to the extent, after employment termination, the Grantee does not exercise within the time specified by the Award Agreement, the Plan or the Administrator, the Awards to which he is eligible, then such Awards shall terminate, and the Award Shares covered by such Awards shall revert to the Plan.
- (d) Dismissal for Cause. In the event of termination of relationship with a Service Provider for Cause, the Service Provider's right to exercise vested Awards shall terminate immediately upon such

termination, and all such Awards shall be forfeited without any payment being due. In addition, the Purchaser will be entitled to repurchase, within twelve months of such termination, any or all of the Award Shares resulting from the exercise of any Awards prior to the date of the repurchase. The price paid for each Award Share will be determined by the Administrator, in its sole discretion, but shall not be less than the par value of the Shares being repurchased.

- (e) Disability of a Grantee. If an a Grantee ceases to be an Employee or Service Provider as a result of a physical or mental impairment, which has lasted or is expected to last for a continuous period of not less than six (6) consecutive months or an aggregate of six (6) months in any twelve-month period and which causes the Grantee's total and permanent inability to engage in any substantial gainful activity ("**Disability**"), the Grantee may exercise his Awards within twelve (12) months of the date of service termination, to the extent the Award is vested on the date of service termination, but in no event later than the expiration date of the term of such Awards as set forth in Section 9 above or in the Award Agreement. In addition, such an Employee Grantee will also be entitled to exercise Awards included in the next installment which has not yet vested as of the date of service termination. If and to the extent, after service termination, the Awards are not exercised within the time specified herein, the Awards shall terminate, and the Award Shares covered by such Awards shall revert to the Plan.
- (f) Death of an Employee Grantee. If an Employee Grantee dies while considered an Employee, the vested Awards, as well as Awards included in the next installment may be exercised within twelve (12) months following the Grantee's death, (but in no event later than the expiration date of the term of such Awards as set forth in Section 9 above or in the Award Agreement) by the Grantee's estate or by a person who acquires the right to exercise the Awards by bequest or inheritance. If the Awards are not so exercised within the time specified herein, the Award shall terminate, and the Award Shares covered by such Awards shall revert to the Plan.
- (g) Retirement of an Employee Grantee. In the event of an Employee Grantee's retirement, at the age of 65 years for a man and 60 years for a woman, the Employee Grantee will be entitled to exercise, within twelve (12) months of such retirement (but in no event later than the expiration date of the term of such Award as set forth in Section 9 above or in the Award Agreement), any vested Awards in addition to the Additional Portion. If the Awards are not so exercised within the time specified herein, the Awards shall terminate, and the Award Shares covered by such Awards shall revert to the Plan.

12 PAYMENT OF EXERCISE PRICE

Payment of Exercise Price may be made in such form as shall be acceptable to the Administrator in its sole discretion and, if the Administrator so consents, may consist entirely of (i) cash, (ii) check, or (iii) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

13 TRUSTEE STOCK OPTIONS

- (a) Options granted pursuant to this Section 13 are intended to constitute Trustee Stock Options subject to Section 102, the general terms and conditions specified the Plan, except for said provisions of the Plan applying to Awards under a different tax law or regulations.
- (b) Trustee Stock Options shall be granted either as 102 Capital Gain Stock Options or 102 Ordinary Income Stock Options according to the Election and subject to the provisions in Section 3 above.
- (c) Anything herein to the contrary notwithstanding, all Trustee Stock Options granted under this Plan shall be granted by the Company to a Trustee designated by the Administrator and the Trustee shall hold each such Award and the Award Shares issued upon exercise thereof in trust for the benefit of the Grantee in respect of whom such Award was granted. All certificates representing Award Shares issued to the Trustee under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Award Shares are released from the trust.
- (d) With regard to 102 Capital Gains Stock Options and 102 Ordinary Income Stock Options, the Awards or the Award Shares and all rights related to them, including bonus shares, will be held by the Trustee for a period of at least twenty-four (24) months and twelve (12) months, respectively, from the date the Options was Granted or a shorter period as approved by the tax authorities (the “**Lock-up Period**”), in accordance with the provisions of Section 102.
- (e) In accordance with the provisions of Section 102, the Grantee is prohibited from selling the Awards or the Awards Shares, until the end of the Lock-up Period. If the Employee voluntarily sells the Awards or the Awards Shares before the end of the Lock-up Period, the provision of Section 102, relating to non-compliance with the Lock-up Period, will apply.

- (f) Anything to the contrary notwithstanding, the Trustee shall not release any Awards which were not already exercised into Award Shares by the Grantee nor release any Award Shares issued upon exercise of the Award, prior to the full payment of the Exercise Price and Grantee's tax liability arising from Trustee Stock Options which were granted to the Grantee and Awards Shares issued upon exercise of such Trustee Stock Options. Upon receipt of the Award, or earlier, the Grantee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and *bona fide* executed under the Plan and in respect of any Award granted or Award Share issued to him thereunder.
- (g) Trustee Stock Options may only be granted to Employees and members of the Board (subject to approval of the Plan by the Tax Authorities).

14 3(i) STOCK OPTIONS

- (a) Options granted pursuant to this Section 14 are intended to constitute 3(i) Stock Options and shall be subject to the general terms and conditions specified in the Plan, except for said provisions of the Plan applying to Awards under a different tax law or regulations.
- (b) 3(i) Options may not be granted to Employees or members of the Board.
- (c) The 3(i) Stock Options which shall be granted pursuant to the Plan may be issued to a trustee appointed by the Administrator.

15 NON TRUSTEE 102 STOCK OPTIONS

- (a) Options granted pursuant to this Section 15 are intended to constitute Non Trustee 102 Stock Options and shall be subject to the general terms and conditions specified the Plan, except for said provisions of the Plan applying to Awards under a different tax law or regulations.
- (b) Non Trustee 102 Stock Options may only be granted to Employees and members of the Board.
- (c) The Non Trustee 102 Stock Options which shall be granted pursuant to the Plan may be issued to a trustee appointed by the Administrator.
- (d) If the Grantee's employment with the Company is terminated for any reason, the Grantee will be obligated to provide the Company, to its satisfaction and subject to its sole discretion, with a security or guarantee to cover any future tax obligation resulting from the disposition of the Awards or the Award Shares.

- (a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Award Shares covered by or underlying each outstanding Award and the number of Award Shares which have been authorized for issuance under the Plan but as to which no Awards have been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the Exercise Price per Share of each such outstanding Award shall be appropriately adjusted in the case of any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, recapitalization, combination or reclassification of the Shares, rights issues or any other increase or decrease in the number of issued Shares in each case effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Award Shares subject to an Award.
- (b) Dissolution or Liquidation. It is hereby clarified that in the event of dissolution or liquidation of the Company, the Company shall have no obligation to notify the Grantee of such event and any Awards that have not been previously exercised, will terminate immediately prior to the consummation of such proposed action.
- (c) Voluntary Liquidation. Notwithstanding Subsection (b) above, in the event of a voluntary liquidation of the Company, which is not considered a Merger or Acquisition, the Administrator shall notify each Grantee as soon as practicable, but not less than seven (7) working days, prior to the effective date of such proposed transaction. The Grantee will have the right to exercise his or her vested Awards within five (5) working days from receipt of such notice but in any case not later than the effective date of such transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action, unless the Board has authorized a longer period to exercise vested Awards to certain Grantees.

(d) Merger or Acquisition. In the event of a Merger or Acquisition, each outstanding Award shall be assumed or an equivalent Award substituted by the successor company or a parent or Subsidiary of the successor company. In the case of such assumption or substitution of Awards, appropriate equitable adjustments shall be made in the Exercise Price to reflect such action, and all other terms and conditions of the Award Agreements, such as the vesting dates, shall remain in force, all as will be determined by the Board whose determination shall be final.

The Administrator shall determine, in its discretion, the proper exchange ratio of the Awards and the fair value of such Awards for purposes of such substitution. The Administrator shall be authorized to accelerate the vesting date of any or all Awards and shall be authorized to make all necessary adjustments in the terms of the Awards and the substituted Awards (including, without limitation, adjustments in the Exercise Price) that are fair under the circumstances.

In the event that the successor company refuses to assume or substitute for the Awards, the Grantee shall retain the right to accelerated the vesting dates and to exercise all vested and Unvested Awards and the Unvested Awards then covered by the Option Agreement shall be deemed exercisable upon the closing of the Transaction, and the Administrator shall notify the Grantee in writing that such Awards shall be exercisable for a period not less than fifteen days from the date of such notice, and the Awards shall terminate upon the expiration of such period.

For the purposes of this Section 16(d), Awards shall be considered assumed if, following the Merger or Acquisition, the Award (or substitute award) confers upon the Grantee the right to purchase or receive, for each Share of Award Shares for which the Award was exercisable immediately prior to the Merger or Acquisition, the pro rata consideration (whether shares, stock options, cash, or other securities or property) received in the Merger or Acquisition by holders of Shares for each Share 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 Merger or Acquisition is not solely common shares (or their equivalent) of the successor company or its parent, the Administrator may, with the consent of the successor company, provide for the consideration to be received upon the exercise of the Award, for each Share of Award Shares, to be solely common shares (or their equivalent) of the successor company or its parent equal in fair market value to the per share consideration received by holders of a majority of the outstanding shares in the Merger or Acquisition, and provided further that the Administrator may determine, in its sole discretion, that in lieu of such assumption or substitution of Awards for awards by the acquiring corporation or its parent or subsidiaries, such Awards will be substituted for by any other type of asset or property including cash which is fair under the circumstances.

- (e) Bring-Along. Award Shares acquired upon exercise of the Awards may be subject to “bring-along” provisions in the Articles of Association. In the event that the Award Shares acquired upon exercise of the Awards are not subject to “bring-along” provisions in the Articles of Association, then at any time prior to an IPO, in the event that (i) one or more bona fide offers (the “**Offeror**”) is made to purchase Shares comprising at least eighty percent (80%) of the Company’s issued and outstanding common stock on an as-converted to common stock basis (the “**Threshold Percent**”), (ii) such sale is conditioned upon the sale of Shares of the Company at the Threshold Percent, and (iii) all shareholders, with the exception of the Grantees under this Plan (the “**Proposing Shareholders**”) propose to sell all of their Shares to such Offeror, then the Grantees shall be required, if so demanded by the Proposing Shareholders, to sell all Award Shares acquired by the Grantees pursuant to this Plan to such Offeror at the same price and under the same terms and conditions as in the offer made to the Proposing Shareholders up to the Threshold Percent. Should the Offeror purchase less than 100% of the Company’s Shares, the number of Shares purchased by the Offeror in excess of those sold by the Proposing Shareholders will be divided proportionally between the Grantees. In the event that the Threshold Percent is met, any sale, assignment, transfer, pledge, hypothecation, mortgage, disposal or encumbrance of Award shares by the Grantee other than in connection with the proposed acquisition shall be absolutely prohibited.
- (f) Other Restrictions. It is hereby clarified that Award Shares acquired upon exercise of the Awards will be subject to all restrictions and limitations to which any other classes of shares of the Company are or may become subject pursuant to the Articles of Association of the Company.

17 AMENDMENT AND TERMINATION OF THE PLAN

- (a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.
- (b) Shareholder Approval. The Board shall obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.
- (c) Effect of Amendment or Termination. Without derogating from any other provisions of this Plan, any amendment, alteration, suspension or termination of the Plan that the Administrator finds,

at its discretion, as impairing the legitimate rights of any Grantee, shall be made in a mutual agreement between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination and the terms of the Plan shall continue to be in effect with regard to any Awards and Award Shares granted pursuant to it. Notwithstanding the foregoing, the Board may exercise its authority under Section 16 without the consent of Grantees.

18 INABILITY TO OBTAIN AUTHORITY

The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Award Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Award Shares as to which such requisite authority shall not have been obtained.

19 RESERVATION OF SHARES

The Company, during the Term of the Plan, shall at all times reserve and keep available and authorized for issuance such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

20 NO OBLIGATION TO CONTINUE EMPLOYMENT WITH THE EMPLOYEE

None of the Plan, the Award Agreement, or the grant of Awards to a Grantee, shall impose any obligation on the Company, the Controlling Company or any Subsidiary to continue the employment or the engagement of a Service Provider.

21 GOVERNING LAW

This Plan and all instruments issued thereunder or in connection therewith, including without limitation the Award Agreements, (each an "**Instrument**"), shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Israel.

22 DISPUTES

Any dispute or disagreement which may arise under or in relation to the interpretation or administration of this Plan or any Instrument shall be settled by the Administrator, in its sole discretion and judgment. Any such determination by the Administrator shall be final and shall be binding and conclusive for all purposes.

23 JURISDICTION

Without derogating from the provisions of Section 22 above, any other disputes arising under or in connection with the Plan or any Instrument shall be resolved exclusively by the courts of the State of Israel at Haifa, to whose jurisdiction the Grantee and the Company do hereby submit unconditionally.

24 TAX CONSEQUENCES

If the Administrator shall so require, as a condition of exercise of an Award, the release of Award Shares by the Trustee or the expiration of the Lock-up Period (each a "**Tax Event**"), each Grantee shall agree that, no later than the date of the Tax Event, he will pay to the Company or make arrangements satisfactory to the Administrator and the Trustee (where relevant) regarding payment of any applicable taxes of any kind required by law to be withheld or paid upon the Tax Event. To the extent approved by the Administrator and permitted by law, a withholding obligation may be satisfied by the withholding or delivery of Award Shares.

ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS, OR IN THE CASE OF AN OPTION, FROM ITS EXERCISE, FROM THE SALE OR DISPOSITION OF THE AWARD SHARES OR FROM ANY OTHER ACT OF THE GRANTEE IN CONNECTION WITH THE FOREGOING SHALL BE BORNE SOLELY BY THE GRANTEE, AND THE GRANTEE SHALL INDEMNIFY THE COMPANY, AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PENALTY, INTEREST OR INDEXATION THEREON OR THEREUPON.

With respect to Trustee Stock Options, the Trustee shall hold such Trustee Stock Options throughout their existence, and shall hold the Awards or the Award Shares until the payment of all applicable taxes by the Grantee subject to that the Trustee is satisfied that the payment is sufficient and necessary for the discharge of such Grantee's tax obligations with respect to such Awards or Award Shares. While holding the Award Shares, the Trustee will be responsible for transferring to the Grantees any notice provided by the Company to its shareholders. Subject to fulfillment of all their obligations, Grantees will be entitled to instruct the Trustee to act on their behalf in utilizing the rights of their Award Shares and the Trustee shall be obliged to so act.

25 PROVISIONS FOR FOREIGN PARTICIPANTS

The Board may, without amending the Plan, modify Awards granted to participants who are foreign nationals or employed outside Israel to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefits or other matters.

26 NON-EXCLUSIVITY OF THE PLAN

This Plan shall not be construed as creating any limitations on the powers of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable,

including without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

Adopted by the Board of Directors of the Company:

29 November 2006

List of Subsidiaries of ReWalk Robotics Ltd.**Name of Subsidiary**

ReWalk Robotics, Inc.

Argo Medical Technologies GmbH

Place of Incorporation

Delaware, United States

Germany

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 16, 2014, except for Note 14 as to which the date is July 10, 2014, in the Registration Statement on Form F-1 and related Prospectus of ReWalk Robotics Ltd. dated July 10, 2014.

July 10, 2014
Tel Aviv, Israel

/s/ Kost Forer Gabbay & Kasierer
Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

Consent of Director Nominee

ReWalk Robotics Ltd. (the "Company") has filed a Registration Statement on Form F-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the proposed initial public offering of its ordinary shares. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named and described as a nominee to the board of directors of the Company in such Registration Statement, as may be amended from time to time and to the filing or attachment of this consent with such Registration Statement and any amendment or supplement thereto.

/s/ Dr. John William Poduska

Dr. John William Poduska

July 10, 2014