

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

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended _____

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: July 22, 2021

Commission File Number: 001-40649

REE Automotive Ltd.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's
name into English)

Israel

(Jurisdiction of incorporation
or organization)

18 Shenkar Street
Herzliya, Israel
(Address of principal executive offices)

Copy to:

Daniel Barel
Chief Executive Officer
18 Shenkar Street
Herzliya, Israel
+972 0778995193

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A ordinary shares, without par value	REE	The NASDAQ Stock Market LLC
Warrants to purchase Class A ordinary shares	REEAW	The NASDAQ Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the shell company report:

On July 23, 2021, the issuer had 229,926,232 Class A ordinary shares, without par value, and 83,417,110 Class B ordinary shares, without par value, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>
				Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP <input checked="" type="checkbox"/>	International Financial Reporting Standards as issue by the International Accounting Standards Board	<input type="checkbox"/>	Other <input type="checkbox"/>
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If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	Page
EXPLANATORY NOTE	ii
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	iii
PART I	1
Item 1. Identity of Directors, Senior Management and Advisers	1
Item 2. Offer Statistics and Expected Timetable	1
Item 3. Key Information	1
Item 4. Information on the Company	2
Item 4A. Unresolved Staff Comments	3
Item 5. Operating and Financial Review and Prospects	3
Item 6. Directors, Senior Management and Employees	3
Item 7. Major Shareholders and Related Party Transactions	4
Item 8. Financial Information	6
Item 9. The Offer and Listing	6
Item 10. Additional Information	7
Item 11. Quantitative and Qualitative Disclosures about Market Risks	8
Item 12. Description of Securities Other than Equity Securities	8
PART II	9
PART III	10
Item 17. Financial Statements	10
Item 18. Financial Statements	10
Item 19. Exhibits	11

EXPLANATORY NOTE

On July 22, 2021 (the “Closing Date”), REE Automotive Ltd., a company organized under the laws of the State of Israel (“REE”), consummated the previously announced business combination pursuant to the Agreement and Plan of Merger (the “Merger Agreement”), by and among the Company, 10X Capital Venture Acquisition Corp., a Delaware Corporation (“10X Capital”), and Spark Merger Sub Inc., a Delaware corporation and a direct, wholly-owned subsidiary of REE (“Merger Sub”).

On the Closing Date, the following transactions occurred pursuant to the terms of the Merger Agreement (collectively, the “Business Combination”):

- Each preferred share, par value NIS 0.01 each, of REE (each, a “REE Preferred Share”) converted into Class A ordinary shares, without par value, of REE (“Class A Ordinary Shares”), in accordance with REE’s organizational documents and (ii) immediately following such conversion but prior to the Effective Time, REE effected a stock split of all of its outstanding Class A Ordinary Share into an aggregate of 188,722,998 Class A Ordinary Shares, calculated in accordance with the terms of the Merger Agreement such that each Class A Ordinary Share had a value of \$10.00 per share after giving effect to such stock split (together with the conversion of REE Preferred Shares, the “Capital Restructuring”).
- Each outstanding share of Class B common stock, par value \$0.0001 per share, of 10X Capital (“10X Capital Class B Common Stock”) converted into shares of Class A common stock, par value \$0.0001 per share, of 10X Capital (“10X Capital Class A Common Stock”) and, immediately thereafter, each outstanding share of 10X Capital Class A Common Stock converted into the right to receive one newly issued Class A Ordinary Share. A total of 12,703,234 Class A Ordinary Shares were issued to holders of 10X Capital Class A Common Stock. Pursuant to that certain SPAC Letter Agreement entered into concurrently with the Merger Agreement (the “Letter Agreement”), by and among 10X Capital, its executive officers and directors, 10X Capital SPAC Sponsor I LLC (the “Sponsor”) and REE, up to 1,500,000 of the Class A Ordinary Shares held by the Sponsor were subject to forfeiture without consideration if the trading prices of Class A Ordinary Shares specified in the Letter Agreement were not achieved following the Merger. On the second business day following the Merger, all 1,500,000 Class A Ordinary Shares were forfeited pursuant to the terms of the Letter Agreement, resulting in 11,203,234 Class A Ordinary Shares held by the holders of 10X Capital Class A Common Stock.
- Each of 10X Capital’s outstanding warrants to purchase one share of 10X Capital Class A Common Stock (the “10X Capital Warrants”) were converted into the right to receive an equal number of warrants to purchase one Class A Ordinary Share (the “Warrants”), subject to downward adjustment to the next whole number in case of fractions of Warrants. A total of 15,562,500 Warrants to purchase one Class A Ordinary Share were issued to holders of 10X Capital Warrants.
- REE’s ordinary shares are divided into two classes. The Class A Ordinary Shares have one vote per share. The Class B ordinary shares, without par value (the “Class B Ordinary Shares”), each have 10 votes per share. An aggregate of 83,417,110 Class B Ordinary Shares were issued to the founders of REE representing approximately 39% of the voting power to each of them immediately following the Business Combination.

On February 3, 2021, concurrently with the execution of the Merger Agreement, REE and 10X Capital entered into Subscription Agreements (the “Subscription Agreements”) with certain investors (the “PIPE Investors”), pursuant to which the PIPE Investors agreed to subscribe for and purchase, and the Company agreed to issue and sell to such PIPE Investors, an aggregate of 30,000,000 shares of 10X Capital Class A Common Stock at \$10.00 per share for gross proceeds of approximately \$300 million (the “PIPE Financing”) on the Closing Date, which were converted into 30,000,000 Class A Ordinary Shares upon the consummation of the Business Combination. The PIPE Financing closed immediately prior to the Business Combination.

Following the closing of the PIPE Financing, and after giving effect to redemptions of shares by shareholders of 10X Capital and payment of transaction expenses, the transactions described above generated approximately \$285 million for REE (resulting in total cash on hand of over \$300 million).

The Class A Ordinary Shares and the Warrants are traded on The Nasdaq Stock Market LLC (“Nasdaq”) under the symbols “REE” and “REEAW”, respectively.

Except as otherwise indicated or required by context, references in this Shell Company Report on Form 20-F (the “Report”) to “we”, “us”, “our”, “REE” or the “Company” refer to REE Automotive Ltd., a company organized under the laws of the State of Israel, and its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report and the documents incorporated by reference herein include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements relate to, among others, our plans, objectives and expectations for our business, operations and financial performance and condition, and can be identified by terminology such as “may”, “should”, “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” and similar expressions that do not relate solely to historical matters. Forward-looking statements are based on management’s belief and assumptions and on information currently available to management. Although we believe that the expectations reflected in forward-looking statements are reasonable, such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements.

Forward-looking statements in this Report and in any document incorporated by reference in this Report may include, but are not limited to, statements about:

- REE’s projection of revenue and other operating results;
- REE’s expectation that REE’s smaller footprint and lower center of gravity will also allow for taller body designs yielding more volumetric efficiency and lower step-in height;
- REE’s expectations for the timing of opening its first integration center and adding additional integration centers in key locations for projected total global annual capacity of up to 600,000 platforms;
- REE’s belief that the growth trends of MaaS will have a strong positive effect on cost and will be a continuing driver of MaaS adoption;
- REE’s belief that an EV that can offer maximum space on a small footprint would be well positioned to meet the demand for more passenger space in combination with maneuverability in urban driving;
- REE’s belief that REEplatforms will be the industry’s flattest and most modular array of EV products, and that this is expected to result in an improved route efficiency, via more space for passengers, cargo and batteries, a smaller overall footprint, a lower TCO via reduced maintenance costs and downtime and high design flexibility;
- REE’s belief that REE’s technology will be ideal for mission-specific EVs in all shapes and sizes, ranging from as small as short-range delivery vehicles or autonomous passenger vehicles at one end of the spectrum, up to as large as a large walk-in/mid-duty delivery truck or a mid-size shuttle bus at the other end, which differentiates it from other EV players who often have to substantially redesign and reengineer the vehicle in order to meet market demand;
- REE’s belief that the scalable and modular design of REE products will allow for maximum market coverage and is intended to enable OEM’s to enter into new segments and services while reducing in-house development and design costs;
- REE’s belief that the ability to continually upgrade as necessary, paired with REE’s plan for preventative maintenance, quick REEcorner swap and over the air software upgrades will reduce fleet maintenance costs as well as simplify spare-parts inventory management;
- REE’s belief that its approach, which is aimed at providing a dimensionally, power and driver agnostic and modular platform, differentiates it from other EV players, who often have to substantially redesign and reengineer the vehicle in order to meet market demand;
- REE’s belief that through its modular and adaptable product, REE will be able to facilitate bringing multiple vehicles to market faster and at a lower cost than traditional automotive industry players;

- REE’s expectation that by basing the platform on one interchangeable part, the REEcorner, REE will reduce expense in R&D, testing and manufacturing, thereby enabling it to develop and scale future products at a significantly lower overall cost, and to respond more effectively to increasing mass market demand for commercial EV solutions;
- REE’s belief that platforms utilizing REEcorners will present significant functional and operational advantages over conventional EV “skateboards” currently available in the market and will enable superior vehicle specifications for cargo volume/length, payload and battery capacity;
- REE’s belief that EVs built on its products will have lower TCO than those of its EV competitors;
- REE’s plan to work with strategic partners to provide predictive maintenance scheduling through smart service and maintenance AI in combination with over-the-air updates which seeks to ensure maintenance is not performed on a standard schedule, but rather before a part will fail;
- REE’s anticipation that EVs built on REEplatforms will have 49% to 59% lower TCO than a comparable vehicle with an internal combustion engine, and 8%-19% lower TCO than comparable electric commercial vehicles;
- REE’s belief that fleet operators will be drawn to the lower total cost of ownership and high uptime of EVs, and that fleet operators will be drawn to the customizable design of the REE products;
- REE’s expectation to complete product validation in 2022, and its anticipation that new vehicle models can be developed and produced in as little as 18 to 24 months;
- REE’s intention that REEcorners will utilize X-By-Wire Control for independent steering, braking and drive control for a single wheel;
- REE’s belief that its business model is and will continue to be highly differentiated because REE products can be marketed and sold as individual products or as “Powered by REE” in a full vehicle solution;
- REE’s belief that the primary competitive factors in the EV market will revolve around but not be limited to technological innovation, product quality, reliability, safety features, market adoption, service options, product performance, design and styling, product price, and manufacturing efficiency;
- REE’s expectation that it will be able to develop one or more of its existing commercial agreements (which are currently generally non-binding and subject to cancellation or require the achievement of development milestones as a precursor to entering into a further definitive agreement) into definitive agreements;
- REE’s plan to manufacture via a secured and global network of Tier 1 partners with point-of-sale assembly and to assemble components at its future integration centers, thus reducing CapEx requirements, and its belief that such plans will enable it to remain a comparatively asset-light enterprise which will further help to increase its operating margin and overall return on investment;
- REE’s intention for the REEplatform to fully comply with all applicable U.S. federal motor vehicle safety standards (“FMVSSs”) without the need for any exemptions, and its expectation that future REE products will either fully comply or comply with limited exemptions related to new technologies;
- REE’s plan to, prior to launch, complete all applicable transportation tests for its battery modules, demonstrating their compliance with applicable regulations; and
- REE’s belief that its cash on hand following the consummation of the Business Combination will be sufficient to meet its working capital and capital expenditure requirements for a period from the date of the Proxy Statement/Prospectus until it commences production of the REE products as currently contemplated.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors discussed under the “Risk Factors” section in the Proxy Statement and Prospectus (the “*Proxy Statement/Prospectus*”), part of the Registration Statement on Form F-4 of the Company (File No. 333-254070) (the “*Registration Statement*”), which section is incorporated herein by reference. Accordingly, you should not rely on these forward-looking statements, which speak only as of the date of this Report. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks described in the reports we will file from time to time with the SEC after the date of this Report.

Although we believe the expectations reflected in the forward-looking statements were reasonable at the time made, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assume responsibility for the accuracy or completeness of any of these forward-looking statements. You should carefully consider the cautionary statements contained or referred to in this section in connection with the forward looking statements contained in this Report and any subsequent written or oral forward-looking statements that may be issued by the Company or persons acting on its behalf.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Information regarding the directors and executive officers of the Company after the closing of the Business Combination is included in the Proxy Statement/Prospectus under the section titled “*Management of REE Following the Merger*” and is incorporated herein by reference.

The business address for each of the directors and executive officers of the Company is 18 Shenkar Street, Herzliya, Israel.

B. Advisers

White & Case LLP, 1221 Avenue of the Americas, New York, New York 10020, United States, has acted as U.S. securities counsel for the Company and will continue to act as U.S. securities counsel to the Company following the completion of the Business Combination.

Goldfarb Seligman & Co., Ampa Tower, 98 Yigal Alon Street, Tel Aviv 6789141, Israel, has acted as counsel for the Company with respect to Israeli law and will continue to act as counsel for the Company with respect to Israeli law following the completion of the Business Combination.

Zemah Schneider & Partners, 18 Raul Wallenberg St. Building D, 3rd Floor, Tel Aviv 6971915, Israel, has acted as counsel for the Company with respect to Israeli law and will continue to act as counsel for the Company with respect to Israeli law following the completion of the Business Combination.

C. Auditors

For the years ended December 31, 2020 and 2019, Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, has acted as the accounting firm for the Company.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Selected financial information regarding REE is included in the Proxy Statement/Prospectus under the section titled “*Selected Historical Financial Data of REE*” and is incorporated herein by reference.

B. Capitalization and Indebtedness

The following table sets forth the capitalization of the Company on an unaudited pro forma combined basis as of December 31, 2020, after giving effect to the Business Combination and the PIPE Financing:

	As of December 31, 2020
Pro Forma Combined	(\$) in millions
Cash and cash equivalents	\$ 330.8
Total indebtedness	—
Additional paid-in capital	808.6
Accumulated deficit	(507.3)
Total equity	301.3
Total capitalization	\$ 301.3

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The risk factors related to the business and operations of REE are described in the Proxy Statement/Prospectus under the section titled “*Risk Factors*”, which is incorporated herein by reference.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

See “*Explanatory Note*” in this Report for additional information regarding the Company and the Merger Agreement. Certain additional information about the Company is included in the Proxy Statement/Prospectus under the section titled “*REE’s Business*” and is incorporated herein by reference. The material terms of the Business Combination are described in the Proxy Statement/Prospectus under the section titled “*The Merger Agreement*”, which is incorporated herein by reference.

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a “foreign private issuer”, it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and the officers, directors and principal shareholders of the Company are exempt from the reporting and “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of Class A Ordinary Shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, the Company is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The SEC also maintains a website at <http://www.sec.gov> that contains reports and other information that the Company files with or furnishes electronically to the SEC.

The website address of the Company is <http://ree.auto>. The information contained on the website does not form a part of, and is not incorporated by reference into, this Report.

B. Business Overview

Information regarding the business of REE is included in the Proxy Statement/Prospectus under the sections titled “*REE’s Business*” and “*REE’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, which are incorporated herein by reference.

C. Organizational Structure

The Company was incorporated on January 16, 2011 under Israeli Law and has subsidiaries in the UK, Germany and the U.S., which are listed below:

<u>Name</u>	<u>Country of Incorporation and Place of Business</u>	<u>Proportion of Ordinary Shares Held by Genius</u>
REE Automotive USA Inc.	United States	100%
REE Automotive UK Limited	Great Britain	100%
REE Automotive GmbH	Germany	100%

D. Property, Plants and Equipment

Information regarding the facilities of REE is included in the Proxy Statement/Prospectus under the sections titled “*REE’s Business — Facilities*” and “*REE’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, which are incorporated herein by reference.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The discussion and analysis of the financial condition and results of operations of REE is included in the Proxy Statement/Prospectus under the section titled “*REE’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, which is incorporated herein by reference.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Information regarding the directors and executive officers of the Company after the closing of the Business Combination is included in the Proxy Statement/Prospectus under the section titled “*Management of REE Following the Merger*” and is incorporated herein by reference.

B. Compensation

Information regarding the compensation of the directors and executive officers of the Company, including a summary of the REE Automotive Ltd. 2021 Share Incentive Plan, REE Automotive Employee Stock Purchase Plan and REE Automotive Compensation Policy, each of which were approved by the shareholders of the Company prior to the completion of the Business Combination, is included in the Proxy Statement/Prospectus under the section titled “*Management of REE Following the Merger*” and is incorporated herein by reference.

Indemnification

The Company has entered into indemnification agreements with its directors and executive officers. Information regarding such indemnification agreements is included in the Proxy Statement/Prospectus under the section titled “*Management of REE Following the Merger — Approval of Related Party Transactions under Israeli Law — Exculpation, Insurance and Indemnification of Office Holders*” and is incorporated herein by reference.

C. Board Practices

Information regarding the board of directors of the Company subsequent to the Business Combination is included in the Proxy Statement/Prospectus under the section titled “*Management of REE Following the Merger*” and is incorporated herein by reference.

D. Employees

Information regarding the employees of REE is included in the Proxy Statement/Prospectus under the section titled “*REE’s Business — Employees*” and is incorporated herein by reference.

E. Share Ownership

Information regarding the ownership of our ordinary shares by our directors and executive officers is set forth in Item 7.A of this Report.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of the Closing Date by:

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

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, ordinary shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Each person named in the table has sole voting and investment power with respect to all of the ordinary shares shown as beneficially owned by such person, except as otherwise indicated in the table or footnotes below.

The percentage of ordinary shares beneficially owned is computed on the basis of 229,926,232 Class A Ordinary Shares and 83,417,110 Class B Ordinary Shares outstanding on the Closing Date, after giving effect to the Business Combination and the PIPE Financing. Outstanding Warrants to purchase 15,562,500 Class A Ordinary Shares will not become exercisable until November 24, 2021.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all ordinary shares beneficially owned by them. To our knowledge, no ordinary shares beneficially owned by any executive officer, director or director nominee have been pledged as security.

	Number of Class A Ordinary Shares Beneficially Owned	Percentage of Outstanding Class A Ordinary Shares	Number of Class B Ordinary Shares Beneficially Owned	Percentage of Outstanding Class B Ordinary Shares	Percentage of Total Voting Power
5% Holders:					
The Phoenix Excellence Pension and Provident Fund Ltd. (1)	26,615,637	11.6%	-	-	2.5%
Gil Agmon	17,170,420	7.5%	-	-	1.6%
Ziv Aviram	16,574,420	7.2%	-	-	1.6%
Rad Biomed & Rad Data Communications Ltd. (2)	14,745,810	6.4%	-	-	1.4%
Clal Insurance (3)	11,694,019	5.1%	-	-	1.1%
Name and Address of Beneficial Owners Executive Officers and Directors					
Daniel Barel	40,799,054	15.1%	41,708,555	50%	43.0%
Ahishay Sardes	40,631,510	15.0%	41,708,555	50%	43.0%
Hai Aviv	1,184,887	*	-	-	*
Michael-John Chariton	66,754	*	-	-	*
Keren Shemesh	489,388	*	-	-	*
Angelique Strong Marks	-	-	-	-	*
Arik Shteinberg	7,082,655	3.0%	-	-	*
Hari Nair	1,869,117	*	-	-	*
Ari Raved	11,623,729	5.0%	-	-	1.1%
Hans Thomas (4)	6,431,250	2.8%	-	-	*
All Executive Officers and Directors as a Group	103,747,093	32.5%	83,417,110	100%	88.1%

* Less than 1%.

- (1) The Phoenix Excellence Pension and Provident Funds Ltd. is an indirect, wholly-owned subsidiary of The Phoenix Holdings Ltd. (the "Phoenix Group"). Subsidiaries of the Phoenix Group manage their own funds and/or the funds of others, including for holders of exchange-traded notes or various insurance policies, members of pension or provident funds, unit holders of mutual funds, and portfolio management clients. Each subsidiary of the Phoenix Group operates under independent management and makes its own independent voting and investment decisions and, therefore, no natural person or persons has sole or shared voting power or dispositive power for all of the securities beneficially owned by such subsidiary (for the avoidance of doubt, the investment decisions, including voting at the general assemblies of corporations, are made by common committees). Haggai Schreiber is the Chief Investment Officer of The Phoenix Excellence Pension and Provident Fund Ltd. The address of The Phoenix Excellence Pension and Provident Fund Ltd. is Derech Hashalom 53, Givataim, 53454, Israel.
- (2) RAD Biomed is controlled by Yehuda Zisapel and Nava Zisapel who share voting and dispositive power over the shares held by it. The address of these persons is 27 Habarzel Street, Tel Aviv, Israel.
- (3) The Class A Ordinary Shares are held for members of the public through, among others, provident funds and/or pension funds and/or insurance policies, which are managed by subsidiaries of Clal Insurance Enterprises Holdings Ltd. ("Clal"). Includes Clal Insurance Company Ltd. (for Profit Participating Policies) and Clal Pension and Provident Funds Ltd, a wholly-owned subsidiary of Clal Insurance Company Ltd, which are managed by subsidiaries of Clal, which subsidiaries operate under independent management and make independent voting and investment decisions. In addition, Clal Insurance Company Ltd. holds shares for its Nostro, which makes independent voting and investment decisions. The address of Clal is 36 Raul Wallenberg Rd., Tel Aviv, Israel.
- (4) Reflects the forfeiture 1,500,000 Class A Ordinary Shares pursuant to the terms of the Letter Agreement. 10X Capital SPAC Sponsor I LLC is the record holder of the shares reported herein. Mr. Thomas has voting and investment discretion with respect to the Class A Ordinary Shares held of record by 10X Capital SPAC Sponsor I LLC.

B. Related Party Transactions

Information regarding certain related party transactions is included in the Proxy Statement/Prospectus under the section titled “*Certain Relationships and Related Person Transactions*” and is incorporated herein by reference.

C. Interests of Experts and Counsel

Zemah Schneider Holdings (an affiliated entity of the Zemah Schneider & Partners, Israeli legal counsel to the Company) holds: (1) 160,210 Class A Ordinary Shares; and (2) options to purchase 267,017 Class A Ordinary Shares.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 18 of this Report for consolidated financial statements and other financial information.

Legal Proceedings

From time to time, REE may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business, including claims related to intellectual property matters. REE is not currently a party to any legal proceedings, the outcome of which, if determined adversely to REE, would individually or in the aggregate have a material adverse effect on its business or financial condition.

B. Significant Changes

A discussion of significant changes since December 31, 2020 and March 31, 2021, respectively, is provided under Item 4 of this Report and is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Nasdaq Listing of Class A Ordinary Shares and Warrants

The Class A Ordinary Shares and Warrants are listed on Nasdaq under the symbols REE and REEAW, respectively. Holders of Class A Ordinary Shares and Warrants should obtain current market quotations for their securities. There can be no assurance that the Class A Ordinary Shares and/or Warrants will remain listed on Nasdaq. If the Company fails to comply with the Nasdaq listing requirements, the Class A Ordinary Shares and/or Warrants could be delisted from Nasdaq. In particular, Nasdaq requires us to have at least 300 round lot holders of Class A Ordinary Shares and 100 round lot holders of Warrants. A delisting of the Class A Ordinary Shares will likely affect the liquidity of the Class A Ordinary Shares and could inhibit or restrict the ability of the Company to raise additional financing.

Lock-up Agreements

Information regarding the lock-up restrictions applicable to the Class A Ordinary Shares is included in the Proxy Statement/Prospectus under the section titled “*Agreements Entered into in Connection with the Merger Agreement*” and is incorporated herein by reference.

Warrants

Upon the completion of the Business Combination, there were 15,562,500 Warrants outstanding. The Warrants, which entitle the holder to purchase one Class A Ordinary Share at an exercise price of \$11.50 per share, will become exercisable 30 days after the completion of the Business Combination. The Warrants will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation in accordance with their terms.

B. Plan of Distribution

Not applicable.

C. Markets

The Class A Ordinary Shares and Warrants are listed on Nasdaq under the symbols REE and REEAW, respectively. There can be no assurance that the Ordinary Shares and/or Warrants will remain listed on Nasdaq. If the Company fails to comply with the Nasdaq listing requirements, the Class A Ordinary Shares and/or Warrants could be delisted from Nasdaq. In particular, Nasdaq requires us to have at least 300 round lot holders of Class A Ordinary Shares and 100 round lot holders of Warrants. A delisting of the Class A Ordinary Shares will likely affect the liquidity of the Class A Ordinary Shares and could inhibit or restrict the ability of the Company to raise additional financing.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

We are authorized to issue 1,000,000,000 Class A Ordinary Shares and 83,432,817 Class B Ordinary Shares, each without par value.

Information regarding our share capital is included in the Proxy Statement/Prospectus under the section titled “*Description of REE Ordinary Shares*” and is incorporated herein by reference.

B. Memorandum and Articles of Association

Information regarding certain material provisions of the articles of association of the Company is included in the Proxy Statement/Prospectus under the section titled “*Description of REE Ordinary Shares*” and is incorporated herein by reference.

C. Material Contracts

Information regarding certain material contracts is included in the Proxy Statement/Prospectus under the section titled “*The Business Combination Agreement and Ancillary Documents*” and is incorporated herein by reference.

D. Exchange Controls and Other Limitations Affecting Security Holders

There are currently no Israeli currency control restrictions on remittances of dividends on Class A Ordinary Shares, proceeds from the sale of the Class A Ordinary Shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that at the time are, or have been, in a state of war with Israel.

E. Taxation

Information regarding certain tax consequences of owning and disposing of Class A Ordinary Shares and Warrants is included in the Proxy Statement/Prospectus under the section titled “*Certain Material U.S. Federal Income Tax Considerations*” and “*Certain Material Israeli Tax Considerations*” and is incorporated herein by reference.

F. Dividends and Paying Agents

REE has not paid any dividends to its shareholders. Following the completion of the Business Combination, REE's board of directors will consider whether or not to institute a dividend policy. It is presently intended that REE will retain its earnings for use in business operations and, accordingly, it is not anticipated that REE's board of directors will declare dividends in the foreseeable future.

G. Statement by Experts

The financial statements for 10X Capital Venture Acquisition Corp as of December 31, 2020, and for the period from August 10, 2020 (inception) through December 31, 2020, incorporated by reference herein have been audited by WithumSmith+Brown, PC, independent registered public accounting firm, as set forth in their report thereon, and are incorporated by reference herein in reliance on such report given on the authority of such firm as an expert in accounting and auditing.

The consolidated financial statements of REE Automotive Ltd. as of December 31, 2020 and December 31, 2019, and for the years ended December 31, 2020 and 2019, incorporated by reference herein, have been so incorporated in reliance on the report of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information we have filed electronically with the SEC. As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We also make available on our website, free of charge, our Annual Report and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is <https://ree.auto/>. The reference to our website is an inactive textual reference only, and information contained therein or connected thereto is not incorporated into this Annual Report.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Information regarding quantitative and qualitative disclosure about market risk is included in the Proxy Statement/Prospectus under the section titled "*REE's Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk*" and is incorporated herein by reference.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The audited consolidated financial statements of REE Automotive Ltd. are incorporated by reference to pages F-2 to F-29 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021.

The unaudited pro forma condensed combined financial statements of REE Automotive Ltd. and 10X Capital Venture Acquisition Corp. are attached as Exhibit 15.1 to this Report.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	<u>Form of Amended and Restated Articles of REE Automotive Ltd., incorporated by reference to Exhibit 3.2 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
2.1	<u>Specimen Class A Ordinary Share Certificate of REE Automotive Ltd., incorporated by reference to Exhibit 4.5 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
2.2	<u>Form of Assignment, Assumption and Amendment Agreement, by and among REE Automotive Ltd, 10X Capital Venture Acquisition Corp and Continental Stock Transfer & Trust Company, incorporated by reference to Exhibit 4.7 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021..</u>
2.3	<u>Specimen Warrant Certificate of REE Automotive Ltd., incorporated by reference to Exhibit 4.6 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.1	<u>Agreement and Plan of Merger, dated as of February 3, 2021, by and among REE Automotive Ltd., Spark Merger Sub, Inc., and 10X Capital Venture Acquisition Corp, incorporated by reference to Exhibit 2.1 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.2	<u>Form of Letter Agreement, incorporated by reference to Exhibit 4.9 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.3	<u>Investor Rights Agreement, dated as of February 3, 2021, by and among REE Automotive Ltd and certain shareholders of REE Automotive Ltd., incorporated by reference to Exhibit 4.10 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.4	<u>Form of Subscription Agreement by and between Subscriber and REE Automotive Ltd., incorporated by reference to Exhibit 10.4 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.5*	<u>2021 REE Automotive Ltd. Share Incentive Plan.</u>
4.6*	<u>2021 REE Automotive Ltd. Employee Stock Purchase Plan.</u>
4.7	<u>Form of Director and Officer Indemnification Agreement, incorporated by reference to Exhibit 10.7 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
4.8	<u>Compensation Policy for Directors and Officers, incorporated by reference to Exhibit 10.8 to Amendment No. 3 to the Company's Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.</u>
8.1*	<u>List of subsidiaries of REE Automotive Ltd.</u>
15.1*	<u>Unaudited Pro Forma Condensed Combined Financial Statements of REE Automotive Ltd. and 10X Capital Venture Acquisition Corp.</u>
15.2*	<u>Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered accounting firm for REE Automotive Ltd.</u>
15.3*	<u>Consent of WithumSmith+Brown, PC, independent registered accounting firm for 10X Capital Venture Acquisition Corp.</u>

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this report on its behalf.

July 28, 2021

REE Automotive Ltd.

By: /s/ Daniel Barel
Name: Daniel Barel
Title: Chief Executive Officer

REE AUTOMOTIVE LTD.
2021 SHARE INCENTIVE PLAN

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

1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.

1.1. **Purpose.** The purpose of this 2021 Share Incentive Plan (as amended, this “**Plan**”) is to afford an incentive to Service Providers (as defined below) of REE Automotive Ltd., an Israeli company (together with any successor corporation thereto, the “**Company**”), or any Affiliate of the Company, which now exists or hereafter is organized or acquired by the Company or its Affiliates, to continue as Service Providers, to increase their efforts on behalf of the Company or its Affiliates and to promote the success of the Company’s business, by providing such Service Providers with opportunities to acquire a proprietary interest in the Company by the issuance of Shares or restricted Shares (“**Restricted Shares**”) of the Company, and by the grant of options to purchase Shares (“**Options**”), including, for the avoidance of doubt, Incentive Stock Options and Nonqualified Stock Options, Restricted Share Units (“**RSUs**”), stock appreciation rights (“**SARs**”), other Cash-Based Awards, and other Share-Based Awards pursuant to Sections 11 through 13 of this Plan.

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

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

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

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

(iv) Options not intended to be (as set forth in the Award Agreement) or which do not qualify as an Incentive Stock Option (“**Nonqualified Stock Options**”);

(v) SARs; and

(vi) Restricted Shares, RSUs and other forms of Cash-Based and other Share-Based Awards.

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

1.3. Construction. To the extent any provision herein conflicts with the conditions of any relevant tax law, rule or regulation which are relied upon for tax relief in respect of a particular Award to a Grantee, the Committee is empowered, but is not required, hereunder to determine that the provisions of such law, rule or regulation shall prevail over those of this Plan and to interpret and enforce such prevailing provisions. With respect to 102 Awards, if and to the extent any action or the exercise or application of any provision hereof or authority granted hereby is conditioned or subject to obtaining a ruling or tax determination from the ITA, to the extent required by Applicable Law, then the taking of any such action or the exercise or application of such section or authority with respect to 102 Awards shall be conditioned upon obtaining such ruling or tax determination, and, if obtained, shall be subject to any condition set forth therein; it being clarified that there is no obligation to apply for any such ruling or tax determination (which shall be in the sole discretion of the Committee) and no assurance is made that if applied any such ruling or tax determination will be obtained (or the conditions thereof).

2. DEFINITIONS.

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

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

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

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

“**Award**” shall mean any Option, Restricted Share, RSUs, Shares, SARs, any other Cash-Based, or any other Share-Based award granted under this Plan.

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

“**Change in Board Event**” shall mean any time at which individuals who, as of the Effective Date, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

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

“**Committee**” shall mean a committee established or appointed by the Board to administer this Plan, subject to Section 3.1. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a “non-employee director” within the meaning of Rule 16b-3; however, a Committee member’s failure to qualify as a “non-employee director” within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under this Plan.

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

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

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

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

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

“**Exchange Act**” shall mean the U.S. Securities Exchange Act of 1934, as amended, and all regulations, guidance and other interpretative authority issued thereunder.

“**exercise**” “**exercised**” and words of similar import, when referring to an Award that does not require exercise or that is settled upon vesting (such as may be the case with RSUs or Restricted Shares, if so determined in their terms), shall be deemed to refer to the vesting of such an Award (regardless of whether or not the wording included reference to vesting of such an Awards explicitly).

“**Exercise Period**” shall mean the period, commencing on the date of grant of an Award, during which an Award shall be exercisable, subject to any vesting provisions thereof (including any acceleration thereof, if any) and subject to the termination provisions hereof.

“**Exercise Price**” shall mean the exercise price for each Share covered by an Option or the purchase price for each Share covered by any other Award.

“**Fair Market Value**” shall mean, as of any date, the value of a Share or other securities, property or rights as determined by the Board, in its discretion, subject to the following: (i) if, on such date, the Shares are listed on any securities exchange, the closing sales price per Share on which the Shares are principally traded on such date, or if no sale occurred on such date, the last day preceding such date on which a sale occurred, as reported in The Wall Street Journal or such other source as the Company deems reliable; (ii) if, on such date, the Shares are then quoted in an over-the-counter market, the average of the closing bid and asked prices for the Shares in that market on such date, or if there are no bid and asked prices on such date, the last day preceding such date on which there are bid and asked prices, as reported in The Wall Street Journal or such other source as the Company deems reliable; or (iii) if, on such date, the Shares are not then listed on a securities exchange or quoted in an over-the-counter market, or in case of any other securities, property or rights, such value as the Committee, in its sole discretion, shall determine, with full authority to determine the method for making such determination and which determination shall be conclusive and binding on all parties, and shall be made after such consultations with outside legal, accounting and other experts as the Committee may deem advisable; provided, however, that, if applicable, the Fair Market Value of the Shares shall be determined in a manner that is intended to satisfy the applicable requirements of and subject to Section 409A of the Code, and with respect to Incentive Stock Options, in a manner that is intended to satisfy the applicable requirements of and subject to Section 422 of the Code, subject to Section 422(c)(7) of the Code. The Committee shall maintain a written record of its method of determining such value. If the Shares are listed or quoted on more than one established stock exchange or over-the-counter market, the Committee shall determine the principal such exchange or market and utilize the price of the Shares on that exchange or market (determined as per the method described in clauses (i) or (ii) above, as applicable) for the purpose of determining Fair Market Value.

“**Grantee**” shall mean a person who has been granted an Award(s) under this Plan.

“**Ordinance**” shall mean the Israeli Income Tax Ordinance (New Version) 1961, and the regulations and rules (including the Rules) promulgated thereunder, all as amended from time to time.

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

“**Retirement**” shall mean a Grantee’s retirement pursuant to Applicable Law or in accordance with the terms of any tax-qualified retirement plan maintained by the Company or any of its Affiliates in which the Grantee participates or is subject to.

“**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act.

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

“**Service Provider**” shall mean an Employee, director, officer, consultant, advisor and any other person or entity who provides services to the Company or any Parent, Subsidiary or Affiliate thereof. Service Providers shall include prospective Service Providers to whom Awards are granted in connection with written offers of an employment or other service relationship with the Company or any Parent, Subsidiary or any Affiliates thereof, provided, however, that such employment or service shall have actually commenced. Notwithstanding the foregoing, unless otherwise determined by the Committee, each Service Provider shall be an “employee” as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto) at the time the Award is granted to the Service Provider.

“**Shares**” shall mean Ordinary Shares, par value NIS 0.01 of the Company (as adjusted for stock split, reverse stock split, bonus shares, combination or other recapitalization events), or shares of such other class of shares of the Company as shall be designated by the Board in respect of the relevant Award(s). “Shares” include any securities, property or rights issued or distributed with respect thereto.

“**Strike Price**” means (i) in the case of a SAR granted in tandem with an Option, the Exercise Price of the related Option, or (ii) in the case of a SAR granted independent of an Option, the Fair Market Value on the date of grant. The strike price of any such SAR granted to a Grantee who is subject to U.S. federal income tax shall be determined in compliance with Section 7.2.

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

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

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

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

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

Term	Section
102 Awards	1.2(i)
102 Capital Gains Track Awards	9.1
102 Non-Trustee Awards	9.2
102 Ordinary Income Track Awards	9.1
102 Trustee Awards	9.1
3(9) Awards	1.2(ii)
Award Agreement	6
Cause	6.6.4.4
Company	1.1
Effective Date	24.1
Election	9.2
Eligible 102 Grantees	9.3.1
Incentive Stock Options	1.2(iii)
Information	17.4
ITA	1.2(i)
Merger/Sale	14.2
Nonqualified Stock Options	1.2(iv)
Plan	1.1
Pool	5.1
Prior Plan	5.2
Recapitalization	15.1
Required Holding Period	9.5
Restricted Period	12.2
Restricted Share Agreement	11
Restricted Share Unit Agreement	12
Restricted Shares	1.1
RSUs	1.1
Rules	1.2(i)
Securities	18.1
Successor Corporation	15.2.1
SARs	1.1
SAR Period	11.3
Withholding Obligations	18.5

3. ADMINISTRATION.

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

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

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

(i) eligible Grantees,

(ii) grants of Awards and setting the terms and provisions of Award Agreements (which need not be identical) and any other agreements or instruments under which Awards are made, including the number of Shares underlying each Award and the class of Shares underlying each Award (if more than one class was designated by the Board),

(iii) the time or times at which Awards shall be granted,

(iv) the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired upon the exercise or (if applicable) vesting thereof, including (1) designating Awards under Section 1.2; (2) the vesting schedule, the acceleration thereof and terms and conditions upon which Awards may be exercised or become vested, (3) the Exercise Price, (4) the method of payment for Shares purchased upon the exercise or (if applicable) vesting of the Awards, (5) the method for satisfaction of any tax withholding obligation arising in connection with the Awards or such Shares, including by the withholding or delivery of Shares, (6) the time of the expiration of the Awards, (7) the effect of the Grantee's termination of employment with the Company or any of its Affiliates, and (8) all other terms, conditions and restrictions applicable to the Award or the Shares not inconsistent with the terms of this Plan,

(v) to accelerate, continue, extend or defer the exercisability of any Award or the vesting thereof, including with respect to the period following a Grantee's termination of employment or other service,

(vi) the interpretation of this Plan and any Award Agreement and the meaning, interpretation and applicability of terms referred to in Applicable Law,

(vii) policies, guidelines, rules and regulations relating to and for carrying out this Plan, and any amendment, supplement or rescission thereof, as it may deem appropriate,

(viii) to adopt supplements to, or alternative versions of, this Plan, including, without limitation, as it deems necessary or desirable to comply with the laws of, or to accommodate the tax regime or custom of, foreign jurisdictions whose citizens or residents may be granted Awards,

(ix) the Fair Market Value of the Shares or other securities, property or rights,

(x) the tax track (capital gains, ordinary income track or any other track available under the Section 102 of the Ordinance) for the purpose of 102 Awards,

(xi) the authorization and approval of conversion, substitution, cancellation or suspension under and in accordance with this Plan of any or all Awards or Shares,

(xii) the amendment, modification, waiver or supplement of the terms of each outstanding Award (with the consent of the applicable Grantee, if such amendments refers to the increase of the Exercise Price of Awards or reduction of the number of Shares underlying an Award (but, in each case, other than as a result of an adjustment or exercise of rights in accordance with Section 15)) unless otherwise provided under the terms of this Plan,

(xiii) without limiting the generality of the foregoing, and subject to the provisions of Applicable Law, to grant to a Grantee, who is the holder of an outstanding Award, in exchange for the cancellation of such Award, a new Award having an Exercise Price lower than that provided in the Award so canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of this Plan or to set a new Exercise Price for the same Award lower than that previously provided in the Award,

(xiv) to correct any defect, supply any omission or reconcile any inconsistency in this Plan or any Award Agreement and all other determinations and take such other actions with respect to this Plan or any Award as it may deem advisable to the extent not inconsistent with the provisions of this Plan or Applicable Law, and

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

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

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

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

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

4. **ELIGIBILITY.**

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

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

5. **SHARES.**

5.1. The maximum aggregate number of Shares that may be issued pursuant to Awards under this Plan (the "**Pool**") shall initially be the sum of (a) 23,142,623 Shares plus (and without the need to further amend this Plan) (b) on January 1st, 2022 and on January 1st of each calendar year thereafter during the term of this Plan, a number of Shares equal to the lesser of: (i) 5% of the total number of Shares outstanding as of the end of the last day of the immediately preceding calendar year, and (ii) such smaller amount of Shares as is determined by the Board, if so determined prior to the January 1st of the calendar year in which the increase will occur (in each case, without the need to amend this Plan in case of such determination); in all events subject to adjustment as provided in Section 15.1. The Board may, at its discretion, reduce the number of Shares that may be issued pursuant to Awards under this Plan, at any time (provided that such reduction does not derogate from any issuance of Shares in respect of Awards then outstanding).

5.2. Any Shares (a) underlying an Award granted hereunder or an award granted under the Company's 2011 Key Employee Share Incentive Plan, as amended (the "**Prior Plan**") that has expired, or was cancelled, terminated, forfeited, or settled in cash in lieu of issuance of Shares, for any reason, after the Effective Date; (b) if permitted by the Company, tendered to pay the Exercise Price of an Award (or the exercise price or other purchase price of any option or other award under any Prior Plan), or withholding tax obligations with respect to an Award (or any awards under any Prior Plan); or (c) if permitted by the Company, subject to an Award (or any award under the Prior Plan) that are not delivered to a Grantee because such Shares are withheld to pay the Exercise Price of such Award (or any award under the Prior Plan), or withholding tax obligations with respect to such Award (or such award); shall automatically, and without any further action on the part of the Company or any Grantee, again be available for grant of Awards and for issuance upon exercise or (if applicable) vesting thereof for the purposes of this Plan (unless this Plan shall have been terminated), unless the Board determines otherwise. Such Shares may be, in whole or in part, authorized but unissued Shares, treasury shares (dormant shares) or otherwise Shares that shall have been or may be repurchased by the Company (to the extent permitted pursuant to the Companies Law).

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

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

5.5. From and after the Effective Date, no further grants or awards shall be made under any Prior Plan; however, Awards made under a Prior Plan before the Effective Date shall continue in effect in accordance with their terms.

6. TERMS AND CONDITIONS OF AWARDS.

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

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

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

6.3. Exercise Price. Each Award Agreement shall state the Exercise Price, if applicable. Unless otherwise set forth in this Plan, an Exercise Price of an Award of less than the par value of the Shares (if shares bear a par value) shall comply with Section 304 of the Companies Law. Subject to Sections 3, 7.2 and 8.2 and to the foregoing, the Committee may reduce the Exercise Price of any outstanding Award, on terms and subject to such conditions as it deems advisable. The Exercise Price shall also be subject to adjustment as provided in Section 15 hereof. The Exercise Price of any Award granted to a Grantee who is subject to U.S. federal income tax shall be determined in accordance with Section 409A of the Code.

6.4. Manner of Exercise. An Award may be exercised, as to any or all Shares as to which the Award has become exercisable, (a) by written notice delivered in person or by mail (or such other methods of delivery prescribed by the Company) to the Chief Executive Officer of the Company or to such other person as determined by the Committee, (b) by way of an exercise order submitted via the online service operated and maintained by the Company or any of its service providers, or (c) or in any other manner as the Committee shall prescribe from time to time, specifying the number of Shares with respect to which the Award is being exercised (which may be equal to or lower than the aggregate number of Shares that have become exercisable at such time, subject to the last sentence of this Section), accompanied by payment of the aggregate Exercise Price for such Shares in the manner specified in the following sentence. The Exercise Price shall be paid in full with respect to each Share, at the time of exercise, either in (i) cash, (ii) if the Company's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company or the Trustee, (iii) if the Company's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company or the Trustee, (iv) in lieu of payment of the exercise price, by one of the other payment methods set forth in this Section 6.4, by cashless exercise such that the number of Shares issuable upon exercise shall be the result of a fraction: (A) the numerator of which is (i) the number of Shares that would otherwise have been issued upon exercise of the Award by the cash payment of the Exercise Price (or such lesser number of Shares as grantee may designate in the case of a partial exercise of the Award), multiplied by (ii) the difference between (a) the Fair Market Value of one Share at the time the cashless exercise hereunder is made, and (b) the Exercise Price of the Award, and (B) the denominator of which is the Fair Market Value of one Share at the time the cashless exercise hereunder is made, or (v) in such other manner as the Committee shall determine. The application of cashless exercise with respect to any 102 Awards shall be subject to obtaining a ruling from the ITA, to the extent required by Applicable Law. As a condition to the issuance of Shares of the Company pursuant to Options, the Grantee agrees to remit to the Company (through the procedure described in the above paragraph) at the time of any exercise of the Options any taxes required to be withheld by the Company under federal, state, or local law as a result of the exercise of the Options.

6.5. Term and Vesting of Awards.

6.5.1. Each Award Agreement shall provide the vesting schedule for the Award as determined by the Committee. The Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding Award at such time and under such circumstances as it, in its sole discretion, deems appropriate.

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

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

6.6. Termination.

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

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

6.6.3. Notwithstanding anything to the contrary, the Committee, in its absolute discretion, may, on such terms and conditions as it may determine appropriate, extend the periods for which Awards held by any Grantee may continue to vest and be exercisable; it being clarified that such Awards may lose their entitlement to certain tax benefits under Applicable Law (including, without limitation, qualification of an Award as an Incentive Stock Option) as a result of the modification of such Awards and/or in the event that the Award is exercised beyond the later of: (i) three (3) months after the date of termination of the employment or service relationship; or (ii) the applicable period under Section 6.7 below with respect to a termination of the employment or service relationship because of the death, Disability or Retirement of Grantee.

6.6.4. For purposes of this Plan:

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

6.6.4.2. An entity or an Affiliate thereof assuming an Award or issuing in substitution thereof in a transaction to which Section 424(a) of the Code applies or in a Merger/Sale in accordance with Section 15 shall be deemed as an Affiliate of the Company for purposes of this Section 6.6, unless the Committee determines otherwise.

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

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

6.7. Death, Disability or Retirement of Grantee.

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

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

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

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

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

7. NONQUALIFIED STOCK OPTIONS.

Awards granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject to the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 7 and the other terms of this Plan, this Section 7 shall prevail. However, if for any reason the Awards granted pursuant to this Section 7 (or portion thereof) does not qualify as an Incentive Stock Option, then, to the extent of such non-qualification, such Option (or portion thereof) shall be regarded as a Nonqualified Stock Option granted under this Plan. In no event will the Board, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to a Grantee (or any other person) due to the failure of the Option to qualify for any reason as an Incentive Stock Option.

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

7.2. Exercise Price. The Exercise Price of a Nonqualified Stock Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option unless the Committee specifically indicates that the Awards will have a lower Exercise Price and the Award complies with Section 409A of the Code. Notwithstanding the foregoing, a Nonqualified Stock Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Award is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of that complies with Section 424(a) of the Code or 1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations or any successor guidance.

8. INCENTIVE STOCK OPTIONS.

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

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

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

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

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

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

8.6. Ten Percent Shareholder. In the case of an Incentive Stock Option granted to a Ten Percent Shareholder, notwithstanding the foregoing provisions of this Section 8.6, (i) the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option, and (ii) the Exercise Period shall not exceed five (5) years from the effective date of grant of such Incentive Stock Option.

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

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

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

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

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

9. 102 AWARDS.

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

9.1. Tracks. Awards granted pursuant to this Section 9 are intended to be granted pursuant to Section 102 of the Ordinance pursuant to either (i) Section 102(b)(2) or (3) thereof (as applicable), under the capital gain track ("**102 Capital Gain Track Awards**"), or (ii) Section 102(b)(1) thereof under the ordinary income track ("**102 Ordinary Income Track Awards**"), and together with 102 Capital Gain Track Awards, "**102 Trustee Awards**"). 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 9, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Options under different tax laws or regulations.

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

9.3. Eligibility for Awards.

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

9.4. 102 Award Grant Date.

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

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

9.5. 102 Trustee Awards.

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

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

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

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

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

9.6. 102 Non-Trustee Awards. The foregoing provisions of this Section 9 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 of the Ordinance and the applicable Rules. The Committee may determine that 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Awards and all accrued rights thereon (if any), in trust for the benefit of the Grantee and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto. The Company may choose, alternatively, to force the Grantee to provide it with a guarantee or other security, to the satisfaction of each of the Trustee and the Company, until the full payment of the applicable taxes.

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

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

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

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

10. 3(9) AWARDS.

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

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

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

11. STOCK APPRECIATION RIGHTS OR SARs.

11.1. Generally. Each SAR granted under this Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 11 and to such other conditions not inconsistent with this Plan as may be reflected in the applicable Award Agreement. Any Option granted under this Plan may include tandem SARs. The Committee also may award SARs to Grantees independent of any Option.

11.2. Strike Price. The Strike Price per Share for each SAR shall not be less than 100% of the Fair Market Value of such share determined as of the date of grant.

11.3. Vesting and Expiration. A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable and shall expire in such manner and on such date or dates determined by the Committee (including, if applicable, the attainment of any performance goals, as shall be determined by the Committee in the applicable Award Agreement) and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the “**SAR Period**”); provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any SAR, which acceleration shall not affect the terms and conditions of such SAR other than with respect to exercisability. In the event of any termination of employment or service with the Company and its Affiliates thereof of a Grantee who has been granted one or more SARs, the SARs shall be exercisable at the time or times and subject to the terms and conditions as set forth in the Award Agreement (or in the underlying Option Award Agreement, as may be applicable). If the SAR would expire at a time when the exercise of the SAR would violate applicable securities laws, the expiration date applicable to the SAR will be automatically extended to a date that is 30 calendar days following the date such exercise would no longer violate applicable securities laws (so long as such extension shall not violate Section 409A of the Code); provided, that, in no event shall such expiration date be extended beyond the expiration of the SAR Period; and provided further that no extension will be made if the exercise price of such SAR at the date the initial term would otherwise expire is above the Fair Market Value on such date.

11.4. Method of Exercise. SARs that have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

11.5. Payment. Upon the exercise of a SAR, the Company shall pay to the Grantee an amount equal to the number of shares subject to the SAR that are being exercised, multiplied by the excess, if any, of the Fair Market Value of one Share on the exercise date over the Strike Price, less an amount equal to any taxes required to be withheld or paid. The Company shall pay such amount in cash, in Shares having a Fair Market Value equal to such amount, or any combination thereof, as determined by the Committee. No fractional Shares shall be issued or delivered pursuant to this Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

12. RESTRICTED SHARES.

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

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

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

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

12.4. Ownership. During the Restricted Period the Grantee shall possess all incidents of ownership of such Restricted Shares, subject to Section 12.2, including the right to vote and receive dividends with respect to such Shares. All securities, if any, received by a Grantee with respect to Restricted Shares as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

13. RESTRICTED SHARE UNITS.

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

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

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

13.3. Settlements of Awards. Settlement of vested RSUs shall be made in the form of Shares or cash (in case of 102 Trustee Awards, the settlement shall be made in the form of shares only). Distribution to a Grantee of an amount (or amounts) from settlement of vested RSUs can be deferred to a date after vesting as determined by the Committee. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until the grant of RSUs is settled, the number of Shares underlying such RSUs shall be subject to adjustment pursuant hereto.

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

14. OTHER CASH-BASED OR SHARE-BASED AWARDS.

14.1. The Committee may grant other Awards under this Plan pursuant to which Shares (which may, but need not, be Restricted Shares pursuant to Section 12 hereof), cash or a combination thereof, are or may in the future be acquired or received, or Awards denominated in stock units, including units valued on the basis of measures other than market value. The terms and conditions of such Awards shall be consistent with this Plan and set forth in the Award Agreement and need not be uniform among all such Awards or all Grantees receiving such Awards.

14.2. Such other Cash-Based or other Share-Based Awards as set forth above may be granted alone, in addition to, or in tandem with any Award of any type granted under this Plan (without any obligation or assurance that that such Share-Based Awards will be entitled to tax benefits under Applicable Law or to the same tax treatment as other Awards under this Plan).

14.3. Payment, if any, with respect to an other Cash-Based or other Share-Based Award shall be made in accordance with the terms of the Award, as set forth in the Award Agreement, in cash, Shares or a combination of cash and Shares, as the Committee determines.

15. EFFECT OF CERTAIN CHANGES.

15.1. General.

15.1.1. In the event of a division or subdivision of the outstanding share capital of the Company, any distribution of bonus shares (stock split), consolidation or combination of share capital of the Company (reverse stock split), reclassification with respect to the Shares or any similar recapitalization events (each, a “**Recapitalization**”), a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation, a reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences, the Committee shall have the authority to make, without the need for a consent of any holder of an Award, such adjustments as determined by the Committee to be appropriate, in its discretion, in order to adjust (i) the number and class of shares reserved and available for grants of Awards, (ii) the number and class of shares covered by outstanding Awards, (iii) the Exercise Price per share covered by any Award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding Awards, (v) the type or class of security, asset or right underlying the Award (which need not be only that of the Company, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions), and (vi) any other terms of the Award that in the opinion of the Committee should be adjusted. Any fractional shares resulting from such adjustment shall be treated as determined by the Committee, and in the absence of such determination shall be rounded to the nearest whole share, and the Company shall have no obligation to make any cash or other payment with respect to such fractional shares. No adjustment shall be made by reason of the distribution of subscription rights or rights offering to outstanding shares or other issuance of shares by the Company, unless the Committee determines otherwise. The adjustments determined pursuant to this Section 15.1 (including a determination that no adjustment is to be made) shall be final, binding and conclusive.

15.1.2. Notwithstanding anything to the contrary included herein, and subject to Applicable Law, in the event of a distribution of an extraordinary cash dividend by the Company to all holders of Shares, the Committee shall have the authority to determine, without the need for a consent of any holder of an Award, that the Exercise Price of any Award, which is outstanding and unexercised on the record date of such distribution, shall be reduced by an amount equal to the per Share gross dividend amount distributed by the Company, and the Committee may determine that the Exercise Price following such reduction shall be not less than the par value of a Share. The application of this Section with respect to any 102 Awards shall be subject to obtaining a ruling from the ITA, to the extent required by Applicable Law and subject to the terms and conditions of any such ruling.

15.2. **Merger/Sale of Company.** In the event of (i) a sale of all or substantially all of the assets of the Company, or a sale (including an exchange) of all or substantially all of the shares of the Company, to any person, or a purchase by a shareholder of the Company or by an Affiliate of such shareholder, of all the shares of the Company held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Company with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; (iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, (v) Change in Board Event, or (iv) such other transaction or set of circumstances that is determined by the Board, in its discretion, to be a transaction subject to the provisions of this Section 15.2 excluding any of the foregoing transactions in clauses (i) through (v) if the Board determines that such transaction should be excluded from the definition hereof and the applicability of this Section 15.2 (such transaction, a “**Merger/Sale**”), then, without derogating from the general authority and power of the Board or the Committee under this Plan, without the Grantee’s consent and action and without any prior notice requirement, the Committee may make any determination as to the treatment of Awards, in its sole and absolute discretion, as provided herein:

15.2.1. Unless otherwise determined by the Board, any Award then outstanding shall be assumed or be substituted by the Company, or by the successor corporation in such Merger/Sale or by any parent or Affiliate thereof, as determined by the Board in its discretion (the “**Successor Corporation**”), under terms as determined by the Board or the terms of this Plan applied by the Successor Corporation to such assumed or substituted Awards.

For the purposes of this Section 15.2.1, the Award shall be considered assumed or substituted if, following a Merger/Sale, the Award confers on the holder thereof the right to purchase or receive, for each Share underlying an Award immediately prior to the Merger/Sale, either (i) the consideration (whether shares or other securities, cash or other property, or rights, or any combination thereof) distributed to or received by holders of Shares in the Merger/Sale for each Share held on the effective date of the Merger/Sale (and if holders were offered a choice or several types of consideration, the type of consideration as determined by the Committee, which need not be the same type for all Grantees), or (ii) regardless of the consideration received by the holders of Shares in the Merger/Sale, solely shares or any type of Awards (or their equivalent) of the Successor Corporation at a value to be determined by the Committee in its discretion, or a certain type of consideration (whether shares or other securities, cash or other property, or rights, or any combination thereof) as determined by the Committee. Any of the consideration referred to in the foregoing clauses (i) and (ii) shall be subject to the same vesting and expiration terms of the Awards applying immediately prior to the Merger/Sale, unless determined by the Committee, in its discretion, that the consideration shall be subject to different vesting and expiration terms, or other terms, and the Committee may determine that it be subject to other or additional terms. The foregoing shall not limit the Board’s authority to determine that in lieu of such assumption or substitution of Awards for Awards of the Successor Corporation, such Award will be substituted for shares or other securities, cash or other property, or rights, or any combination thereof, including as set forth in Section 15.2.2 hereunder.

15.2.2. Unless otherwise determined by the Committee, to the extent any Awards are not assumed or substituted by the Successor Corporation, such Awards shall vest in full and be entitled to receive the consideration payable to shareholders generally (subject to any applicable Exercise Price and taxes in respect of any Award) in the Merger/Sale.

15.2.3. Regardless of whether or not Awards are assumed or substituted, the Board may (but shall not be obligated to):

15.2.3.1. provide for the Grantee to have the right to exercise the Award in respect of Shares covered by the Award which would otherwise be exercisable or vested, under such terms and conditions as the Board shall determine, and the cancellation of all unexercised Awards (whether vested or unvested) upon or immediately prior to the closing of the Merger/Sale, unless the Board provides for the Grantee to have the right to exercise the Award, or otherwise for the acceleration of vesting of such Award, as to all or part of the Shares covered by the Award which would not otherwise be exercisable or vested, under such terms and conditions as the Board shall determine;

15.2.3.2. provide for the cancellation of each outstanding Award at or immediately prior to the closing of such Merger/Sale, and if and to the extent payment shall be made to the Grantee of an amount in shares or other securities of the Company, the acquiror or of a corporation or other business entity which is a party to the Merger/Sale, cash or other property, or rights, or any combination thereof, as determined by the Board to be fair in the circumstances, and subject to such terms and conditions as determined by the Board. The Board shall have full authority to select the method for determining the payment (being the intrinsic ("spread") value of the option, Black-Scholes model or any other method). *Inter alia*, and without limitation of the following determination being made in other circumstances, the Board's determination may provide that payment shall be set to zero if the value of the Shares is determined to be less than the Exercise Price, or in respect of Shares covered by the Award which would not otherwise be exercisable or vested, or that payment may be made only in excess of the Exercise Price; and/or

15.2.3.3. provide that the terms of any Award shall be otherwise amended, modified or terminated, as determined by the Board to be fair in the circumstances.

15.2.4. The Board may determine: (i) that any payments made in respect of Awards shall be made or delayed to the same extent that payment of consideration to the holders of the Shares in connection with the Merger/Sale is made or delayed as a result of escrows, indemnification, earn outs, holdbacks or any other contingencies or conditions; (ii) the terms and conditions applying to the payment made or payable to the Grantees, including participation in escrow, indemnification, releases, earn-outs, holdbacks or any other contingencies; and (iii) that any terms and conditions applying under the applicable definitive transaction agreements shall apply to the Grantees (including, appointment and engagement of a shareholders or sellers representative, payment of fees or other costs and expenses associated with such services, indemnifying such representative, and authorization to such representative within the scope of such representative's authority in the applicable definitive transaction agreements).

15.2.5. The Board may determine to suspend the Grantee's rights to exercise any vested portion of an Award for a period of time prior to the signing or consummation of a Merger/Sale transaction.

15.2.6. Without limiting the generality of this Section 15, if the consideration in exchange for Awards in a Merger/Sale includes any securities and due receipt thereof by any Grantee (or by the Trustee for the benefit of such Grantee) may require under Applicable Law (i) the registration or qualification of such securities or of any person as a broker or dealer or agent with respect to such securities; or (ii) the provision to any Grantee of any information under the Securities Act or any other securities laws, then the Board may determine that the Grantee shall be paid in lieu thereof, against surrender of the Shares or cancellation of any other Awards, an amount in cash or other property, or rights, or any combination thereof, as determined by the Board to be fair in the circumstances, and subject to such terms and conditions as determined by the Board. Nothing herein shall entitle any Grantee to receive any form of consideration that such Grantee would be ineligible to receive as a result of such Grantee's failure to satisfy (in the Board's sole determination) any condition, requirement or limitation that is generally applicable to the Company's shareholders, or that is otherwise applicable under the terms of the Merger/Sale, and in such case, the Board shall determine the type of consideration and the terms applying to such Grantees.

15.2.7. Neither the authorities and powers of the Board or the Committee under this Section 15.2, nor the exercise or implementation thereof, shall (i) be restricted or limited in any way by any adverse consequences (tax or otherwise) that may result to any holder of an Award, and (ii) as, *inter alia*, being a feature of the Award upon its grant, be deemed to constitute a change or an amendment of the rights of such holder under this Plan, nor shall any such adverse consequences (as well as any adverse tax consequences that may result from any tax ruling or other approval or determination of any relevant tax authority) be deemed to constitute a change or an amendment of the rights of such holder under this Plan, and may be effected without consent of any Grantee and without any liability to the Company or its Affiliates, or to their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing. The Board or Committee need not take the same action with respect to all Awards or with respect to all Service Providers. The Board or Committee may take different actions with respect to the vested and unvested portions of an Award. The Board or Committee may determine an amount or type of consideration to be received or distributed in a Merger/Sale which may differ as among the Grantees, and as between the Grantees and any other holders of shares of the Company.

15.2.8. The Board may determine that upon a Merger/Sale any Shares held by Grantees (or for Grantee's benefit) are sold in accordance with instructions issued by the Board in connection with such Merger/Sale, which shall be final, conclusive and binding on all Grantees.

15.2.9. All of the Board's or the Committee's determinations pursuant to this Section 15 shall be at its sole and absolute discretion, and shall be final, conclusive and binding on all Grantees (including, for clarity, as it relates to Shares issued upon exercise or vesting of any Awards or that are Awards, unless otherwise determined by the Board or Committee, as applicable) and without any liability to the Company or its Affiliates, or to their respective officers, directors, employees, shareholders and representatives, and the respective successors and assigns of any of the foregoing, in connection with the method of treatment, chosen course of action or determinations made hereunder.

15.2.10. With respect to any Grantees who are subject to United States Federal income tax, if and only to the extent required to comply with Section 409A of the Code, any actions set forth in this Section 15.2 may only be taken to the extent there has been a "change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company (in each case as defined in U.S. Treasury Regulation 1.409A-3(i)(5)).

15.2.11. If determined by the Board, the Grantees shall be subject to the definitive agreement(s) in connection with the Merger/Sale as applying to holders of Shares including, such terms, conditions, representations, undertakings, liabilities, limitations, releases, indemnities, appointing and indemnifying shareholders/sellers representative, participating in transaction expenses, shareholders/sellers representative expense fund and escrow arrangement, in each case as determined by the Board. Each Grantee shall execute (and authorizes any person designated by the Company to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such separate agreement(s) or instruments as may be requested by the Company, the Successor Corporation or the acquiror in connection with such in such Merger/Sale or otherwise under or for the purpose of implementing this Section 15.2, and in the form required by them. The execution of such separate agreement(s) may be a condition to the receipt of assumed or substituted Awards, payment in lieu of the Award, the exercise of any Award or otherwise to be entitled to benefit from shares or other securities, cash or other property, or rights, or any combination thereof, pursuant to this Section 15.2 (and the Company (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements).

15.3. Reservation of Rights. Except as expressly provided in this Section 15 (if any), the Grantee of an Award hereunder shall have no rights by reason of any Recapitalization of shares of any class, any increase or decrease in the number of shares of any class, or any dissolution, liquidation, reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences), or Merger/Sale. Any issue by the Company of shares of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number, type or price of shares subject to an Award. The grant of an Award pursuant to this Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structures or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or part of its business or assets or engage in any similar transactions.

16. NON-TRANSFERABILITY OF AWARDS; SURVIVING BENEFICIARY.

16.1. All Awards granted under this Plan by their terms shall not be transferable, other than by will or by the laws of descent and distribution, unless otherwise determined by the Committee or under this Plan, provided that with respect to Shares issued upon exercise of Awards, Shares issued upon the vesting of Awards or Awards that are Shares, the restrictions on transfer shall be the restrictions referred to in Section 17 (Conditions upon Issuance of Shares) hereof. Subject to the above provisions, the terms of such Award, this Plan and any applicable Award Agreement shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee. Awards may be exercised or otherwise realized, during the lifetime of the Grantee, only by the Grantee or by his guardian or legal representative, to the extent provided for herein. Any transfer of an Award not permitted hereunder (including transfers pursuant to any decree of divorce, dissolution or separate maintenance, any property settlement, any separation agreement or any other agreement with a spouse) and any grant of any interest in any Award to, or creation in any way of any direct or indirect interest in any Award by, any party other than the Grantee shall be null and void and shall not confer upon any party or person, other than the Grantee, any rights. A Grantee may file with the Committee a written designation of a beneficiary, who shall be permitted to exercise such Grantee's Award or to whom any benefit under this Plan is to be paid, in each case, in the event of the Grantee's death before he or she fully exercises his or her Award or receives any or all of such benefit, on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary. Notwithstanding the foregoing, upon the request of the Grantee and subject to Applicable Law the Committee, at its sole discretion, may permit the Grantee to transfer the Award to a trust whose beneficiaries are the Grantee and/or the Grantee's immediate family members (all or several of them).

16.2. Notwithstanding any other provisions of this Plan to the contrary, no Incentive Stock Option may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or in accordance with a beneficiary designation pursuant to Section 16.1. Further, all Incentive Stock Options granted to a Grantee shall be exercisable during his or her lifetime only by such Grantee.

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

16.4. If and to the extent a Grantee is entitled to transfer an Award and/or Shares underlying an Award in accordance with the terms of this Plan and any other applicable agreements, such transfer shall be subject (in addition, to any other conditions or terms applying thereto) to receipt by the Company from such proposed transferee of a written instrument, on a form reasonably acceptable to the Company, pursuant to which such proposed transferee agrees to be bound by all provisions of this Plan and any other applicable agreements, including without limitation, any restrictions on transfer of the Award and/or Shares set forth herein (however, failure to so deliver such instrument to the Company as set forth above shall not derogate from all such provisions applying on any transferee).

16.5. The provisions of this Section 16 shall apply to the Grantee and to any purchaser, assignee or transferee of any Shares.

17. CONDITIONS UPON ISSUANCE OF SHARES; GOVERNING PROVISIONS.

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

17.2. Provisions Governing Shares. Shares issued pursuant to an Award shall be subject to this Plan and shall be subject to the Articles of Association of the Company, and any other governing documents of the Company and all policies, manuals and internal regulations of the Company, as in effect from time to time.

17.3. Share Purchase Transactions; Forced Sale. In the event that the Board approves a Merger/Sale effected by way of a forced or compulsory sale (whether pursuant to the Company's Articles of Association, pursuant to Section 341 of the Companies Law or any agreement amongst some or all of the Company's shareholders or otherwise) or in the event of a transaction for the sale of all shares of the Company, then, without derogating from such provisions and in addition thereto, the Grantee shall be obligated, and shall be deemed to have agreed to the offer to effect the Merger/Sale (and the Shares held by or for the benefit of the Grantee shall be included in the shares of the Company approving the terms of such Merger/Sale for the purpose of satisfying the required majority), and shall sell all of the Shares held by or for the benefit of the Grantee on the terms and conditions applying to the holders of Shares, in accordance with the instructions then issued by the Board, whose determination shall be final. No Grantee shall contest, bring any claims or demands, or exercise any appraisal rights related to any of the foregoing. Each Grantee shall execute (and authorizes any person designated by the Company to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such documents and agreements, as may be requested by the Company relating to matters set forth in or otherwise for the purpose of implementing this Section 17.3. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Award and the Company (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements.

17.4. Data Privacy; Data Transfer. Information related to Grantees and Awards hereunder, as shall be received from Grantee or others, and/or held by, the Company or its Affiliates from time to time, and which information may include sensitive and personal information related to Grantees (“**Information**”), will be used by the Company or its Affiliates (or third parties appointed by any of them, including the Trustee) to comply with any applicable legal requirement, or for administration of this Plan as they deems necessary or advisable, or for the respective business purposes of the Company or its Affiliates (including in connection with transactions related to any of them). The Company and its Affiliates shall be entitled to transfer the Information among the Company or its Affiliates, and to third parties for the purposes set forth above, which may include persons located abroad (including, any person administering this Plan or providing services in respect of this Plan or in order to comply with legal requirements, or the Trustee, their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing), and any person so receiving Information shall be entitled to transfer it for the purposes set forth above. The Company shall use commercially reasonable efforts to ensure that the transfer of such Information shall be limited to the reasonable and necessary scope. By receiving an Award hereunder, Grantee acknowledges and agrees that the Information is provided at Grantee’s free will and Grantee consents to the storage and transfer of the Information as set forth above.

17.5. Clawback Provisions. All Awards (including the gross amount of any proceeds, gains or other economic benefit the Grantee actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to recoupment by the Company to the extent required to comply with Applicable Law or any policy of the Company (subject to Applicable Law) providing for the reimbursement of incentive compensation, whether or not such policy was in place at the time of grant of an Award.

18. AGREEMENT REGARDING TAXES; DISCLAIMER.

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

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

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

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

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

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

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

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

19. RIGHTS AS A SHAREHOLDER; VOTING AND DIVIDENDS.

19.1. Subject to Section 12.4, a Grantee shall have no rights as a shareholder of the Company with respect to any Shares covered by an Award until the Grantee shall have exercised or (as applicable) vests the Award, paid the Exercise Price therefor and becomes the record holder of the subject Shares. In the case of 102 Awards, the Trustee shall have no rights as a shareholder of the Company with respect to the Shares covered by such Award until the Trustee becomes the record holder for such Shares for the Grantee’s benefit, and the Grantee shall not be deemed to be a shareholder and shall have no rights as a shareholder of the Company with respect to the Shares covered by the Award until the date of the release of such Shares from the Trustee to the Grantee and the transfer of record ownership of such Shares to the Grantee (provided, however, that the Grantee shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Grantee’s benefit, subject to any tax withholding and compulsory payment). No adjustment shall be made for dividends (ordinary or extraordinary, whether in shares or other securities, cash or other property, or rights, or any combination thereof) or distribution of other rights for which the record date is prior to the date on which the Grantee or Trustee (as applicable) becomes the record holder of the Shares covered by an Award, except as provided in Section 15 hereof.

19.2. With respect to all Awards issued in the form of Shares hereunder or upon the exercise or (if applicable) the vesting of Awards hereunder, any and all voting rights attached to such Shares shall be subject to Section 20, and the Grantee shall be entitled to receive dividends distributed with respect to such Shares, subject to the provisions of the Company's Articles of Association, as amended from time to time, and subject to any Applicable Law.

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

20. NO REPRESENTATION BY COMPANY.

By granting the Awards, the Company is not, and shall not be deemed as, making any representation or warranties to the Grantee regarding the Company, its business affairs, its prospects or the future value of its Shares and such representations and warranties are hereby disclaimed. The Company shall not be required to provide to any Grantee any information, documents or material in connection with the Grantee's considering an exercise of an Award, except as required by Applicable Law. To the extent that any information, documents or materials are provided, the Company shall have no liability with respect thereto. Any decision by a Grantee to exercise an Award shall solely be at the risk of the Grantee.

21. NO RETENTION RIGHTS.

Nothing in this Plan, any Award Agreement or in any Award granted or agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ of, or be in the service of the Company or any Subsidiary or Affiliate thereof as a Service Provider or to be entitled to any remuneration or benefits not set forth in this Plan or such agreement, or to interfere with or limit in any way the right of the Company or any such Subsidiary or Affiliate to terminate such Grantee's employment or service (including, any right of the Company or any of its Affiliates to immediately cease the Grantee's employment or service or to shorten all or part of the notice period, regardless of whether notice of termination was given by the Company or its Affiliates or by the Grantee). Awards granted under this Plan shall not be affected by any change in duties or position of a Grantee, subject to Sections 6.6 through 6.8. No Grantee shall be entitled to claim and the Grantee hereby waives any claim against the Company or any Subsidiary or Affiliate that he or she was prevented from continuing to vest Awards as of the date of termination of his or her employment with, or services to, the Company or any Subsidiary or Affiliate. No Grantee shall be entitled to any compensation in respect of the Awards which would have vested had such Grantee's employment or engagement with the Company (or any Subsidiary or Affiliate) not been terminated.

22. PERIOD DURING WHICH AWARDS MAY BE GRANTED.

Awards may be granted pursuant to this Plan from time to time within a period of ten (10) years from the Effective Date, which period may be extended from time to time by the Board. From and after such date (as extended), no grants of Awards may be made and this Plan shall continue to be in full force and effect with respect to Awards or Shares issued thereunder that remain outstanding.

23. AMENDMENT OF THIS PLAN AND AWARDS.

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

23.2. Subject to changes in Applicable Law that would permit otherwise, without the approval of the Company's shareholders, there shall be (i) no increase in the maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options (except by operation of the provisions of Section 15.1), (ii) no change in the class of persons eligible to receive Incentive Stock Options, and (iii) no other amendment of this Plan that would require approval of the Company's shareholders under any Applicable Law or the rules of the applicable stock market or exchange, if any, on which the Shares are principally quoted or traded. Unless not permitted by Applicable Law, if the grant of an Award is subject to approval by shareholders, the date of grant of the Award shall be determined as if the Award had not been subject to such approval. Failure to obtain approval by the shareholders shall not in any way derogate from the valid and binding effect of any grant of an Award that is not an Incentive Stock Option.

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

24. APPROVAL.

24.1. This Plan shall take effect upon its adoption by the Board and approval by the shareholders of the Company (the "**Effective Date**").

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

24.3. 102 Awards are conditional upon the filing with or approval by the ITA, if required, as set forth in Section 9.49. Failure to so file or obtain such approval shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not a 102 Award.

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

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

25.2. This Section 25.2 shall only apply to Awards granted to Grantees who are subject to United States Federal income tax. With respect to Awards subject to Section 409A of the Code, this Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of this Plan and any Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and this Plan shall be operated accordingly. If any provision of this Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything in this Plan to the contrary, if the Board considers a Grantee to be a “specified employee” under Section 409A of the Code at the time of such Grantee’s “separation from service” (as defined in Section 409A of the Code), and any amount hereunder is “deferred compensation” subject to Section 409A of the Code, any distribution of such amount that otherwise would be made to such Grantee with respect to an Award as a result of such “separation from service” shall not be made until the date that is six months after such “separation from service,” except to the extent that earlier distribution would not result in such Grantee incurring interest or additional tax under Section 409A of the Code. If an Award includes a “series of installment payments” (within the meaning of Section 1.409A-2(b)(2)(iii) of the U.S. Treasury Regulations), a Grantee’s right to such series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment, and if an Award includes “dividend equivalents” (within the meaning of Section 1.409A-3(e) of the U.S. Treasury Regulations), a Grantee’s right to such dividend equivalents shall be treated separately from the right to other amounts under the Award. Notwithstanding the foregoing, the tax treatment of the benefits provided under this Plan or any Award Agreement is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by a Grantee on account of non-compliance with Section 409A of the Code.

26. GOVERNING LAW; JURISDICTION.

This Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Israel, except with respect to matters that are subject to tax laws, regulations and rules of any specific jurisdiction, which shall be governed by the respective laws, regulations and rules of such jurisdiction. Certain definitions, which refer to laws other than the laws of such jurisdiction, shall be construed in accordance with such other laws. The competent courts located in Tel-Aviv-Jaffa, Israel shall have exclusive jurisdiction over any dispute arising out of or in connection with this Plan and any Award granted hereunder. By signing any Award Agreement or any other agreement relating to an Award, each Grantee irrevocably submits to such exclusive jurisdiction.

27. NON-EXCLUSIVITY OF THIS PLAN.

The adoption of this Plan shall not be construed as creating any limitations on the power or authority of the Company to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Company may deem necessary or desirable or preclude or limit the continuation of any other plan, practice or arrangement for the payment of compensation or fringe benefits to employees generally, or to any class or group of employees, which the Company or any Affiliate now has lawfully put into effect, including any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term or long-term incentive plans.

28. MISCELLANEOUS.

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

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

28.3. Fractional Shares. No fractional Share shall be issuable upon exercise or vesting of any Award. Unless a different rounding rule is applied by the Company, the number of Shares to be issued shall be rounded down to the nearest whole Share, with any Share remaining at the last vesting date due to such rounding to be issued upon exercise at such last vesting date.

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

28.5. Limitations on Liability. Notwithstanding any other provisions of this Plan, no individual acting as a director, officer or other employee of the Company or any Affiliate will be liable to any Grantee, former Grantee, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with this Plan or any Award, and such individual will not be personally liable with respect to this Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer or other employee of the Company or any Subsidiary.

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

28.7. Unfunded Status of Awards. This Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Grantee pursuant to an Award, nothing contained in this Plan or Award Agreement shall give the Grantee any rights that are greater than those of a general creditor of the Company or any Affiliate.

28.8. Provisions for Foreign Grantees. The Committee may modify Awards granted to Grantees who are foreign nationals or employed outside Israel, establish subplans or procedures under this Plan or take any other necessary or appropriate action to address Applicable Law, including, without limitation, (a) differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters, (b) listing and other requirements of any foreign securities exchange, and (c) any necessary local governmental or regulatory exemptions or approval.

28.9. Non-Uniform Determinations. The Committee’s determinations under this Plan and Award Agreements need not be uniform and any such determinations may be made by it selectively among persons who receive, or are eligible to receive, Awards under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations under Award Agreements, and to enter into non-uniform and selective Award Agreements, as to (i) the persons to receive Awards, (ii) the terms and provisions of Awards and (iii) whether a Grantee’s employment has been terminated for purposes of this Plan.

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REE AUTOMOTIVE, LTD. EMPLOYEE STOCK PURCHASE PLAN

Section 1. *Purpose.* This REE Automotive, Ltd. Employee Stock Purchase Plan (the “**Plan**”) is intended to provide Eligible Employees of the Company and the Participating Companies with an opportunity to acquire a proprietary interest in the Company through the purchase of Shares. The Plan has two components: (a) one component (the “**423 Component**”) is intended to qualify as an “employee stock purchase plan” under Section 423(b) of the Code, and the Plan will be interpreted in a manner that is consistent with that intent, and (b) the other component (the “**Non-423 Component**”), which is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code, authorizes the grant of options pursuant to rules, procedures or sub-plans adopted by the Committee that are designed to achieve tax, securities laws or other objectives for Eligible Employees. Rights granted under the Non-423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Committee and designed to achieve tax, securities laws or other objectives for Eligible Employees and Participating Companies but shall not be intended to qualify as an “employee stock purchase plan” under Section 423 of the Code. Except as otherwise provided herein or as may be determined by the Committee, the Non-423 Component will operate and be administered in the same manner as the 423 Component. Offerings intended to be made under the Non-423 Component will be designated as such by the Committee at or prior to the time of such Offering.

For purposes of the Plan, the Committee may designate separate Offerings under the Plan in which Eligible Employees will participate. The terms of these Offerings need not be identical, even if the dates of the applicable Offering Period(s) in each such Offering are identical, provided that the terms of participation are the same within each separate Offering under the 423 Component (as determined under Section 423 of the Code). Solely by way of example and without limiting the foregoing, the Company could, but shall not be required to, provide for simultaneous Offerings under the 423 Component and the Non-423 Component of the Plan.

Section 2. *Definitions*

Wherever the following terms are used in the Plan, they shall have the meanings specified below unless the context clearly indicates otherwise.

(a) “**Affiliate**” means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

(b) “**Applicable Law**” means the requirements relating to the administration of employee stock purchase plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which Shares are listed or quoted and the applicable laws and rules of any non-U.S. country or other jurisdiction where rights under the Plan are granted.

(c) “**Board**” means the Board of Directors of the Company.

(d) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.

(e) “**Commission**” means the Securities and Exchange Commission.

(f) “**Committee**” means a committee of the Board established or appointed by the Board to administer the Plan. If the Board does not designate such committee, references herein to the “Committee” shall refer to the Board.

(g) “**Company**” means REE Automotive, Ltd., an Israeli company, including any successor thereto.

(h) “**Compensation**” means all base salary, wages, annual bonuses and commissions paid to an Eligible Employee by the Company or a Participating Company as compensation for services to the Company or Participating Company, before deduction for any salary deferral contributions made by the Eligible Employee to any tax-qualified or nonqualified deferred compensation plan, including overtime, vacation pay, holiday pay, parental leave pay, jury duty pay and funeral leave pay, but excluding car allowances, transit payments, relocation assistance, reimbursements (such as travel expenses, financial planning, tuition assistance, adoption assistance and similar reimbursements and advances), imputed income, cost-of-living allowances, tax gross-ups, nonqualified deferred compensation plan payments, severance or termination pay, third party sick pay, income relating to equity or equity-based compensation, cash incentive compensation, commissions, special cash awards or bonuses (such as recognition awards or referral bonuses), and other irregular and special payments that are non-recurring, and income received in connection with stock options or other equity-based awards.

(i) “**Corporate Transaction**” means a merger, consolidation, acquisition of property or stock, separation, reorganization or other corporate event described in Section 424 of the Code.

(j) “**Designated Broker**” means the financial services firm or other agent designated by the Company to maintain ESPP Share Accounts on behalf of Participants who have purchased Shares under the Plan.

(k) “**Effective Date**” means, once the Plan is adopted by the Board and approved by the shareholders of the Company in accordance with Section 20(k) of the Plan, the later of (i) the date on which the registration statement covering the offering of the Shares is declared effective by the Commission and (ii) a date to be determined by the Committee.

(l) “**Eligible Employee**” means:

(i) With respect to the 423 Component, an Employee who (i) has been employed by the Company or a Participating Company for at least six (6) months and (ii) is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year; *provided* that executive officers, members of the Board and managing directors, in each case who are “highly compensated employees” of the Company or a Participating Company (within the meaning of Section 414(q) of the Code), shall not constitute “Eligible Employees.” Notwithstanding the foregoing, the Committee (a) may exclude from participation in the Plan or any Offering any other Employees who are “highly compensated employees” or sub-set of such “highly compensated employees” provided the exclusion is applied in an identical manner to all “highly compensated employees” of the Company and all Participating Companies whose Employees are offered options under the Plan or any Offering in a manner that is compliant with Section 423 of the Code and (b) shall exclude any Employees located outside of the United States to the extent permitted under Section 423 of the Code

(ii) With respect to the Non-423 Component, such Employees as determined by the Committee; *provided* that no Employee may qualify as an Eligible Employee under the Non-423 Component if such Employee is subject to taxation in the United States.

(m) “**Employee**” means any person who renders services to the Company or a Participating Company as an employee pursuant to an employment relationship with such employer, and, with respect to the 423 Component, a person who is an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Participating Company that meets the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months, or such other period of time specified in Treasury Regulation Section 1.421-1(h)(2), and the individual’s right to re-employment is not guaranteed by statute or contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2).

(n) “**Enrollment Form**” means an agreement pursuant to which an Eligible Employee may elect to enroll in the Plan, to authorize a new level of payroll deductions, or to stop payroll deductions and withdraw from an Offering Period.

(o) “**ESPP Share Account**” means an account into which Shares purchased with accumulated payroll deductions at the end of an Offering Period are held on behalf of a Participant.

(p) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

(q) “**Fair Market Value**” means, as of any date, the closing price of a Share on the Trading Day immediately preceding the date of determination (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred), on the principal stock market or exchange on which Shares are quoted or traded, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Committee in its discretion and such determination shall be conclusive and binding on all persons.

(r) “**Offering**” means an offer under the Plan of a right to purchase Shares that may be exercised during an Offering Period. Unless otherwise specified by the Committee, each Offering to the Eligible Employees of the Company or a Participating Company shall be deemed a separate Offering, even if the dates and other terms of the applicable Offering Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treas. Reg. § 1.423-2(a)(1), the terms of each separate Offering under the 423 Component need not be identical, provided that the terms of the 423 Component and an Offering thereunder together satisfy Treas. Reg. § 1.423-2(a)(2) and (a)(3).

(s) “**Offering Date**” means the first Trading Day of each Offering Period as designated by the Committee.

(t) “**Offering Period**” has the meaning set forth in Section 5.

(u) “**Offering Period Limit**” has the meaning set forth in Section Section 7.

(v) “**Participant**” means an Eligible Employee who is actively participating in the Plan.

(w) “**Participating Companies**” means the Subsidiaries and Affiliates that have been designated as eligible to participate in the Plan, and such other Subsidiaries and Affiliates that may be designated by the Committee from time to time in its sole discretion. For purposes of the 423 Component, only the Company and its Subsidiaries may be Participating Companies; *provided, however*, that at any given time, a Subsidiary that is a Participating Company under the 423 Component will not be a Participating Company under the Non-423 Component. The Committee may so designate any Subsidiary or Affiliate, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the shareholders of the Company.

(x) “**Plan**” means this REE Automotive, Ltd. Employee Stock Purchase Plan, as set forth herein, and as amended from time to time.

(y) “**Purchase Date**” means the last Trading Day of each Offering Period.

(z) “**Purchase Price**” means the purchase price designated by the Committee with respect to each Offering (which purchase price, for purposes of the 423 Component, shall not be less than 85% of the Fair Market Value of a Share on the Offering Date or on the Purchase Date, whichever is lower); *provided, however*, that, in the event no purchase price is designated by the Committee with respect to any Offering, the purchase price for the Offering Periods in such Offering shall be 85% of the Fair Market Value of a Share on the Offering Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Committee pursuant to Section 18 of the Plan and shall not be less than the par value of a Share.

(aa) “**Securities Act**” means the Securities provision Act of 1933, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Securities Act includes any successor thereof.

(bb) “**Share**” means an ordinary share of the Company.

(cc) “**Subsidiary**” means any corporation, domestic or foreign, of which not less than 50% of the combined voting power is held by the Company or a Subsidiary, whether or not such corporation exists now or is hereafter organized or acquired by the Company or a Subsidiary. In all cases, the determination of whether an entity is a Subsidiary shall be made in accordance with Section 424(f) of the Code.

(dd) “**Trading Day**” means any day on which the national stock exchange upon which the Shares are listed is open for trading or, if the Shares are not listed on an established stock exchange or national market system, a business day, as determined by the Committee in good faith.

(ee) “**Treasury Regulation**” means the Treasury regulations of the Code. Any reference to a provision in a Treasury regulation includes any successor provision thereto.

Section 3. *Administration.*

(a) Administration of Plan. The Plan shall be administered by the Committee which shall have the authority to construe and interpret the Plan, prescribe, amend and rescind rules relating to the Plan’s administration and take any other actions necessary or desirable for the administration of the Plan including, without limitation, adopting sub-plans applicable to particular Participating Companies or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code and under the Non-423 Component. With respect to the Non-423 Component, the rules of such sub-plans may take precedence over other provisions of the Plan, with the exception of Section 13 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of the Plan shall govern the operation of such sub-plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan. The decisions of the Committee shall be final and binding on all persons. All expenses of administering the Plan shall be borne by the Company. Notwithstanding anything in the Plan to the contrary and without limiting the generality of the foregoing, the Committee shall have the authority to change the minimum amount of Compensation for payroll deductions pursuant to Section 6(a) of the Plan, the frequency with which a Participant may elect to change their rate of payroll deductions pursuant to Section 6(b), the dates by which a Participant is required to submit an Enrollment Form pursuant to Sections 6(b) and 10(a) of the Plan, and the effective date of a Participant’s withdrawal due to termination of employment or change in status pursuant to Section 11, and the withholding procedures pursuant to Section 20(n).

(b) Delegation of Authority. To the extent permitted by Applicable Law, the Committee may delegate to (i) one or more officers of the Company some or all of its authority under the Plan and (ii) one or more committees of the Board some or all of its authority under the Plan.

Section 4. *Eligibility*. In order to participate in an Offering, an Eligible Employee must deliver a completed Enrollment Form to the Company at least five (5) business days prior to the Offering Date (unless a different time is set by the Committee for all Eligible Employees with respect to such Offering) and must elect his or her payroll deduction rate as described in Section 6. Notwithstanding any provision of the Plan to the contrary, no Eligible Employee shall be granted an option under the Plan if (i) immediately after the grant of the option, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary or (ii) such option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate that exceeds \$25,000 of the Fair Market Value of such stock (determined at the time the option is granted) for each calendar year in which such option is outstanding at any time, in accordance with the provisions of Section 423(b)(8) of the Code.

Section 5. *Offering Periods*. The Plan shall be implemented by a series of Offering Periods, each of which shall be six (6) months in duration, with new Offering Periods commencing on or about January 1 and July 1 of each year (or such other times as determined by the Committee). The Committee shall have, prior to the commencement of a particular Offering Period, the authority to change the duration, frequency, start and end dates of Offering Periods (subject to a maximum Offering Period of twenty-seven (27) months).

Section 6. *Participation*.

(a) Enrollment; Payroll Deductions. An Eligible Employee may elect to participate in the Plan by properly completing an Enrollment Form, which may be electronic, and submitting it to the Company, in accordance with the enrollment procedures established by the Committee. Participation in the Plan is entirely voluntary. By submitting an Enrollment Form, which may be electronic, the Eligible Employee authorizes payroll deductions from his or her pay check in an amount equal to at least one percent (1%), but not more than twenty percent (20%) of his or her Compensation on each pay day occurring during an Offering Period (or such other maximum percentage as the Committee may establish from time to time before an Offering Period begins). Payroll deductions shall commence as soon as practicable following the Offering Date and end on the latest practicable payroll date on or before the Purchase Date. The Company shall maintain records of all payroll deductions but shall have no obligation to pay interest on payroll deductions or to hold such amounts in a trust or in any segregated account. Unless expressly permitted by the Committee, a Participant may not make any separate contributions or payments to the Plan.

(b) Election Changes. During an Offering Period, a Participant may decrease or increase his or her rate of payroll deductions applicable to such Offering Period only once. To make such a change, the Participant must submit a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen (15) days before the Purchase Date. A Participant may decrease or increase his or her rate of payroll deductions for future Offering Periods by submitting a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen days before the start of the next Offering Period.

(c) Automatic Re-enrollment. The deduction rate selected in the Enrollment Form shall remain in effect for subsequent Offering Periods unless the Participant (i) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with this Section 6, (ii) withdraws from the Plan in accordance with Section 10, or (iii) terminates employment or otherwise becomes ineligible to participate in the Plan.

(d) Non-U.S. Employees. In order to facilitate participation in the Plan, the Committee may provide for such special terms applicable to Participants who are citizens or residents of a non-U.S. jurisdiction, or who are employed by a Participating Company outside of the United States, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Except as permitted by Section 423 of the Code, with respect to the 423 Component, such special terms may not be more favorable than the terms of rights granted under the 423 Component to Eligible Employees who are residents of the United States. Such special terms may be set forth in an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the 423 Component or the Non-423 Component, as determined by the Committee). With respect to the Non-423 Component only, to the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern. Without limiting the foregoing, the Committee is specifically authorized to adopt rules and procedures, with respect to Participants who are non-U.S. nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions.

Section 7. *Grant of Option*. On each Offering Date, each Participant in the applicable Offering Period shall be granted an option to purchase, on the Purchase Date, a number of Shares determined by dividing the Participant's accumulated payroll deductions by the applicable Purchase Price; *provided*, that the maximum number of Shares that may be purchased by each Participant during an Offering Period shall not exceed 25,000 Shares (subject to adjustment in accordance with Section 18 and the limitations set forth in Section 4 and Section 13 of the Plan) (the "**Offering Period Limit**").

Section 8. *Exercise of Option/Purchase of Shares*. A Participant's option to purchase Shares will be exercised automatically on the Purchase Date of each Offering Period. The Participant's accumulated payroll deductions will be used to purchase the maximum number of whole Shares that can be purchased with the amounts in the Participant's notional account, subject to the Offering Period Limit and the limitations set forth in Section 4 and Section 13 of the Plan. No fractional Shares may be purchased, but contributions unused in a given Offering Period due to being less than the cost of a Share will be carried forward to the next Offering Period, subject to earlier withdrawal by the Participant in accordance with Section 10 or termination of employment or change in employment status in accordance with Section 11. During a Participant's lifetime, the Participant's option to purchase Shares under the Plan is exercisable only by the Participant.

Section 9. *Transfer of Shares.* As soon as administratively practicable after each Purchase Date, the Company will arrange for the delivery to each Participant of the Shares purchased upon exercise of his or her option. The Committee may permit or require that the Shares be deposited directly into an ESPP Share Account established in the name of the Participant with a Designated Broker and may require that the Shares be retained with such Designated Broker for a specified period of time. Participants will not have any voting, dividend or other rights of a shareholder with respect to the Shares subject to any option granted hereunder until such Shares have been delivered pursuant to this Section 9.

Section 10. *Withdrawal.*

(a) Withdrawal Procedure. A Participant may withdraw from an Offering by submitting to the Company a revised Enrollment Form indicating his or her election to withdraw at least fifteen (15) days before the Purchase Date. The accumulated payroll deductions held on behalf of a Participant in his or her notional account (that have not been used to purchase Shares) shall be paid to the Participant promptly following receipt of the Participant's Enrollment Form indicating his or her election to withdraw and the Participant's option shall be automatically terminated. If a Participant withdraws from an Offering Period, no payroll deductions will be made during any succeeding Offering Period, unless the Participant re-enrolls in accordance with Section 6(a) of the Plan.

(b) Effect on Succeeding Offering Periods. A Participant's election to withdraw from an Offering Period will not have any effect upon his or her eligibility to participate in succeeding Offering Periods that commence following the completion of the Offering Period from which the Participant withdraws.

Section 11. *Termination of Employment; Change in Employment Status.*

(a) Notwithstanding Section 10, upon termination of a Participant's employment for any reason prior to the Purchase Date, including death, disability or retirement, or a change in the Participant's employment status following which the Participant is no longer an Eligible Employee, the Participant will be deemed to have withdrawn from an Offering in accordance with Section 10 and the payroll deductions in the Participant's notional account (that have not been used to purchase Shares) shall be returned to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts by will or the laws of descent and distribution, and the Participant's option to purchase Shares shall be automatically terminated. If the Participant's termination of employment or change in status occurs within ten (10) days before a Purchase Date, the accumulated payroll deductions shall be used to purchase Shares on the Purchase Date.

(b) Unless otherwise determined by the Committee, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company or a Participating Company will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's option to purchase Shares will be qualified under the 423 Component only to the extent that such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Participant's option to purchase Shares will remain non-qualified under the Non-423 Component.

Section 12. *Interest.* No interest shall accrue on or be payable with respect to the payroll deductions of a Participant in the Plan.

Section 13. *Shares Reserved for Plan.*

(a) Number of Shares. The maximum number of Shares available for issuance under the Plan shall initially not exceed in the aggregate 4,628,524 Shares, subject to adjustment as provided in Section 18. The Shares may be newly issued Shares, treasury Shares or Shares acquired on the open market. The total number of Shares available for purchase under the Plan shall be increased on the first day of each Company fiscal year following the Effective Date in an amount equal to the lesser of (i) 4,628,524 Shares, (ii) 1.0% of the total number of Shares outstanding as of the end of the last day of the immediately preceding calendar year and (iii) such number of Shares as determined by the Board in its discretion; *provided* that the maximum number of Shares that may be issued under the Plan in any event shall be 29,510,507 Shares (subject to any adjustment in accordance with Section 18). If any purchase of Shares pursuant to an option under the Plan is not consummated, the Shares not purchased under such option will again become available for issuance under the Plan.

(b) Over-subscribed Offerings. The number of Shares which a Participant may purchase in an Offering under the Plan may be reduced if the Offering is over-subscribed. No option granted under the Plan shall permit a Participant to purchase Shares which, if added together with the total number of Shares purchased by all other Participants in such Offering would exceed the total number of Shares remaining available under the Plan. If the Committee determines that, on a particular Purchase Date, the number of Shares with respect to which options are to be exercised exceeds the number of Shares then available under the Plan, the Company shall make a pro rata allocation of the Shares remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable.

Section 14. *Transferability.* No payroll deductions credited to a Participant, nor any rights with respect to the exercise of an option or any rights to receive Shares hereunder may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution, or as provided in Section 17) by the Participant. Any attempt to assign, transfer, pledge or otherwise dispose of such rights or amounts shall be without effect.

Section 15. *Application of Funds.* All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose to the extent permitted by Applicable Law, and the Company shall not be required to segregate such payroll deductions or contributions.

Section 16. *Statements.* Participants will be provided with statements at least annually which shall set forth the contributions made by the Participant to the Plan, the Purchase Price of any Shares purchased with accumulated funds, the number of Shares purchased, and any payroll deduction amounts remaining in the Participant's notional account.

Section 17. *Designation of Beneficiary.* If permitted by the Committee, a Participant may file, on forms supplied by the Committee, a written designation of beneficiary who, in the event of the Participant's death, is to receive any Shares from the Participant's ESPP Share Account or any payroll deduction amounts remaining in the Participant's notional account.

Section 18. *Adjustments Upon Changes in Capitalization; Dissolution or Liquidation; Corporate Transactions.*

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the Company's structure affecting the Shares occurs, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Committee will, in such manner as it deems equitable, adjust the number of Shares and class of Shares that may be delivered under the Plan, the Purchase Price per Share and the number of Shares covered by each outstanding option under the Plan, and the numerical limits of Section 7 and Section 13.

(b) Dissolution or Liquidation. Unless otherwise determined by the Committee, in the event of a proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a new Purchase Date and the Offering Period will end immediately prior to the proposed dissolution or liquidation. The new Purchase Date will be before the date of the Company's proposed dissolution or liquidation. Before the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such time, the Participant has withdrawn from the Offering in accordance with Section 10 (or deemed to have withdrawn in accordance with Section 11).

Section 19. Corporate Transaction. In the event of a Corporate Transaction, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a parent or Subsidiary of such successor corporation. If the successor corporation refuses to assume or substitute the option, the Offering Period with respect to which the option relates will be shortened by setting a new Purchase Date on which the Offering Period will end. The new Purchase Date will occur before the date of the Corporate Transaction. Prior to the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such date, the Participant has withdrawn (or, pursuant to Section 11, been deemed to have withdrawn) from the Offering in accordance with Section 10. Notwithstanding the foregoing, in the event of a Corporate Transaction, the Committee may also elect to terminate all outstanding Offering Periods in accordance with Section 20(i).

Section 20. *General Provisions.*

(a) Equal Rights and Privileges. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees who are granted options under the Plan shall have the same rights and privileges.

(b) No Right to Continued Service. Neither the Plan nor any compensation paid hereunder will confer on any Participant the right to continue as an Employee or in any other capacity.

(c) Rights as Shareholder. A Participant will become a shareholder with respect to the Shares that are purchased pursuant to options granted under the Plan when the Shares are transferred to the Participant or, if applicable, to the Participant's ESPP Share Account. A Participant will have no rights as a shareholder with respect to Shares for which an election to participate in an Offering Period has been made until such Participant becomes a shareholder as provided herein.

(d) Successors and Assigns. The Plan shall be binding on the Company and its successors and assigns.

(e) Entire Plan. The Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

(f) Compliance with Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with all Applicable Laws and regulations. Shares shall not be issued with respect to an option granted under the Plan unless the exercise of such option and the issuance and delivery of the Shares pursuant thereto shall comply with all Applicable Laws, including, without limitation, the Securities Act, the Exchange Act, and the requirements of any stock exchange upon which the Shares may then be listed.

(g) Disqualifying Dispositions. Each Participant shall give the Company prompt written notice of any disposition or other transfer of Shares acquired pursuant to the exercise of an option acquired under the Plan, if such disposition or transfer is made within two years after the Offering Date or within one year after the Purchase Date. Notwithstanding the foregoing, Participants shall not transfer Shares acquired pursuant to the exercise of an option acquired under the Plan to a broker other than the Designated Broker within two years after the Offering Date or within one year after the Purchase Date.

(h) Term of Plan. The Plan shall become effective on the Effective Date and, unless terminated earlier pursuant to Section 20(i), shall have a term of ten (10) years.

(i) Amendment or Termination. The Committee may, in its sole discretion, amend, suspend or terminate the Plan at any time and for any reason. If the Plan is terminated, the Committee may elect to terminate all outstanding Offering Periods either immediately or once Shares have been purchased on the next Purchase Date (which may, in the discretion of the Committee, be accelerated) or permit Offering Periods to expire in accordance with their terms (and subject to any adjustment in accordance with Section 18). If any Offering Period is terminated before its scheduled expiration, all amounts that have not been used to purchase Shares will be returned to Participants (without interest, except as otherwise required by law) as soon as administratively practicable.

(j) Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced in accordance with the laws of the State of Israel, disregarding any state's choice of law principles requiring the application of a jurisdiction's laws other than the State of Israel. Certain definitions, which refer to the laws of such jurisdiction, shall be construed in accordance with other such laws. The competent courts located in Tel-Aviv-Jaffa, Israel shall have exclusive jurisdiction over any dispute arising out of or in connection with the Plan and any award granted hereunder.

(k) Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board.

(l) Section 423. The Plan (other than the Non-423 Component) is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Any provision of the Plan (other than the Non-423 Component) that is inconsistent with Section 423 of the Code shall be reformed to comply with Section 423 of the Code.

(m) Section 409A; Limitation of Liability. The Plan and all options are intended to be exempt from Section 409A of the Code as "statutory stock options" within the meaning of Treasury Regulation §1.409A-1(b)(5)(ii), and the Plan and the options will be interpreted and administered accordingly. Notwithstanding anything to the contrary in the Plan, neither the Company nor the Committee, nor any person acting on behalf of the Company or the Committee, will be liable to any Participant or other person by reason of any acceleration of income, any additional tax, or any other tax or liability asserted by reason of the failure of the Plan or any option to be exempt from or satisfy the requirements of Section 409A of the Code.

(n) Withholding. To the extent required by applicable Federal, state or local law, a Participant must make arrangements satisfactory to the Company for the payment of any withholding or similar tax obligations that arise in connection with the Plan. At any time, the Company or any Subsidiary may, but will not be obligated to, withhold from a Participant's compensation the amount necessary for the Company or any Subsidiary to meet applicable withholding obligations, including any withholding required to make available to the Company or any Subsidiary any tax deductions or benefits attributable to the sale or early disposition of Shares by such Participant. In addition, the Company or any Subsidiary may, but will not be obligated to, withhold from the proceeds of the sale of Shares or any other method of withholding that the Company or any Subsidiary deems appropriate to the extent permitted by, where applicable, Treasury Regulation Section 1.423-2(f). The Company will not be required to issue any Shares under the Plan until such obligations are satisfied.

(o) Severability. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

(p) Headings. The headings of sections herein are included solely for convenience and shall not affect the meaning of any of the provisions of the Plan.

(q) Participating Company. A Participating Company may withdraw from the Plan as of any Offering Date by giving written notice to the Board, which notice must be received by at least thirty (30) days prior to such Offering Date.

Subsidiaries of REE Automotive Ltd.

REE Automotive USA Inc. (United States)

REE Automotive UK Limited (Great Britain)

REE Automotive GmbH (Germany)

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**Introduction**

The information presented below is derived from 10X Capital's unaudited pro forma combined financial information as of December 31, 2020, and REE's unaudited pro forma combined financial information as of December 31, 2020, adjusted to give effect to the Merger and consummation of the Transactions (each as defined within that certain Agreement and Plan of Merger, dated as February 3, 2021 (the "Merger Agreement"), by and among REE Automotive Ltd. (the "Company" or "REE"), 10X Capital Venture Acquisition Corp. ("10X Capital") and Spark Merger Sub Inc. ("Merger Sub"). The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses."

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020 assumes that the Transactions occurred on December 31, 2020. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 present pro forma effect to the Transactions as if they had been completed on January 1, 2020.

Based on the audited balance sheet of 10X Capital as of December 31, 2020, there was \$201,251,614 held in a trust account for the benefit of its public stockholders (the "Trust Account").

The unaudited pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the Transactions occurred on the dates indicated. The unaudited pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

This information should be read together with 10X Capital's and REE's audited and unaudited financial statements and related notes, the sections titled "10X Capital's Management's Discussion and Analysis of Financial Condition and Results of Operations," and "REE's Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included in the Proxy Statement/Prospectus incorporated by reference to pages F-2 to F-69 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021.

The Merger will be accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with U.S. GAAP. Under this method of accounting, REE has been determined to be the accounting acquirer.

This pro forma presentation reflects those 10X Capital stockholders holding approximately 15,353,016 shares of Class A common stock, par value \$0.0001 per share, of 10X Capital ("10X Capital Class A Common Stock") who exercised their redemption rights with respect to their portion of the aggregate \$201,251,614 of funds in the Trust Account.

Description of the Transactions

On February 3, 2021, REE entered into the Merger Agreement with 10X Capital and Merger Sub. Pursuant to the Merger Agreement, Merger Sub merged with and into 10X Capital, with 10X Capital surviving the merger. On July 22, 2021 (the "Closing Date"), the Merger was consummated with 10X Capital becoming a wholly-owned subsidiary of REE, and the securityholders of 10X Capital becoming securityholders of REE.

Merger Consideration

The pre-Merger securityholders of REE own approximately 82.1% of the Class A ordinary shares, without par value, of REE ("Class A Ordinary Shares") post-Closing and the securityholders of 10X Capital, including holders of 10X Capital Class A Common Stock issued as part of the units sold in the initial public offering of 10X Capital (the "Public Stockholders"), 10X Capital SPAC Sponsor I LLC (the "Sponsor") and certain institutional accredited investors who entered into subscription agreements with 10X Capital (the "PIPE Investors"), own the remaining Class A Ordinary Shares.

REE became a Nasdaq listed publicly traded company on July 23, 2021, with its Class A Ordinary Shares and warrants to purchase Class A Ordinary Shares (“Warrants”) trading under the ticker symbols “REE” and “REEAW,” respectively.

At the effective time of the Merger (the “Effective Time”), each outstanding share of 10X Capital Class A Common Stock was converted into the right to receive one newly issued Class A Ordinary Share. 10X Capital’s amended and restated certificate of incorporation (the “Existing 10X Capital Charter”) provided that, upon conversion of the Class B common stock, par value \$0.0001 per share, of 10X Capital (“10X Capital Class B Common Stock”) into 10X Capital Class A Common Stock, the holders of 10X Capital Class B Common Stock were entitled to receive a number of additional shares (the “Anti-Dilution Shares”) of 10X Capital Class A Common Stock equal to 25% of the number of shares of 10X Capital Class A Common Stock issued to the PIPE Investors. Concurrently with the execution and delivery of the Merger Agreement, 10X Capital, its executive officers and directors, the Sponsor and REE entered into a SPAC Letter Agreement (the “Letter Agreement”). Pursuant to the Letter Agreement, the holders of the shares of 10X Capital Class B Common Stock agreed to waive their right to receive any Anti-Dilution Shares in excess of 2,900,000, with such waiver resulting in a conversion ratio of 1.5763975 shares of 10X Capital Class B Common Stock for each share of 10X Capital Class A Common Stock (the “Conversion Ratio”). In addition, up to 1,500,000 of the 2,900,000 Anti-Dilution Shares to be received upon the conversion of 10X Capital Class B Common Stock were subject to subsequent forfeiture without consideration if the trading prices of Class A Ordinary Shares specified in the Letter Agreement were not achieved following the Merger. This pro forma presentation reflects the forfeiture of 1,500,000 Anti-Dilution Shares pursuant to the terms of the Letter Agreement, resulting in 1,400,000 Anti-Dilution Shares outstanding. 10X Capital’s outstanding warrants to purchase one share of 10X Capital Class A Common Stock were converted into the right to receive an equal number of warrants to purchase one Class A Ordinary Share per warrant, subject to downward adjustment to the next whole number in case of fractions of Warrants.

Under the Merger Agreement, upon the consummation of the Merger, (a) each of 4,771,984 outstanding shares of 10X Capital Class A Common Stock became one Class A Ordinary Share, excluding 15,353,016 shares for which the holders elected to instead have such shares redeemed and receive a pro rata portion of the Trust Account, as provided in Existing 10X Capital Charter, and (b) each of the 6,431,250 shares of 10X Capital Class B Common Stock (the “Sponsor Shares”), representing the number of shares held by the Sponsor after application of the Conversion Ratio and forfeiture of 1,500,000 Anti-Dilution Shares, became one Class A Ordinary Share. Additionally, each outstanding 10X Capital Warrant automatically became a Warrant that entitles the holder to purchase one Class A Ordinary Share in lieu of one share of 10X Capital Class A Common Stock.

In connection with the consummation of the Merger, the following occurred immediately prior to Effective Time:

- REE effected a 1:26.7017 forward stock split to cause the value of the outstanding Class A Ordinary Shares immediately prior to the Effective Time to equal \$10.00 per share (the “Stock Split”). Additionally, immediately prior to the Effective Time, (i) each issued and outstanding unit of 10X Capital comprising one share of 10X Capital Class A Common Stock and one-half of one warrant to purchase one share of 10X Capital Class A Common Stock, was automatically separated and the holder thereof was deemed to hold one share of 10X Capital Class A Common Stock and one-half of one 10X Capital Warrant; and (ii) each outstanding share of 10X Capital Class B Common Stock converted into 1.5763975 shares of 10X Capital Class A Common Stock;
- the PIPE Investors purchased 30,000,000 shares of 10X Capital Class A Common Stock for \$10.00 per share at an aggregate purchase price of \$300.0 million; and
- REE amended its articles of association to be substantially in the form filed as Exhibit 3.2 to Amendment No. 3 to the Company’s Registration Statement on Form F-4 (File No. 333-254070) filed with the SEC on June 21, 2021.

The following represents the preliminary aggregate merger consideration issued by REE:

(in millions, other than share amounts)⁽¹⁾	Purchase price	Shares Issued
Share Consideration to 10X Capital	\$ 48	4,771,984
PIPE Investment	\$ 300	30,000,000

(1) The value of Class A Ordinary Shares is reflected at \$10 per share, following the Stock Split immediately prior to the Effective Time.

The following table summarizes the unaudited pro forma REE ordinary shares outstanding for the identified categories of shareholders, assuming no Warrants and Options have been exercised:

	<u>Shares</u>	<u>%</u>
Sponsor	6,431,250 ⁽¹⁾	3.0%
10X Capital Stockholders	4,771,984	2.2%
Existing REE Shareholders ⁽²⁾	176,070,995	81.0%
PIPE Investors	30,000,000	13.8%
Total Class A Ordinary Shares Outstanding at Closing (excluding all 15,562,500 10X Capital Warrants)	217,274,229	100%
Class B Ordinary Shares Outstanding at Closing ⁽³⁾	83,417,110	—

* Less than 1%.

(1) Includes 1,400,000 Anti-Dilution Shares, which reflects the forfeiture of 1,500,000 of such shares.

(2) Number of shares of existing REE shareholders reflects the conversion of all preferred shares of REE into Class A Ordinary Shares and consummation of the 1:26.7017 forward stock split pursuant to the Merger Agreement, which occurred immediately prior to the Effective Time. The split and the number of shares were calculated based on the Conversion Factor set forth in the Merger Agreement and the number of outstanding shares of REE as of December 31, 2020, assuming the options and warrants remain unexercised.

(3) New Class B ordinary shares, without par value, of REE (“Class B Ordinary Shares”) were issued to the founders of REE (the “Founders”), which carry 10 votes per share and allow the Founders to collectively have approximately 78% of the aggregate voting power of the share capital of REE on a fully-diluted basis. As these shares have no economic or participating rights, they have been excluded from the calculation of earnings per share.

The Class B Ordinary Shares issued to each of the Founders will have no rights to participate in any distribution of proceeds by REE (including upon any dividend distribution, distribution upon a liquidation of REE or any other distribution event).

Each Founder’s economic rights/interests will be represented via the Class A Ordinary Shares that will be held by such Founder (including Class A Ordinary Shares underlying options of such Founder). Each Founder will hold an equal amount of Class A Ordinary Shares (including Class A Ordinary Shares underlying options of such Founder) as such Founder holds in Class B Ordinary Shares.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 is based on the historical financial statements of 10X Capital and REE. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET

AS OF DECEMBER 31, 2020

(dollars in thousands)

	As of December 31, 2020		Pro Forma Adjustments	As of
	10X Capital (As Restated)	REE (Historical)		December 31, 2020
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 1,462	44,707	284,619 (A)	330,788
Cash Held in Trust Account	201,252	—	(201,252) (B)	—
Restricted Deposits	—	800	—	800
Short Term Deposits	—	1,667	—	1,667
Inventory	—	271	—	271
Trade Receivable	—	55	—	55
Other Accounts Receivable and Prepaid Expenses	27	428	—	455
Total Current Assets	202,741	47,928	83,367	334,036
NON-CURRENT ASSETS:				
Deferred Transaction Costs	—	328	(328) (J)	—
Property and Equipment, Net	—	755	—	755
TOTAL ASSETS	\$ 202,741	\$ 49,011	\$ 83,039	\$ 334,791
LIABILITIES				
CURRENT LIABILITIES:				
Trade Payables	\$ —	\$ 970	\$ —	\$ 970
Other Accounts Payable and Accrued Expenses	\$ 7,694	\$ 2,260	\$ (7,896) (D)	\$ 2,058
Warrant liability	\$ 30,468	—	—	\$ 30,468
Total Current Liabilities	\$ 38,162	\$ 3,230	\$ (7,896)	\$ 33,496
Common Stock Subject to Possible Redemption**	159,579	—	(159,579) (F)	—
SHAREHOLDERS' EQUITY				
Ordinary Shares (REE: authorized and issued and outstanding, actual; authorized and issued and outstanding, pro forma)***	1	4	(5) (I)	—
Preferred Shares****	—	14	(14) (I)	—
Additional Paid-In Capital	14,695	154,941	638,995 (G)	808,631
Accumulated Deficit	(9,696)	(109,178)	(388,462) (L)	(507,336)
Total Shareholders' Equity	5,000	45,781	250,514	301,295
TOTAL LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY	\$ 202,741	\$ 49,011	\$ 83,039	\$ 334,791

* Pro Forma Combined — Ordinary shares without par value; 1,000,000,000 Class A Ordinary Shares and 83,432,817 Class B Ordinary Shares authorized as of December 31, 2020; 217,274,229 Class A Ordinary Shares and 83,417,110 Class B Ordinary Shares issued and outstanding as of December 31, 2020. New Class B Ordinary Shares were issued to the Founders, which carry 10 votes per share and allow Founders to collectively have approximately 78% of the aggregate voting power of the share capital of REE on a fully-diluted basis. As these shares have no economic or participating rights, they have been excluded from the calculation of earnings per share.

The pro forma shares attributable to REE shareholders reflects the conversion of all historical preferred shares of REE into Class A Ordinary Shares and consummation of the 1:26.7017 Stock Split pursuant to the Merger Agreement, which occurred immediately prior to the Effective Time. The Stock Split and the number of shares were calculated based on the Conversion Factor set forth in the Merger Agreement and the number of outstanding shares of REE as of December 31, 2020, assuming the options and warrants remain unexercised.

** Represents the following:

10X Capital (As Restated): 20,125,000 shares of 10X Capital Class A Common Stock for gross proceeds of \$201.25 million, including \$159.58 million related to 15,957,869 shares of 10X Capital Class A Common Stock which were subject to possible redemption and classified as temporary equity.

*** Represent the following:

10X Capital (As Restated): Class A common stock, \$0.0001 par value; 280,000,000 shares authorized; 4,167,131 shares issued and outstanding (excluding 15,957,869 shares subject to possible redemption) at December 31, 2020; Class B common stock, \$0.0001 par value; 20,000,000 shares authorized; 5,031,250 shares issued and outstanding as of December 31, 2020.

REE (Historical): Ordinary shares, par value NIS 0.01 per share; 13,936,366 shares authorized as of December 31, 2020; 1,695,458 shares issued and outstanding as of December 31, 2020.

**** Represent the following:

REE (Historical): Preferred A, A-1, B, B-1, C, D, D-1 shares, par value NIS 0.01 per share; 1,401,827, 290,128, 2,677,706, 231,014, 1,602,959, 820,000, 40,000 Shares authorized, respectively as of December 31, 2020; 890,226, 290,128, 2,038,835, 219,391, 808,263, 618,818, 32,889 Shares issued and outstanding respectively as of December 31, 2020.

UNAUDITED PRO FORMA CONDENSED STATEMENTS OF OPERATION

FOR THE YEAR ENDED DECEMBER 31, 2020
(dollars in thousands, except share and per share data)

	For the year ended December 31, 2020			
	REE (Historical)	10X Capital (As Restated)	Pro Forma Adjustments	Pro Forma Combined
Revenues	\$ 388	\$ —	\$ —	\$ 388
Cost of Sales	(647)	—	—	(647)
Gross Loss	(259)	—	—	(259)
Operating Expenses:				
Research and Development Expenses	29,589	—	197,156 (K)	226,745
Selling, General and Administrative Expenses	38,250	154	201,002 (M)	239,406
Total Operating Expenses	67,839	154	398,158	466,151
Operating Loss	(68,098)	(154)	(398,158)	(466,410)
Finance Income (expenses), net	385	(8,463)	—	(8,078)
Other expenses	—	(1,079)	—	(1,079)
Net Loss	(67,713)	(9,696)	(397,158)	(475,567)
Net Loss Per Share – Basic and Diluted	(11.59)	(2.18)		
Weighted Average Shares Outstanding – Basic and Diluted*	5,839,724 ⁽¹⁾	4,438,802		
Basic and diluted income per share, Class A redeemable common stock	—	—		
Weighted average shares outstanding of Class A redeemable common stock	—	18,550,000		
Pro Forma Net Loss Per Share – Basic and Diluted	—	—	—	(2.01)
Pro Forma Weighted Average number of Class A Ordinary Shares – Basic and Diluted **	—	—	—	236,564,797

(1) Represent the weighted average shares outstanding before the Stock Split.

* For the purposes of applying the if converted method of calculating diluted loss per share, it was assumed that all warrants and stock options for the Class A Ordinary Shares post-Merger are anti-dilutive. The total weighted average number of REE's shares related to outstanding options for ordinary shares and warrants for preferred shares for the year ended December 31, 2020 excluded from the calculations of diluted net loss per share were 3,396,500. 10X Capital has not considered the effect of warrants sold in the Initial Public Offering and private placement to purchase 15,562,500 shares of 10X Capital Class A Common Stock in the calculation of diluted income per share, since the exercise of the warrants is contingent upon the occurrence of future events and the inclusion of such warrants would be anti-dilutive.

** The pro forma shares attributable to REE shareholders reflects the conversion of all historical preferred shares of REE into Class A Ordinary Shares and consummation of the 1:26.7017 Stock Split pursuant to the Merger Agreement, which occurred immediately prior to the Effective Time. The Stock Split and the number of shares were calculated based on the Conversion Factor set forth in the Merger Agreement and the number of outstanding shares of REE as of December 31, 2020, assuming the options and warrants remain unexercised. In addition, the pro forma weighted average number of Class A Ordinary Shares — basic and diluted, includes 39.4 million fully vested options that were granted to REE's Founders with an exercise price equal to par value immediately prior to the closing of the Merger (see note 3, adjustment (K), on page 9). For the purposes of applying the if converted method of calculating diluted loss per share, it was assumed that all warrants and stock options exercisable for Class A Ordinary Shares post-Merger are anti-dilutive, except for fully vested options with an exercise price equal to par value which are included in basic and diluted net loss per share. The total weighted average number of REE's shares related to outstanding options to purchase ordinary shares and warrants exercisable for preferred shares for the year ended December 31, 2020 excluded from the calculations of diluted net loss per share were 90,692,220. In addition, 10X Capital warrants sold in the Initial Public Offering and private placement warrants to purchase 15,562,500 shares of 10X Capital Class A Common Stock, which post-Merger were converted to warrants to purchase REE's Class A Ordinary Shares, are also excluded from the calculation of diluted loss per share as the inclusion of such warrants would be anti-dilutive.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Transactions and has been prepared for informational purposes only.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 are based on the historical financial statements of REE and historical financial statements of 10X Capital. The transaction accounting adjustments for the transaction consist of those necessary to account for the transaction.

The unaudited pro forma condensed combined balance sheet as of December 31, 2020, assumes that the Transactions occurred on December 31, 2020. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2020 present pro forma effect to the Transactions as if they had been completed on January 1, 2020.

REE and 10X Capital did not have any historical relationship prior to the Transactions. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma condensed combined balance sheet as of December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- 10X Capital's audited balance sheet data as of December 31, 2020 incorporated by reference to pages F-30 to F-50 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021; and
- REE's audited consolidated balance sheet as of December 31, 2020 and the related notes for the year ended December 31, 2020 incorporated by reference to pages F-2 to F-29 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- 10X Capital's audited statement of operations data for the period from August 10, 2020 (inception) through December 31, 2020 incorporated by reference to pages F-30 to F-50 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021; and
- REE's audited consolidated statements of operation for the year ended December 31, 2020 and the related notes, incorporated by reference to pages F-2 to F-29 of the Proxy Statement/Prospectus, filed with the SEC on July 1, 2021.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Transactions.

The pro forma adjustments reflecting the consummation of the Transactions are based on certain currently available information and certain assumptions and methodologies that 10X Capital and REE believe are reasonable under the circumstances. The unaudited pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. 10X Capital and REE believe that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transactions based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Transactions taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of REE. They should be read in conjunction with the historical financial statements and notes thereto of 10X Capital and REE.

2. Accounting Policies

As part of the preparation of these unaudited pro forma condensed combined financial statements, certain reclassifications were made to align 10X Capital's and REE's financial statement presentation. REE's management is performing a comprehensive review of 10X Capital's and REE's accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the combined company following consummation of the Merger. Based on its initial analysis, REE's management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Transactions and has been prepared for informational purposes only.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). REE has elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information. The Transaction Accounting Adjustments consist of those necessary to account for the transaction.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 are based on the historical financial statements of REE and 10X Capital as of and for the year ended December 31, 2020.

The unaudited pro forma adjustments are based on information currently available, and assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

10X Capital and REE have not had any historical relationship prior to the Merger. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the combined company following consummation of the Merger filed consolidated income tax returns during the periods presented.

The unaudited pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma condensed combined statements of operations are based upon the number of shares of 10X Capital Class A Common Stock that were converted into Class A Ordinary Shares in the Merger, as well as the conversion of each outstanding REE convertible preferred share into Class A Ordinary Shares in accordance with REE's organizational documents (including consideration of the Stock Split), assuming the Transactions occurred on January 1, 2020.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2020 are as follows:

(A) Represents pro forma adjustments to the cash:

	<u>(in thousands)</u>	
Reclassification of cash held in 10X Capital Trust Account	201,252	(B)
Redemption of 10X Capital Class A Common Stock	(153,540)	(C)
Transaction Costs	(63,093)	(D)
Proceeds from PIPE Investment	300,000	(E)
Total	<u>284,619</u>	(A)

(B) Reflects the reclassification of \$201.25 million of cash held in the Trust Account available following the Merger, before the cash paid for redemption.

(C) Represents redemption of 15,353,016 shares of 10X Capital Class A Common Stock, for an aggregate of \$153.5 million, at a redemption price of approximately \$10.0 per share.

(D) Represents transaction costs of approximately \$63.1 million incurred by Legacy REE and 10X Capital in consummating the Merger, out of which \$7.9 million were recorded as accrued expenses. An amount of \$51.4 million is recognized as decrease of additional paid in capital as this is the amount attributed to the issuance of the shares and \$3.8 million is recognized as SG&A expenses as this is the amount attributed to the issuance of warrants.

(E) Reflects the proceeds of \$300.0 million from the issuance and sale of 30,000,000 shares of 10X Capital Class A Common Stock at \$10.00 per share pursuant to the PIPE Investment.

(F) Reflects the reclassification of \$159.6 million related to Common Stock redeemed to permanent equity.

(G) Represents pro forma adjustments to additional paid-in capital to reflect in case of maximum redemption the following:

Payment of transaction fees for REE and 10X Capital	(51,351)	(D)
Deferred transaction costs	(328)	(J)
Issuance of Class A Ordinary Shares from PIPE	300,000	(E)
Reclassification of 10X Capital Class A Common Stock subject to redemption	159,579	(F)
Redemption of 10X Capital Class A Common Stock	(153,540)	(C)
Reclassification of REE's ordinary and preferred shares to REE Ordinary Shares without par value	19	(I)
Reclassification of 10X Capital expenses	(9,696)	(H)
Founders' options for Class A Ordinary Shares	394,312	(K)
	<u>638,995</u>	(G)

(H) Represents the amount of the formation and operating costs recorded in 10X Capital, as well as the reevaluation of warrants and related transaction costs.

(I) Reclassification of REE's and 10X Capital shares to Ordinary Shares, without par value.

(J) Reclassification of REE's deferred transaction costs to additional paid-in capital.

(K) Represents 39.4 million additional options (1,476,731 options on a pre-Stock Split basis) issued to REE’s Founders at an exercise price equal to par value with the assumption of \$10 per share valuation (“Additional Options”).

The Additional Options include options to which the Founders are entitled pursuant to REE’s board resolution dated February 2, 2021 upon which, immediately prior to the Closing, each Founder was granted an option, under the Employees and Non-Employees Share Incentive Plan that the REE board of directors adopted in 2011, to purchase such number of REE Ordinary Shares representing at such time 2.66% of REE’s share capital on a fully diluted basis (after taking into account any redemption effected at the SPAC level and any redemption of the Sponsor Shares), at a per share exercise price equal to NIS 0.01. The Additional Options also include options to which the Founders were entitled pursuant to provisions in their employment agreements triggered by the transactions consummated under the Merger Agreement (and/or the PIPE Investment). The Additional Options immediately vested upon the Closing.

The Additional Options granted to the Founders are accounted for in REE’s financial statements in accordance with ASC 718 “Compensation — Stock Compensation” (“ASC 718”), which requires companies to estimate the fair value of equity-based payment awards on the date of grant based on the fair value of the awards granted. As a result, REE recorded an expense of \$394.3 million (assuming a \$10 per share valuation) immediately prior to the closing of the Merger (i.e. upon the date of grant), and an amount of \$394.3 million was recorded as part of the Accumulated Deficit in the Pro Forma Combined Balance Sheet as of December 31, 2020. In addition, an amount of \$197.15 million was recorded as part of Research and Development expenses and additional amount of \$197.15 million was recorded as part of the Selling, General and Administrative expenses in the Pro Forma Combined Statement of Operations. Since the awards to be granted to REE’s Founders consist of fully vested options assuming an exercise price equal to par value, the number of ordinary shares issuable upon exercise of such options (i.e. 39.4 million post-Stock Split) is included in the pro forma weighted average number of Class A Ordinary Shares — basic and diluted.

(L) Represents pro forma adjustments to accumulated deficit:

	<u>(in thousands)</u>	
Reclassification of 10X Capital Expenses	(9,696)	(H)
Transaction cost	3,846	(D)
Founders’ Options for Class A Shares	394,312	(K)
	<u>388,462</u>	(L)

(M) Represents pro forma adjustments to Selling, General and Administrative expenses in the Statement of Operations:

	<u>(in thousands)</u>	
Transaction cost	3,846	(D)
Founders’ Options for Class A Shares	197,156	(K)
	<u>201,002</u>	(M)

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Income (loss)

The adjustments included in the unaudited pro forma condensed combined statements of income (loss) excludes interest that might have been earned on funds held in the 10X Capital Trust Account based on pro forma assumption that the Transactions occurred on January 1, 2020.

4. Net loss per Share

Net loss per share calculated using the historical weighted average shares outstanding after taking into account the Stock Split, and the issuance of additional REE Ordinary Shares in connection with the Transactions, assuming such shares were outstanding since January 1, 2020. As the Transactions are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Transactions have been outstanding for the entire periods presented.

This presentation reflects those 10X Capital stockholders holding 15,353,016 shares of 10X Capital Class A Common Stock who exercised their redemption rights with respect to their portion of the aggregate \$201.25 million of funds in 10X Capital's Trust Account.

	Year ended December 31, 2020
Pro forma net loss (in thousands)	(475,567)
Pro Forma Weighted average number of Class A Ordinary Shares – basic and diluted*	236,564,797
Pro Forma Net loss per share – basic and diluted**	(2.01)
Weighted average number of Class A Ordinary Shares – basic and diluted	
10X Capital Public Stockholders	4,771,984
10X Capital Sponsor Shares***	6,431,250
PIPE Investors	30,000,000
REE Shareholders*	195,361,563
Total	<u>236,564,797</u>

* The pro forma shares attributable to REE shareholders reflects the conversion of all historical preferred shares of REE into Class A Ordinary Shares and consummation of the 1:26.7017 Stock Split pursuant to the Merger Agreement, which occurred immediately prior to the Effective Time. The Stock Split and the number of shares were calculated based on the Conversion Factor set forth in the Merger Agreement and the number of outstanding shares of REE as of December 31, 2020, assuming the options and warrants remain unexercised. In addition, the number of pro forma weighted average shares attributable to Class A shareholders — basic and diluted, includes 39.4 million fully vested options granted to REE's Founders with an exercise price equal to par value immediately prior to the closing of the Merger (see note 3, adjustment (K), on page 9).

** For the purposes of applying the if converted method of calculating diluted loss per share, it was assumed that all warrants and stock options exercisable for Class A Ordinary Shares post-Merger are anti-dilutive, except for fully vested options with exercise price of par value which are included in basic and diluted net loss per share. The total weighted average number of REE's shares related to outstanding options to purchase ordinary shares and warrants exercisable for preferred shares for the year ended December 31, 2020 excluded from the calculations of diluted net loss per share were 90,692,220. In addition, 10X Capital warrants sold in the Initial Public Offering and private placement warrants to purchase 15,562,500 shares of 10X Capital Class A common stock which post-Merger were converted to warrants to purchase REE's Class A Ordinary Shares, are also excluded from the calculation of diluted loss per share as the inclusion of such warrants would be anti-dilutive.

*** Includes 1,400,000 Anti-Dilution Shares, which reflects the forfeiture of 1,500,000 of such shares.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our report dated May 12, 2021, except for Note 15 as to which the date is June 7, 2021 in the shell company report on Form 20-F of REE Automotive Ltd., with respect to the consolidated financial statements of REE Automotive Ltd. and to the reference to our firm under the heading "Statement by Expert".

Tel Aviv, Israel

KOST FORER GABBAY & KASIERER

July 28, 2021

A Member of Ernst & Young Global

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in the Shell Company Report on Form 20-F, of our report dated May 13, 2021, relating to the financial statements of 10X Capital Venture Acquisition Corp, which is incorporated by reference in that Shell Company Report. We also consent to the reference to our Firm under the caption "Statement by Expert" in the Shell Company Report.

/s/ WithumSmith+Brown, PC

New York, New York
July 28, 2021
