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[OBJET LTD. \(FORMERLY OBJET GEOMETRIES LTD.\) CONSOLIDATED FINANCIAL STATEMENTS](#)

As filed with the Securities and Exchange Commission on March 22, 2012.

Registration No. 333-

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

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

OBJET LTD.

(Exact Name of Registrant as Specified in its Charter)

State of Israel (State or other jurisdiction of incorporation or organization)	3577 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification No.)
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Objet Ltd.
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Rehovot 76124, Israel
+972-8-931-4314

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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

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

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

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

CALCULATION OF REGISTRATION FEE(1)

Title of each class of securities to be registered	Proposed maximum aggregate offering price(2)	Amount of registration fee
Class A ordinary shares, par value NIS 0.01 per share	\$75,000,000	\$8,595.00

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

(2) Includes Class A ordinary shares that the underwriters may purchase to cover over-allotments, if any.

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

SUBJECT TO COMPLETION, DATED MARCH 22, 2012



Class A ordinary shares

We are offering _____ of our Class A ordinary shares. This is our initial public offering, and no public market currently exists for our Class A ordinary shares. We have applied to have our Class A ordinary shares listed on the NASDAQ Global Market under the symbol "OBJT." We anticipate that the initial public offering price for our Class A ordinary shares will be between \$ _____ and \$ _____ per share.

Following this offering, we will have two classes of authorized ordinary shares, Class A ordinary shares and Class B ordinary shares. The rights of the holders of Class A ordinary shares and Class B ordinary shares will be identical, except with respect to voting and conversion. Each Class A ordinary share will be entitled to one vote. Each Class B ordinary share will be entitled to five votes and will be convertible at any time into one Class A ordinary share upon the election of the holder thereof. Each Class B ordinary share will furthermore automatically convert into one Class A ordinary share upon transfer (with certain limited exceptions) or when the Class B ordinary shares represent less than 15% of the combined number of Class A and Class B ordinary shares.

Investing in our Class A ordinary shares involves a high degree of risk. See "Risk factors" beginning on page 11 for a discussion of information that should be considered in connection with an investment in our Class A ordinary shares.

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

Neither the U.S. Securities and Exchange Commission, nor any state or other foreign regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriters a 30-day option to purchase up to an additional _____ Class A ordinary shares to cover over-allotments, if any, at the initial public offering price per share, less underwriting discounts and commissions.

The underwriters expect to deliver the Class A ordinary shares against payment in New York, New York on or about _____, 2012.

J.P. Morgan

Goldman, Sachs & Co.

Needham & Company

The date of this prospectus is _____, 2012



Our easy-to-use high-resolution 3D printers create models that simulate the final product.



Model printed on
Objet 3D Printer



Model printed on
Objet 3D Printer



Model printed on
Objet 3D Printer



Car and "robot" models painted after being printed by Objet 3D printers. Car courtesy of DaCar.

Objet's 3D Printing Solutions provide an effective means for visualizing, communicating and verifying design ideas. Once printed, these parts and models are used to aid the decision-making process for manufacturers, designers, focus groups and sales and marketing professionals in industries ranging from defense and aerospace to consumer goods and electronics, dentistry, medical and medical devices, automotive, architecture, toys, footwear and more.



Model printed on
Objet 3D Printer





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We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. In addition, we are not offering, and the underwriters are not offering, to sell or solicit any securities to or from any person in any jurisdiction where it is unlawful to make this offer to or solicit an offer from a person in that jurisdiction. The information contained in this prospectus is accurate as of the date on the front of this prospectus.

Neither we nor any of the underwriters has done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required other than the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of our Class A ordinary shares and the distribution of this prospectus outside of the United States.

This prospectus includes statistical data, market data and other industry data and forecasts, which we obtained from market research, publicly available information and independent industry publications and reports that we believe to be reliable sources.

Through and including _____, 2012 (the 25th day after the date of this prospectus), federal securities laws may require all dealers that effect transactions in these securities, whether or not participating in this offering, to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriter and with respect to their unsold allotments or subscriptions.

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Prospectus summary

This summary highlights selected information contained elsewhere in this prospectus that we consider important. This summary does not contain all of the information you should consider before investing in our Class A ordinary shares. You should read this summary together with the more detailed information appearing in this prospectus, including "Risk factors," "Selected consolidated financial data," "Management's discussion and analysis of financial condition and results of operations," "Business" and our consolidated financial statements and the related notes included at the end of this prospectus, before making an investment in our Class A ordinary shares. Unless the context otherwise requires, all references to "Objet," "we," "us," "our," the "company" and similar designations refer to Objet Ltd. and its wholly-owned subsidiaries: Objet Inc., a Delaware corporation, Objet GMBH, a German limited liability company, Objet AP Limited, a Hong Kong limited company, and Objet Shanghai Ltd., a Chinese company. The term "NIS" refers to New Israeli Shekels, the lawful currency of the State of Israel, the terms "dollar," "US\$" or "\$" refer to U.S. dollars, the lawful currency of the United States, and the terms "Euros" or "€" refer to Euros, the lawful currency of the European Union. Unless otherwise indicated, U.S. dollar translations of NIS amounts presented in this prospectus are translated using the rate of NIS 3.82 to US\$1.00, the exchange rate reported by the Bank of Israel on December 30, 2011 (as December 31, 2011 was not a business day in Israel). Unless otherwise indicated, U.S. dollar translations of Euro amounts presented in this prospectus are translated using the rate of €0.77 to US\$1.00, the exchange rate reported at www.xe.com on December 31, 2011.

Our business

Objet is a global provider of three-dimensional, or 3D, printing solutions, offering a broad range of 3D printing systems, resin consumables and services. Our printers use our proprietary inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D computer-aided design, or CAD, files. Our printers build 3D objects by depositing multiple layers of resin one on top of another. We enhance the ability of designers, engineers and manufacturers to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Our easy-to-use, high-speed 3D printers create high-resolution, smooth surface finish models that have the look, feel and functionality of the final designed product. We offer the only 3D printing systems that deposit two materials simultaneously, enabling the printing of models with a broad range of physical attributes. As of December 31, 2011, we had sold 3,378 3D printing systems, of which 569 and 929 were sold in 2010 and 2011, respectively. Our installed base of 3D printers provides the basis for recurring revenues from the sale of resin consumables and services.

3D printing is transforming prototype development and customized manufacturing processes, and is displacing traditional methodologies such as metal extrusion, computer-controlled machining and manual modeling techniques. 3D printing significantly improves the design process, reduces the time required for product development and facilitates creativity, while keeping the entire design process in-house. According to the 2010 report of Wohlers Associates, Inc., or the Wohlers Report, the 3D printer market grew at a 20% compound annual growth rate, or CAGR, from 2004 to 2009. We expect that the adoption of 3D printing will continue to increase over the next several years as a result of the proliferation of 3D content

and authoring tools (3D CAD and other simplified 3D authoring tools) as well as increased availability of 3D scanners.

We are pioneers in 3D inkjet printing technology, which we believe is differentiated from competing technologies primarily in its ability to be scaled and to deliver high-resolution and multi-material printing. We combine our proprietary hardware platform, integrated software and resin consumables with widely-deployed inkjet printer heads to develop leading 3D printing systems. Our products are used in a broad array of applications, including concept and functional modeling, focus groups and sales presentations, ergonomic studies, prototype production, short-run tooling and customized small series manufacturing. Our 3D printing systems are deployed at over 2,800 companies in a wide range of industries. Our systems are used by a number of Fortune 100 companies. We provide products and services to our global customer base through our offices in Israel, the United States, Germany, Japan, China and Hong Kong, as well as through our worldwide network of over 85 distributors and sales agents.

Headquartered in Israel, we were founded in 1998 and sold our first 3D printing systems in 2002. Our revenues and net income were \$121.1 million and \$14.7 million, respectively, in 2011, marking our seventh consecutive profitable year and reflecting growth of 37.8% and 41.8% over the corresponding amounts for 2010.

Industry overview

3D printing addresses the inherent limitations of traditional modeling technologies through its combination of functionality, quality, ease-of-use, speed and cost. 3D printing can be significantly more efficient and effective than traditional model-making techniques for use across the design process, from concept modeling and design review and validation to fit and function prototyping, pattern making and tooling. An indicator of the total addressable market is the number of licensed 3D design software seats, such as 3D CAD seats, although multiple CAD seat licenses will often utilize only one printing system. According to "The Worldwide CAD Market Report 2010," or the CAD Report, by Jon Peddie Research, there was an installed base of over five million 3D CAD seats at the end of 2009. With only 26,797 3D printing systems installed worldwide at the end of 2009, according to the Wohlers Report, we believe that the 3D printing industry is significantly under-penetrated and has considerable room for growth. Additionally, users are increasingly upgrading their CAD software from 2D to 3D, as illustrated by the increasing share of 3D CAD installed seats from 30% in 2007 to 41% of the 14 million total CAD installed seats at the end of 2009, according to the CAD Report. While the number of 3D CAD seats is an indicator of the total addressable market, the growth of 3D printing extends beyond the number of 3D CAD users, as users can print 3D content files without the need for specialized 3D CAD design software.

We believe that increased market adoption in 3D printing will be facilitated by continued improvements in 3D printing technology, including:

- **Print quality:** Further advancements in resolution, accuracy and surface quality, improved material properties and increased availability of color and transparent print materials.
- **Affordability:** Entry-level systems at lower price points with high quality printing capabilities, albeit with smaller tray sizes and cartridge capacities as well as lower duty cycles.

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- **Systems and software improvements:** Improvements in ease of use, plug and play-type installation, support material improvement and higher print speed.

There are a number of available 3D printing technologies. The technologies differ on the basis of accuracy, surface quality, variety and properties of resin consumables, capacity, speed, color variety, transparency, the ability to print multiple materials and others. According to Wohlers Associates, inkjet-based technology has several characteristics that offer competitive benefits, including flexible rubber and plastic-like materials, multi-material printing, composite materials, transparency and accuracy.

Our solution

Our 3D printing solution uses our proprietary PolyJet inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D CAD files. Our printers build 3D objects by depositing multiple layers of resin one on top of another. We are the only providers of 3D printers that allow the simultaneous jetting of two materials, enabling our end-users to print models with a variety of model features, such as objects with both rigid and flexible parts in a single build.

We offer our customers a broad range of 3D printer systems, including our advanced Connex family, our mid-range Eden family and our lower capacity, entry-level Desktop family. While all of our products offer our customers high-quality printing capabilities with high resolution and accuracy, our customers typically base their selection of a particular Objet system primarily on tray size, cartridge capacity, duty cycle, print speed, features and price. We offer a wide variety of office-friendly resin consumables, including rigid and flexible (rubber-like) materials and bio-compatible materials for medical and dental applications.

Our solutions allow our end-users to print 3D models which enhance their ability to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Our systems create visual aids for concept modeling and functional prototypes to test fit, form and function, permitting rapid evaluation of product designs. In addition to contributing to the design process, our systems may also be used as part of the manufacturing process for smaller-volume manufacturing of customized products.

Our competitive strengths

We believe that the following are our key competitive strengths:

- **Proprietary inkjet-based technology platform.** We believe our 3D inkjet printing technology, which benefits from ongoing industry advancements in 2D inkjet head technology, is differentiated from competing technologies primarily in its ability to scale and deliver high-resolution and multi-material printing. This technology also allows us to offer a spectrum of 3D printers of varying features, capacities and price points, and to migrate the advanced features of our high-end products to our entry-level products with greater efficiency.
- **Differentiated product offering with superior model quality.** Our 3D printing systems are differentiated through a combination of superior printing qualities, print speed, variety of materials, the ability to print multiple materials simultaneously and suitability for office environments.

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- **Multidisciplinary technological expertise.** Our 3D printing solutions integrate innovations in a wide range of scientific disciplines, such as physics, chemistry and mechanical and electrical engineering, as well as software development. We believe we have a strong base of technology know-how, backed by our patent portfolio of 63 granted patents and 67 pending patent applications (as of March 1, 2012), encompassing granted patents in the United States, China, France, Germany, Italy, the UK, Spain, Austria, Belgium, Switzerland, Ireland and Hong Kong, and pending patent applications in the United States, China, the European Union, Hong Kong and Japan, along with a U.S. provisional patent application and international applications pursuant to the Patent Cooperation Treaty.
- **Large and growing installed base.** Our differentiated offering has led to a large and growing installed base. We derive recurring revenues through sales of proprietary resin consumables and services to this installed base.
- **Diverse, global blue chip customer base.** Our end-users include over 2,800 companies across a wide range of industries and applications.

Our strategy

The key elements of our strategy for growth include the following:

- **Expanding customer base and further penetrating existing customers.** We intend to increase the market awareness of our company by adding distribution channels and increasing our marketing efforts in order to drive sales to new customers. We also expect to generate additional revenues from sales to existing customers as they experience the benefits of our products and further adopt 3D printing.
- **Driving further market adoption through lower capacity entry-level systems.** We expect to broaden our installed base through increased adoption of our Desktop family of lower capacity entry-level systems, which we introduced in 2009 and which are offered at lower price points.
- **Broadening our printing systems' capabilities through the development of new materials.** We believe that by developing new materials for our 3D printing systems, we will be able to increase both the size of, and our market share in, the 3D printing market.
- **Maintaining and extending our technology lead.** We will seek to extend our technology capabilities by continuing to invest in our R&D efforts, which focus on enhancing our inkjet-based technologies that underlie all of our printing systems and developing resin consumables that offer an even broader array of physical and aesthetic properties, thereby broadening user applications.

Risk factors

Our business is subject to a number of risks that you should understand before deciding to invest in our Class A ordinary shares, including those discussed under "Risk factors."

Our corporate information

We were incorporated under the laws of the State of Israel in March 1998. Our principal executive offices are located at 2 Holtzman Street, Science Park, P.O. Box 2496, Rehovot 76124,

Israel, and our telephone number is +972-8-931-4314. We have offices in Israel, the United States, Germany, Japan, China and Hong Kong. Our website is www.objet.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. We have included our website address in this prospectus solely as an inactive textual reference.

Unless the context otherwise indicates or requires, "Objet," "FullCure," "PolyJet," "PolyJet Matrix," "Digital Materials," "Connex," "Eden," "Vero" and all product names and trade names used by us in this prospectus are our trademarks and service marks, which may be registered in certain jurisdictions. Although we have omitted the "®" and "TM" trademark designations for such marks in this prospectus, all rights to such trademarks and service marks are nevertheless reserved. Furthermore, the "Objet" design logo is our property. This prospectus contains additional trade names, trademarks and service marks of other companies. We do not intend our use or display of other companies' tradenames, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

The offering

Issuer	Objet Ltd.
Class A ordinary shares we are offering	Class A ordinary shares
Class A ordinary shares to be outstanding immediately after this offering	Class A ordinary shares
Class B ordinary shares to be outstanding immediately after this offering	Class B ordinary shares
Total number of ordinary shares (Class A and Class B) to be outstanding after this offering	ordinary shares
Voting rights	Following this offering, we will have two classes of authorized ordinary shares: Class A ordinary shares and Class B ordinary shares. The rights of the holders of Class A and Class B ordinary shares are identical, except with respect to voting and conversion. The holders of Class B ordinary shares are entitled to five (5) votes per share, and the holders of Class A ordinary shares are entitled to one (1) vote per share, on all matters that are subject to a shareholder vote. Each Class B ordinary share may be converted into one (1) Class A ordinary share at any time at the election of the holder thereof, and will be automatically converted into one (1) Class A ordinary share upon the earlier of (i) the date on which the outstanding Class B ordinary shares represent less than 15% of the combined number of Class A and Class B ordinary shares and (ii) transfer thereof (except for certain excluded distributions). The Class A ordinary shares are not convertible. See "Description of share capital."
Offering price	We expect that the initial public offering price for the Class A ordinary shares being sold in this offering will be between \$ and \$ per share.
Over-allotment option	We have granted the underwriters a 30-day option to purchase up to an additional Class A ordinary shares from us to cover over-allotments, if any, at the initial public offering price per share, less underwriting discounts and commissions.

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Use of proceeds We estimate that we will receive net proceeds from this offering of approximately \$ million, based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses.

We expect to use the net proceeds from this offering to meet our anticipated increased working capital requirements resulting from the expected growth in our business. We may also use a portion of the net proceeds for the potential acquisition of, or investment in, technologies, products or companies that complement our business, although we have no understandings, commitments or agreements to consummate any such acquisition or investment.

Risk factors Investing in our Class A ordinary shares involves a high degree of risk and purchasers of our Class A ordinary shares may lose part or all of their investment. See "Risk factors" for a discussion of factors you should carefully consider before deciding to invest in our Class A ordinary shares.

Proposed
NASDAQ
Global
Market
symbol We have applied to have our Class A ordinary shares listed on the NASDAQ Global Market under the symbol "OBJT."

Unless otherwise stated, the number of Class A and Class B ordinary shares to be outstanding after this offering is based on the offering of Class A ordinary shares in this offering, and Class B ordinary shares that will be outstanding prior to the consummation of this offering. Such Class B ordinary shares will be issued upon the reclassification of an equivalent aggregate number of our outstanding preferred shares and ordinary shares immediately prior to the consummation of this offering and following a -for- reverse stock split of our outstanding shares that we will effect prior to the effectiveness of the registration statement of which this prospectus forms a part.

Unless otherwise indicated, all information in this prospectus:

- assumes an initial public offering price of \$ per Class A ordinary share, the midpoint of the range on the cover of this prospectus;
- assumes no exercise by the underwriters of their option to purchase up to an additional Class A ordinary shares from us;
- excludes 27,185,664 Class B ordinary shares that we have reserved for issuance upon the exercise of outstanding options under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan as of March 1, 2012, of which 19,831,820 Class B ordinary shares underlie options that are, or will become, exercisable upon the consummation of this offering at a weighted average exercise price of \$0.433 per Class B ordinary share;

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- excludes 7,500,000 Class A ordinary shares authorized and reserved for issuance under our 2011 Omnibus Stock Option and Restricted Stock Incentive Plan;
- gives effect to a -for- reverse split of our outstanding ordinary shares prior to the effectiveness of the registration statement of which this prospectus forms a part; and
- gives effect to the adoption of our amended and restated articles of association, which we will adopt prior to the completion of this offering.

Summary consolidated financial data

The following table is a summary of our historical consolidated financial data, which is derived from our consolidated financial statements, which have been prepared in accordance with U.S. Generally Accepted Accounting Principles, or U.S. GAAP. The summary consolidated financial statement data for the years ended December 31, 2009, 2010 and 2011, and as of December 31, 2011, is derived from our audited consolidated financial statements included elsewhere in this prospectus.

You should read this summary financial data in conjunction with, and it is qualified in its entirety by, reference to our historical financial information and other information provided in this prospectus including, "Selected consolidated financial data," "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes. The historical results set forth below are not necessarily indicative of the results to be expected in future periods.

(in thousands, except per share data)	Year ended December 31,		
	2009	2010	2011
Consolidated statements of operations data:			
Revenues			
Products	\$ 56,993	\$ 76,556	\$ 105,759
Services	10,537	11,322	15,337
Total revenues	67,530	87,878	121,096
Cost of revenues			
Cost of products	19,835	23,734	34,008
Cost of services	9,286	10,039	12,946
Gross profit	38,409	54,105	74,142
Operating expenses			
Research and development	9,297	11,980	14,569
Sales and marketing	12,791	19,979	28,366
General and administrative	7,988	10,009	13,696
Operating profit	8,333	12,137	17,511
Finance income (expense), net	232	(365)	(1,228)
Income before income taxes	8,565	11,772	16,283
Tax on income (tax benefit)	960	1,411	1,589
Net income	\$ 7,605	\$ 10,361	14,694
Earnings per share attributable to ordinary shareholders:			
Basic and diluted(1)	\$ 0.00	\$ 0.00	\$ 0.07
Weighted average number of ordinary shares:			
Basic and diluted	3,237	3,237	3,237
Pro forma net income per Class B ordinary share(2) (unaudited):			
Basic and diluted		\$ 0.00	\$ 0.55
Pro forma weighted average number of ordinary shares(2) (unaudited):			
Basic and diluted			26,846

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- (1) Our convertible preferred shares, which represent the majority of the voting power in our company, are entitled to a dividend preference in the amount of their original purchase price. Accordingly, that amount is allocated to the participation of preferred shares in the earnings of each year. As a result of the deemed participation of the preferred shares in our earnings, earnings per share attributable to ordinary shareholders in each of 2009 and 2010 were \$0.00. As of the conclusion of 2011, our retained earnings exceeded the preferred shares' liquidation preference, and, accordingly, a portion of our earnings for such year was attributed to our ordinary shares. See Notes 1d, 1x and 8 to the notes to our consolidated financial statements, included elsewhere in this prospectus, for additional information.
- (2) The pro forma net income per Class B ordinary share, basic and diluted, gives effect to the conversion of all of our issued and outstanding preferred shares into ordinary shares and their reclassification as Class B ordinary shares immediately prior to the consummation of this offering.

(in thousands)	As of December 31, 2011		
	Actual	Pro forma(1)	Pro forma as adjusted(2)
Consolidated balance sheets data:			
Cash and cash equivalents	\$ 42,954	\$ 42,954	\$
Total assets	124,538	124,538	
Current liabilities	34,239	34,239	
Long-term liabilities	4,436	4,436	
Convertible preferred shares(3)	38,231	—	
Total shareholders' equity(3)	47,632	85,863	

- (1) The "pro forma" data gives effect to the conversion of all of our issued and outstanding preferred shares into ordinary shares and their reclassification as Class B ordinary shares immediately prior to the consummation of this offering and sets forth the total shareholder' equity resulting from elimination of this temporary equity. See Notes 1d, 1x and 8 to the notes to our consolidated financial statements, included elsewhere in this prospectus for additional information.
- (2) The "pro forma as adjusted" data gives further effect to the sale of Class A ordinary shares in this offering at an assumed initial public offering price of \$ per share, the midpoint of the price range on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ would increase (decrease) each of cash and cash equivalents, total assets and total equity by \$ million, assuming that the number of Class A ordinary shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses.
- (3) Our convertible preferred shares, which represent the majority of the voting power in our company, are entitled to a dividend preference in the amount of their original purchase price. Accordingly, the preferred shares are presented as temporary equity at the mezzanine level of the balance sheet.

Risk factors

Investing in our Class A ordinary shares involves a high degree of risk. You should carefully consider the following risk factors, in addition to the other information set forth in this prospectus, before purchasing our Class A ordinary shares. If any of the following risks actually occurs, our business, financial condition and results of operations could suffer. In that case, the trading price of our Class A ordinary shares would likely decline and you might lose all or part of your investment. The risks below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us.

Risks relating to our business and industry

If the market does not grow as we expect, our revenues may stagnate or decline.

The marketplace for prototype development, which is our primary market, is dominated by conventional methods that do not involve 3D printing technology. If the market does not broadly accept 3D printing as an alternative for prototype development, or if it adopts 3D printing based on a technology other than inkjet technology, we may not be able to increase or sustain the level of sales of our products and related materials and our results of operations would be adversely affected as a result.

We may not be able to introduce new 3D printers and resin consumables acceptable to the market or to improve the technology and resin consumables used in our current systems in response to changing technology and end-user needs.

We derive most of our revenues from the sale of 3D printers and related resin consumables (both modeling and support materials) for prototype development and customized manufacturing and general 3D printing applications. The 3D printing market is subject to innovation and technological change. A variety of technologies compete against one another for market share, which is, in part, driven by technological advances and end-user requirements and preferences, as well as the emergence of new standards and practices. Our ability to compete in the 3D printing market depends, in large part, on our success in enhancing and developing new 3D printers, our success in enhancing and adding to our PolyJet jetting technology and PolyJet Matrix technology, and our success in developing new resin consumables. We believe that to remain competitive we must continuously enhance and expand the functionality and features of our products and technologies. However, there is a risk that we may not be able to:

- enhance our existing products and technologies;
- continue to leverage advances in 2D inkjet head technologies;
- develop new products and technologies that address the increasingly sophisticated and varied needs of prospective end-users, particularly with respect to the physical properties of resin consumables;
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis;
- develop products that are cost-effective or that otherwise gain market acceptance;

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- recruit and retain key employees; or
- adequately protect our intellectual property as we develop new products and technologies.

If our product mix shifts too far into lower margin products, our profitability could be impaired.

Sales of our high-end 3D printers and our resin consumables yield a greater gross margin than our entry-level 3D printers. We started shipping entry-level 3D printers in 2009, and we anticipate that they will continue to grow as a percentage of the number of printers that we sell. If our product mix shifts too far into lower margin products and we are not able to sufficiently reduce the engineering and production costs associated with our entry-level 3D printers, our profitability could be impaired.

Our business model is predicated on building an end-user base that will generate a recurring stream of revenues through the sale of our resin consumables. If that recurring stream of revenues does not develop as expected, or if our business model changes as the industry evolves, our operating results may be adversely affected.

Our business model is dependent on our ability to maintain and increase sales of our proprietary resin consumables as they generate recurring revenues. Existing and future end-users of high-end 3D printers may not purchase resin consumables at the same rate at which end-users currently purchase those resin consumables, and as we expand our sales of entry-level 3D printers, end-users of entry-level printers may purchase a lower volume of resin consumables. If our current and future end-users purchase a lower volume of resin consumables, our recurring revenue stream would be reduced, and our operating results would be adversely affected.

Our revenues and operating results may fluctuate.

Our revenues and operating results may fluctuate from quarter-to-quarter and year-to-year and are likely to continue to vary due to a number of factors, many of which are not within our control. A significant portion of our orders are typically received during the last month of a quarter. Our printers typically are shipped shortly after orders are received. Thus, revenues and operating results for any future period are not predictable with any significant degree of certainty. We also typically experience weaker demand for our printers in the first and third quarters. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance.

Fluctuations in our operating results and financial condition may occur due to a number of factors, including, but not limited to, those listed below and those identified throughout this "Risk factors" section:

- the degree of market acceptance of our products;
- the mix of products that we sell during any period;
- our long sales cycle;
- generally weaker demand for printers in the first and third quarters;

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- development of competitive systems by others;
- our response to price competition;
- delays between our expenditures to develop and market new or enhanced systems and resin consumables and the generation of sales from those products;
- changes in the amount we spend to promote our products and services;
- the geographic distribution of our sales;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of products;
- our level of research and development activities and their associated costs and rates of success;
- general economic and industry conditions that affect end-user demand and end-user levels of product design and manufacturing, including the adverse effects of the current economic crisis affecting Europe;
- changes in accounting rules and tax laws; and
- changes in interest rates that affect returns on our cash balances and short-term investments.

Due to the foregoing factors, you should not rely on quarter-to-quarter or year-to-year comparisons of our operating results as an indicator of future performance.

The market in which we participate is competitive. Our failure to compete successfully could cause our revenues and demand for our products to decline.

We compete for end-users with a wide variety of producers of equipment that create models, prototypes, other 3D objects and end-use parts as well as producers of materials and services for this equipment. Our principal competition currently consists of other manufacturers of systems for prototype development and customized manufacturing processes, including Stratasys Inc. (and Hewlett-Packard Company, or HP, based on its agreement with Stratasys to distribute an HP-branded 3D printing system), 3D Systems Corporation, CMET, EOS Optronics GmbH, Z Corporation (which was acquired by 3D Systems Corporation), EnvisionTEC GmbH, Solid Model Ltd. (the successor to the business of Solido Ltd.) and Solidscape, Inc. (which was acquired by Stratasys). In addition, there is a risk that consolidation among companies in the 3D printing industry could accelerate, whether in the form of acquisitions by, or strategic partnerships or marketing partnerships with, companies that may have significantly greater resources than we have.

Some of our current and potential competitors have larger installed bases of users, longer operating histories and more extensive name recognition than we have. In addition, many of these competitors have significantly greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in end-user demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive. In addition,

if these competitors develop products with similar or superior functionality to our products at prices comparable to or lower than ours, we may need to decrease the prices of our products in order to remain competitive. We cannot assure you that we will be able to maintain or enhance our current competitive position or continue to compete successfully against current and future sources of competition.

Declines in product prices may adversely affect our financial results.

Our business is subject to price competition. Such price competition may adversely affect our ability to maintain profitability, especially during periods of decreased demand. If we are not able to offset price reductions resulting from these pressures by improved operating efficiencies and reduced expenditures, those pricing reductions would adversely affect our operating results.

If other manufacturers were to successfully develop and market resin consumables for use in our 3D printers, our revenues and profits would likely be adversely affected.

Our proprietary resin consumables are specifically designed for use with our 3D printers. However, we may become subject to competition from chemical companies or other producers of resins and other materials who may develop materials that are compatible with our 3D printers in order to sell them to owners of our 3D printers in place of our proprietary materials. If our end-users were to purchase resin consumables from third parties, we could experience reduced sales of our resin consumables and could be forced to reduce prices for our proprietary consumable materials, either of which would impair our overall revenues and profitability.

If our relationships with suppliers, especially with single source suppliers of components, were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.

We purchase from third-party suppliers components and sub-assemblies for our 3D printers and raw materials that are used in our resin consumables.

While there are several potential suppliers of the components and sub-assemblies for our 3D printers and raw materials for our resin consumables, we currently choose to use only one or a limited number of suppliers for several of these components and materials, including the printer heads for our 3D printers, for which we rely exclusively on a sole supplier, Ricoh Printing Systems America, Inc., or Ricoh. Under the terms of our agreement with Ricoh, we purchase printer heads and associated electronic components, and receive a non-transferable, non-exclusive right to assemble, use and sell these purchased products under Ricoh's patent rights and trade secrets. See "Business—Manufacturing and Suppliers—RicoH Agreement" for further discussion of this agreement.

Our reliance on a single or limited number of vendors involves a number of risks, including:

- potential shortages of some key components;
- product performance shortfalls, if traceable to particular product components, since the supplier of the faulty component cannot readily be replaced;

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- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

We require any new supplier to become "qualified" pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems based on our internal forecasts and the availability of raw materials, assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. In addition, at any time, certain suppliers may decide to discontinue production of an assembly, component or raw material that we use. Any unanticipated change in the availability of our supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increase production or related costs and consequently reduce margins, and damage our reputation. Due to the risk of a discontinuation of the supply of our printer heads and other key components of our products, we maintain excess inventory of printer heads and other components. However, if our forecasts exceed actual orders, we may hold large inventories of slow-moving or unusable parts or resin consumables, which could result in inventory write offs or write downs and have an adverse effect on our cash flow, profitability and results of operations.

Discontinuation of operations at our manufacturing sites could prevent us from timely filling customer orders.

All assembly and testing of our proprietary printing systems takes place at our Rehovot, Israel facility and all production of our resin consumables takes place at our Kiryat Gat, Israel facility. Because of our reliance on those production facilities, a disruption at either of those facilities could cripple our ability to supply our 3D printers or consumable materials to the marketplace in a timely manner, adversely affecting our ability to generate revenues and potentially damaging our reputation.

If we fail to expand our operations effectively, we may not be able to achieve our anticipated level of growth and our operating results could be adversely affected.

We have significantly expanded our operations in recent periods. For example, we have increased the number of our employees from 282 as of December 31, 2008, to 438 as of December 31, 2011. We anticipate that further expansion of our infrastructure and headcount will be required to achieve the planned expansion of our product offerings, our client base, improvements in our 3D printers and related resin consumables, and our continued international expansion. In particular, we must increase our marketing and professional services staff to support new marketing and service activities and to meet the needs of new and existing end-users. Our future success will depend in part upon the ability of our management to expand our infrastructure and independent network of distributors and sales agents, and to manage our growth effectively. If our management is unsuccessful in meeting these challenges, we may not be able to achieve our anticipated level of growth and our operating results could be adversely affected.

A loss of, or reduction in revenues from, a significant number of our independent sales agents or distributors would impair our ability to sell our products and services and could result in a reduction of our revenues and operating results.

The majority of our product sales are made through our network of independent sales agents and distributors. We rely heavily on these sales agents and distributors to sell our products to end-users in their respective geographic regions. These sales agents and distributors are not precluded from selling our competitors' products in addition to ours. In addition, they may not be effective in selling our products or servicing our end-users. Further, if a significant number of our sales agents and distributors were to terminate their relationship with us or otherwise fail or refuse to sell our products, we may not be able to find replacements that are as qualified or as successful in selling our products. If these independent sales agents and distributors do not perform as anticipated or if we are unable to find qualified and successful replacements, our sales will suffer, which would have a material adverse effect on our revenues and operating results. Additionally, a default by one or more independent distributors that have a significant receivables balance could have an adverse financial impact on us.

The long sales cycle for our products makes the timing of our revenues difficult to predict.

Generally, our 3D printers have a long sales cycle. Because our 3D printers are complex and our sales typically involve significant capital investments by prospective end-users, we, our distributors and agents generally need to invest a significant amount of time educating prospective end-users about the benefits of our products. As a result, before purchasing our products, potential end-users may spend a substantial amount of time performing internal assessments. This may cause us to devote significant effort in advance of a potential sale without any guarantee of receiving any related revenues. Delays in sales could cause significant variability in our revenues and operating results for any particular period.

Global economic, political and social conditions have adversely impacted our sales, and may continue to do so.

The uncertain direction and relative strength of the global economy, difficulties in the financial services sector and credit markets, continuing geopolitical uncertainties and other macroeconomic factors all affect spending behavior of potential end-users of our products. The prospects for economic growth in the United States and other countries remain uncertain, and may cause end-users to further delay or reduce technology purchases. In particular, a substantial portion of our sales are made to customers in countries in Europe, which is experiencing a significant economic crisis. These and other macroeconomic factors had an adverse impact on the sales of our products in late 2008, 2009 and, to a lesser degree, in 2010, leading to reduced sales of our 3D printers and, reduced revenues from sales in 2009 relative to 2008 and longer sales cycles. While we saw an improvement in revenues from sales of our systems in 2010 and 2011, there can be no assurance that such improvement is sustainable particularly if global economic conditions remain volatile for a prolonged period or if European economies experience further disruptions. The global financial crisis affecting the banking system and financial markets has resulted in a tightening of credit markets, lower levels of liquidity in many financial markets, and extreme volatility in fixed income, credit, currency and equity markets. These conditions may make it more difficult for our end-users to obtain financing.

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We face risks that may arise from financial difficulties experienced by our end-users, suppliers and distributors which may be exacerbated by continued weakness in the global economy, including:

- end-users may be unable to obtain credit financing to finance purchases of our 3D printers and/or resin consumables;
- distributors and suppliers may be unable to obtain credit financing to finance purchases of our 3D printers and/or to acquire sub-assemblies or raw materials used to build components of our products and/or our resin consumables;
- end-users or distributors may face financial difficulties or may become insolvent, which could lead to our inability to obtain payment for our products;
- key suppliers of raw materials, finished products or components used in our products and resin consumables may face financial difficulties or may become insolvent, which could lead to disruption in the supply of systems, resin consumables or spare parts to our end-users; and
- reduced end-user demand for our products and reduced manufacturing activity levels.

Our existing and planned international operations currently expose us and will continue to expose us to additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results.

We have sales offices at our headquarters in Israel, as well as in the United States, Germany, Japan, China and Hong Kong, and our principal research and development and manufacturing facilities are located at our headquarters in Israel. While the United States currently constitutes the most significant market for our products and services, and our operations are managed from our Israeli headquarters, we nevertheless derived 54%, 52% and 52% of our revenues in the years ended December 31, 2009, 2010 and 2011, respectively, from sales of products and provision of services outside of the United States and Israel. We face significant operational risks from doing business internationally, including:

- fluctuations in foreign currency exchange rates;
- potentially longer sales and payment cycles;
- potentially greater difficulties in collecting accounts receivable;
- potentially adverse tax consequences;
- reduced protection of intellectual property rights in certain countries, particularly in Asia and South America;
- difficulties in staffing and managing foreign operations;
- laws and business practices favoring local competition;
- costs and difficulties of customizing products for foreign countries;
- compliance with a wide variety of complex foreign laws, treaties and regulations;
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets; and

- becoming subject to the laws, regulations and the court systems of many jurisdictions.

Our failure to manage the market and operational risks associated with our international operations effectively could limit the future growth of our business and adversely affect our operating results.

We may be subject to product liability claims, which could result in material expenses, diversion of management time and attention and damage to our reputation.

Products as complex as our 3D printers may contain undetected defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after a product has been used. This could result in delayed market acceptance of our products, claims from distributors, end-users or others, increased end-user service and support costs and warranty claims, damage to our reputation and business, or significant costs to correct the defect or error. We may from time to time, become subject to warranty or product liability claims that could lead to significant expenses as we compensate affected end-users for costs incurred related to product quality issues.

The sale and support of our products entail the risk of product liability claims. We intend to expand sales of our products for use in medical and dental applications, which carry a heightened risk of product liability claims. In addition, certain hazardous chemicals used in the manufacture of our products may expose us to a heightened risk of product liability claims. Specifically, those hazardous chemicals fall within three different categories (with several of the chemicals falling within multiple categories)—irritants, harmful chemicals and chemicals dangerous for the environment.

Any product liability claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention and damage to our reputation, and could cause us to fail to retain existing end-users or to attract new end-users. Although we maintain product liability insurance, such insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. Costs or payments made in connection with warranty and product liability claims and product recalls could materially affect our financial condition and results of operations.

Our business could suffer if we are unable to attract and retain key employees.

Our success depends upon the continued service and performance of our senior management and other key personnel. Our senior executive team is critical to the management of our business and operations, as well as to the development of our strategies. The loss of the services of any of these personnel could delay or prevent the continued successful implementation of our growth strategy, or our commercialization of new applications for our 3D printers, or could otherwise affect our ability to manage our company effectively and to carry out our business plan. Members of our senior management team may resign at any time. High demand exists for senior management and other key personnel in our industry. There can be no assurance that we will be able to continue to retain such personnel.

Our growth and success also depend on our ability to attract and retain additional highly qualified scientific, technical, sales, managerial and finance personnel. We experience intense competition for qualified personnel, and, in some jurisdictions in which we operate, the existence of non-competition agreements between prospective employees and their former employers may prevent us from hiring those individuals or subject us to suit from their former employers. While we attempt to provide competitive compensation packages to attract and retain key personnel, some of our competitors have greater resources and more experience than we have, making it difficult for us to compete successfully for key personnel. If we cannot attract and retain sufficiently qualified technical employees for our research and development and manufacturing operations on acceptable terms, we may not be able to continue to develop and commercialize our products or new applications for our existing products. Further, any failure to effectively integrate new personnel could prevent us from successfully growing our company.

Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We generally enter into non-competition agreements with our employees. These agreements prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors or clients for a limited period. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work and it may be difficult for us to restrict our competitors from benefiting from the expertise our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished.

We are subject to extensive environmental, health and safety laws and regulations which could have a material adverse effect on our business, financial conditions and results of operations.

Our operations use chemicals and produce waste materials. We are subject to extensive environmental, health and safety laws and regulations in multiple jurisdictions governing, among other things, the use, storage, registration, handling and disposal of chemicals and waste materials, the presence of specified substances in electrical products, chemicals, air, water and ground contamination, air emissions and the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals and waste materials. Under these laws and regulations, we could also be subject to liability for improper disposal of chemicals and waste materials resulting from the use of our 3D printers and accompanying materials by our end-users. These laws and regulations could potentially require the expenditure of significant amounts for compliance and/or remediation. If we fail to comply with such laws or regulations, we may be subject to fines and other civil, administrative or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in

respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances we use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental laws allow for strict, joint and several liability for remediation costs, regardless of comparative fault. We may be identified as a potentially responsible party under such laws. Such developments could have a material adverse effect on our business, financial condition and results of operations.

We are subject to environmental laws due to the import and export of our products, which could subject us to compliance costs and/or potential liability in the event of non-compliance.

The export of our products internationally from our production facilities in Israel subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the United States Toxic Substances Control Act, or TSCA, and the Registration, Evaluation, Authorisation and Restriction of Chemical Substances, or REACH. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our 3D printers and other products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products and materials or incur costs to register such chemicals to gain and/or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

Potential future acquisitions of companies or technologies may distract our management and disrupt our business.

We may acquire or make investments in businesses, technologies, services or products, whether complementary or otherwise, as a means to expand our business if appropriate opportunities arise. We cannot give assurances that we will be able to identify future suitable acquisition or investment candidates, or, if we do identify suitable candidates, that we will be able to make the acquisitions or investments on reasonable terms or at all. In addition, we have limited prior experience in integrating acquisitions and we could experience difficulties incorporating an acquired company's personnel, operations, technology or products and service offerings into our own or in retaining and motivating key personnel from these businesses. We may also incur unanticipated liabilities. Any such difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits and/or synergies of any such acquisition or investment.

The financing of any such acquisition or investment, or of a significant general expansion of our business, may not be readily available on favorable terms. Any significant acquisition or investment, or major expansion of our business, may require us to explore external financing sources, such as an offering of our equity or debt securities. We cannot be certain that in the future these financing sources will be available to us or that we will be able to negotiate commercially reasonable terms for any such financing, or that our actual cash requirements for an acquisition, investment or expansion will not be greater than anticipated. In addition, any indebtedness that we may incur in such a financing may inhibit our operational freedom, while any equity securities that we may issue in connection with such a financing may dilute our shareholders. If we are unable to obtain future external financing on favorable terms, we may be unable to expand and achieve our business objectives.

We are currently subject to a number of lawsuits. These and any future lawsuits to which we become subject may have a material adverse impact on our capitalization, business and results of operations.

We are currently party to three actions by former employees seeking the issuance of options. The first action relates to an alleged breach of certain undertakings made by us to a former employee. This employee is seeking an option to acquire 1.75% of our outstanding shares, as well as monetary damages. The Israeli court hearing the case issued a verdict in our favor in May 2011, but the former employee appealed the decision to the national labor court, where the appeal is scheduled to be heard in November 2012. The second action relates to a demand by a former employee, based on an alleged undertaking we had made, that we issue him an option that would allow him to maintain an equity interest of 1.45% in our company and reimburse salary reductions he had suffered. This plaintiff has further demanded compensation on account of alleged wrongful termination. This action is currently ongoing and is being litigated in an Israeli labor court. The third action involves a claim by a former employee that he was promised 30,000 options to purchase our ordinary shares under his employment agreement with us, entered into in the year 2000. This plaintiff is also seeking monetary damages to compensate for salary reductions during the period of his employment with us. This claim was filed in April 2011 in an Israeli labor court. We submitted our statement of defense with respect thereto in June 2011, and we and the plaintiff are scheduled to submit affidavits. No date has been set for cross-examinations.

We can provide no assurance as to the outcome of these or any future actions, and such actions may result in judgments against us for significant damages and/or the issuance of options to acquire shares of our capital stock, the exercise of which would result in dilution to our shareholders. Resolution of these matters can be prolonged and costly, and the ultimate results or judgments are uncertain due to the inherent uncertainty in litigation and other proceedings. Moreover, our potential liabilities are subject to change over time due to new developments, changes in settlement strategy or the impact of evidentiary requirements. Regardless of the outcome, litigation has resulted in the past, and may result in the future, in significant legal expenses and require significant attention and resources of management. As a result, current and any future litigation could result in losses, damages and expenses that have a material adverse effect on our business.

Risks related to our intellectual property

If we are unable to obtain patent protection for our products or otherwise protect our intellectual property rights, our business could suffer.

We rely on a combination of patent and trademark laws in the United States and other countries, trade secret protection, confidentiality agreements and other contractual arrangements with our employees, end-users and others to maintain our competitive position. In particular, our success depends, in part, on our ability, and the ability of our licensors, to obtain patent protection for our and their products, technologies and inventions, maintain the confidentiality of our and their trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon our and their proprietary rights.

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We try to protect our proprietary position by, among other things, filing United States, European, Israeli and other patent applications related to our proprietary products, technologies, inventions, processes and improvements that may be important to the continuing development of our product offerings. As of March 1, 2012, our owned patent portfolio consisted of 63 granted patents and 67 pending patent applications (including foreign counterparts of both issued patents and pending patent applications) in addition to patents licensed from third parties. We have been granted patents in the United States, China, France, Germany, Italy, the UK, Spain, Austria, Belgium, Switzerland, Ireland and Hong Kong, and have pending patent applications in the United States, China, the European Union, Hong Kong and Japan, along with a U.S. provisional patent application and international applications pursuant to the Patent Cooperation Treaty.

Despite our efforts to protect our proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, inventions, processes or improvements. We cannot assure you that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide us with meaningful protection. Our pending patent applications may not be granted, and we may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents. The laws of certain countries, such as China, where one of our wholly-owned subsidiaries is located, do not provide the same level of patent protection as in the United States, so even if we assert our patents or obtain additional patents in China or elsewhere outside of the United States, effective enforcement of such patents may not be available. If our patents do not adequately protect our technology, our competitors may be able to offer 3D printers or resin consumables similar to ours. As described further below, we are subject to a cross-license agreement with a competitor, 3D Systems Corporation, pursuant to which that competitor practices certain of our patents in its own products in a manner that is similar to and/or competitive with our products. Our competitors may also be able to develop similar technology independently or design around our patents, and we may not be able to detect the unauthorized use of our proprietary technology or take appropriate steps to prevent such use. Any of the foregoing events would lead to increased competition and lower revenues or gross margins, which could adversely affect our operating results.

In addition, our products and technology, including the technology we license from others, may infringe the intellectual property rights of third parties. Patent applications in the United States and most other countries are confidential for a period of time until they are published, and the publication of discoveries in scientific or patent literature typically lags actual discoveries by several months or more. As a result, the nature of claims contained in unpublished patent filings around the world is unknown to us, and we cannot be certain that we were the first to conceive inventions covered by our patents or patent applications or that we were the first to file patent applications covering such inventions. Furthermore, it is not possible to know in which countries' patent holders may choose to extend their filings under the Patent Cooperation Treaty or other mechanisms. Any infringement by us or our licensors of the intellectual property rights of third parties may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us, in particular in developing resin consumables that could be used with our printing systems in place of our proprietary resin consumables.

We have devoted substantial resources to the development of our technology, trade secrets, know-how and other unregistered proprietary rights. While we enter into confidentiality and invention assignment agreements intended to protect such rights, such agreements can be difficult and costly to enforce or may not provide adequate remedies if violated. Such agreements may be breached and confidential information may be willfully or unintentionally disclosed, or our competitors or other parties may learn of the information in some other way. The disclosure to, or independent development by, a competitor of any of our trade secrets, know-how or other technology not protected by a patent could materially reduce or eliminate any competitive advantage we may have over such competitor.

This concern could manifest itself in particular with respect to our proprietary resin consumables that are used with our 3D printers. Portions of our proprietary resin consumables may not be afforded patent protection. Chemical companies or other producers of resins and other materials may be able to develop resin consumables that are compatible to a large extent with our 3D printers, whether independently or in contravention of our trade secret rights and related proprietary and contractual rights. If such resin consumables are made available to owners of our 3D printers and are purchased in place of our proprietary resin consumables, our revenues and profitability would be reduced and we could be forced to reduce prices for our proprietary resin consumables.

We may incur substantial costs enforcing or acquiring intellectual property rights and defending against third-party claims as a result of litigation or other proceedings.

In connection with the enforcement of our intellectual property rights, the acquisition of third-party intellectual property rights or disputes related to the validity or alleged infringement of third-party intellectual property rights, including patent rights, we have been and may in the future be subject or party to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to our business operations by diverting attention and energies of management and key technical personnel, and by increasing our costs of doing business. We may not prevail in any such dispute or litigation, and an adverse decision in any legal action involving intellectual property rights, including any such action commenced by us, could limit the scope of our intellectual property rights and the value of the related technology. For example, in 2005 in settlement of prior patent litigation, we entered into a cross-licensing arrangement with 3D Systems Corporation, under which each party licensed certain patents of the other party, and we incurred royalty payment obligations (which have been paid in-full based on our net sales of printing equipment covered by the patents we in-licensed).

Third-party claims of intellectual property infringement successfully asserted against us may require us to redesign infringing technology or enter into costly settlement or license agreements on terms that are unfavorable to us, prevent us from manufacturing or licensing certain of our products, subject us to injunctions restricting our sale of products and use of infringing technology, cause severe disruptions to our operations or the markets in which we compete, impose costly damage awards or require indemnification of our distributors and

end-users. In addition, as a consequence of such claims, we may incur significant costs in acquiring the necessary third-party intellectual property rights for use in our products or developing non-infringing substitute technology. Any of the foregoing developments could seriously harm our business.

Risks related to an investment in our Class A ordinary shares

An active market for our Class A ordinary shares may not develop, which may inhibit the ability of our shareholders to sell Class A ordinary shares following this offering.

Prior to this offering, you could not buy or sell our Class A ordinary shares publicly. An active or liquid trading market in our Class A ordinary shares may not develop upon completion of this offering, or if it does develop, it may not continue. If an active trading market does not develop, you may have difficulty selling any of our Class A ordinary shares that you buy. The initial public offering price of our Class A ordinary shares has been determined through our negotiations with the underwriters and may be higher than the market price of our Class A ordinary shares after this offering. Consequently, you may not be able to sell our Class A ordinary shares at prices equal to or greater than the price paid by you in the offering. See "Underwriting" for a discussion of the factors that we and the underwriters considered in determining the initial public offering price.

The market price of our Class A ordinary shares may be subject to fluctuation, whether or not due to fluctuations in our operating results and financial condition, which could, in turn, result in substantial losses being incurred by our investors.

The stock market in general has been, and the market price of our Class A ordinary shares in particular will likely be, subject to fluctuation, whether due to, or irrespective of, periodic fluctuations in our operating results and financial condition. We expect the market price of our Class A ordinary shares on the NASDAQ Global Market to fluctuate as a result of a number of factors, including, but not limited to:

- variations in our and our competitors' results of operations and financial condition;
- market acceptance of our products;
- the mix of products that we sell, and related services that we provide, during any period;
- changes in earnings estimates or recommendations by securities analysts, if our Class A ordinary shares are covered by analysts;
- development of new competitive systems and services by others;
- announcements of technological innovations or new products by us;
- delays between our expenditures to develop and market new or enhanced systems and resin consumables and the generation of sales from those products;
- developments concerning intellectual property rights;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in our expenditures to promote our products and services;

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- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- success or failure of research and development projects of us or our competitors;
- the general tendency towards volatility in the market prices of shares of technology companies; and
- general market conditions and other factors, including factors unrelated to our operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our Class A ordinary shares and result in substantial losses being incurred by our investors.

Market prices for securities of technology companies historically have been very volatile. The market for these securities has from time to time experienced significant price and volume fluctuations for reasons unrelated to the operating performance of any one company. In the past, following periods of market volatility, public company shareholders have often instituted securities class action litigation. If we were involved in securities litigation, it could impose a substantial cost upon us and divert the resources and attention of our management from our business.

The difference between the voting rights of our Class A and Class B ordinary shares may harm the value and liquidity of our Class A ordinary shares.

The rights of the holders of Class A and Class B ordinary shares are identical, except with respect to voting and conversion rights. So long as the number of outstanding Class B ordinary shares represents 15% or more of the combined number of Class A and Class B ordinary shares, the holders of Class B ordinary shares will be entitled to five (5) votes per share, and the holders of our Class A ordinary shares will be entitled to one (1) vote per share, on all matters presented to our shareholders. If a holder of our Class B ordinary shares transfers his, her or its Class B ordinary shares to any party, other than certain distributions by an initial Class B shareholder that is an entity (which are described below under "Description of share capital—Transfer of shares"), those shares would automatically convert into Class A ordinary shares. The Class B holders will hold _____ shares of Class B ordinary shares following the offering, of which _____ shares, or _____ %, will be held by our directors and executive officers and their affiliates.

The holders of our Class B ordinary shares may have interests that are different or adverse to yours. After this offering, holders of our Class B ordinary shares, including our directors and executive officers and their affiliates, will together hold _____ % of our outstanding capital stock but will have _____ % of the outstanding voting rights. Based on their voting rights and because of the quorum provision that requires only $\frac{1}{3}$ of the voting rights in our company to be present at our shareholders meetings, and the simple majority vote of shares present in person or by proxy that is sufficient for the approval of most actions at any such meeting, in each case as prescribed by our articles of association (and, with respect to the approval of transactions, also as prescribed by Israeli law), the holders of our Class B ordinary will be able to exercise a significant level of control over most matters requiring shareholder approval, including the election of directors, amendment of our articles of association and approval of significant corporate transactions, subject to rules requiring the approval of a special majority among

non-interested shareholders in certain situations. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of the holders of our Class B ordinary shares, including transactions in which you as a holder of our Class A ordinary shares might otherwise receive a premium for your shares over the then-current market price. The holders of our Class B ordinary shares are not prohibited from selling a controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your Class A ordinary shares (although their shares would convert into Class A ordinary shares as a result of such sale). Accordingly, Class A ordinary shares may be worth less than they would be if the holders of our Class B ordinary shares did not maintain voting control over us.

Furthermore, the existence of two classes of ordinary shares could result in less liquidity for our Class A ordinary shares, as investors may view that class of shares as a less attractive investment opportunity in light of its limited voting power relative to the Class B ordinary shares. See "Description of share capital" for a description of our Class A and Class B ordinary shares and the rights associated with each of them.

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

The trading market for our Class A ordinary shares will rely in part on the research and reports that equity research analysts publish about us and our business. We do not have control over these analysts and we do not have commitments from them to write research reports about us. The price of our Class A ordinary shares could decline if one or more equity research analysts downgrades our Class A ordinary shares or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Future sales of our Class A ordinary shares could reduce the market price of our Class A ordinary shares.

If our existing shareholders, particularly our directors, their affiliates or our executive officers, sell a substantial number of our ordinary shares in the public market, the market price of our Class A ordinary shares could decrease significantly. The perception in the public market that our shareholders might sell our ordinary shares could also depress the market price of our Class A ordinary shares. Substantially all of our existing shareholders prior to this offering are subject to lock-up agreements with the underwriters that restrict their ability to transfer their ordinary shares for at least 180 days after the date of this prospectus. Consequently, upon expiration of the lock-up agreements, an additional 1,000,000 of our Class A ordinary shares will be eligible for sale in the public market. As of March 1, 2012, after giving effect to the reclassification of our outstanding ordinary shares and preferred shares, options to purchase a total of 27,185,664 Class B ordinary shares would have been issued and outstanding under our 2004 equity incentive plan, of which options to purchase 19,831,820 Class B ordinary shares would have been vested as of that date at a weighted average exercise price of \$0.433 per share. We intend to file registration statements on Form S-8 with the SEC covering all of our Class A ordinary shares issuable under this plan, including Class A ordinary shares issuable upon conversion of Class B ordinary shares underlying the options granted under this plan. The market price of our Class A ordinary shares may drop significantly when

the restrictions on resale by our existing shareholders lapse and our shareholders are able to sell our ordinary shares into the market. In addition, a sale by the company of additional ordinary shares or similar securities in order to raise capital might have a similar negative impact on the share price of our Class A ordinary shares. A decline in the price of our Class A ordinary shares might impede our ability to raise capital through the issuance of additional Class A ordinary shares or other equity securities, and may cause you to lose part or all of your investment in our Class A ordinary shares.

Raising additional capital by issuing securities may cause dilution to our shareholders.

We may need or desire to raise substantial capital in the future. Our future capital requirements will depend on many factors, including, among others:

- our degree of success in capturing a larger portion of the overall 3D printing market;
- the costs of establishing or acquiring sales, marketing and distribution capabilities for our products;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our issued patents and defending intellectual property-related claims;
- the extent to which we acquire or invest in businesses, products or technologies and other strategic relationships; and
- the costs of financing unanticipated working capital requirements and responding to competitive pressures.

If we raise additional funds by issuing equity or convertible debt securities, we will reduce the percentage ownership of our then-existing shareholders, and the holders of such securities may have rights, preferences or privileges senior to those possessed by our then-existing shareholders. See also "—Future sales of our Class A ordinary shares could reduce the market price of our Class A ordinary shares" above.

Investors in this offering will experience immediate substantial dilution in net tangible book value.

The initial public offering price of our Class A ordinary shares in this offering is considerably greater than the pro forma net tangible book value per share of our outstanding Class A ordinary shares. Accordingly, investors in this offering will incur immediate dilution of \$ per share, based on an assumed initial public offering price of \$ per share, the midpoint of the range shown on the cover of this prospectus. See "Dilution." In addition, as of March 1, 2012, after giving effect to the reclassification of our outstanding ordinary shares and preferred shares, options to purchase a total of 27,185,664 Class B ordinary shares would have been issued and outstanding under our 2004 equity incentive plan, of which 19,831,820 would have been vested as of that date at a weighted average exercise price of \$0.433 per share. Moreover, following the closing of the offering, we expect to issue additional options, which will be exercisable for Class A ordinary shares, to provide an incentive to and compensate employees, consultants and directors and may issue additional shares to raise capital, to pay for services, or for other corporate purposes. To the extent that our outstanding options are exercised at a price below the net tangible book value per share, there will be additional dilution to investors.

We have broad discretion as to the use of the net proceeds from this offering and may not use them effectively.

We cannot specify with certainty the particular uses to which we will put the net proceeds from this offering. Our management will have broad discretion in the application of the net proceeds. Our shareholders may not agree with the manner in which our management chooses to allocate the net proceeds from this offering. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operation. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company whose shares are listed in the United States, we will incur accounting, legal and other expenses that we did not incur as a private company. We will incur costs associated with our public company reporting requirements. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act of 2002 or the Sarbanes-Oxley Act, as well as rules implemented by the SEC and the NASDAQ Global Market, and provisions of Israeli corporate law applicable to public companies. We expect that these rules and regulations will increase our legal and financial compliance costs, introduce new costs such as investor relations, stock exchange listing fees and shareholder reporting, and will make some activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Changes in the laws and regulations affecting public companies will result in increased costs to us as we respond to their requirements. These laws and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We cannot predict or estimate the amount or timing of additional costs we may incur in order to comply with such requirements.

We have never paid cash dividends on our share capital, and we do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our investors may not gain and could potentially lose on their investment in our Class A ordinary shares.

We have never declared or paid cash dividends on our share capital, nor do we anticipate paying any cash dividends on our share capital in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our Class A ordinary shares will be investors' sole source of gain for the foreseeable future.

Under the Israeli Companies Law, dividends may only be paid out of our profits and other surplus funds (as defined in the Israeli Companies Law) as of the end of the most recent year

or as accrued over a period of the most recent two years, whichever amount is greater, provided that there is no reasonable concern that payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. In the event that we do not meet the profit and surplus funds criteria, we are able to seek the approval of an Israeli court in order to distribute a dividend. The court may approve our request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. In general, the payment of dividends may be subject to Israeli withholding taxes. In addition, because we receive certain benefits under the Israeli law relating to Approved Enterprises (as described under "Taxation—Israeli tax considerations—Tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959"), our payment of dividends (out of tax-exempt income) may subject us to certain Israeli taxes to which we would not otherwise be subject.

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

As a foreign private issuer, we will be permitted, and intend, to follow certain home country corporate governance practices instead of those otherwise required under the Listing Rules of the NASDAQ Stock Market for domestic U.S. issuers. For instance, we intend to follow home country practice in Israel with regard to, among other things, composition of our Board of Directors (whereby a majority of the members of our Board of Directors will not need to be "independent directors," as is generally required for domestic U.S. issuers), director nomination procedure and approval of compensation of officers. In addition, we may follow our home country law instead of the Listing Rules of the NASDAQ Stock Market that require that we obtain shareholder approval for certain dilutive events, such as the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or greater interest in the company, and certain acquisitions of the stock or assets of another company. Following our home country governance practices as opposed to the requirements that would otherwise apply to a United States company listed on the NASDAQ Global Market may provide less protection to you than what is accorded to investors under the Listing Rules of the NASDAQ Stock Market applicable to domestic United States issuers.

In addition, as a foreign private issuer, we will be exempt from the rules and regulations under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States domestic companies whose securities are registered under the Exchange Act. These exemptions and leniencies will reduce the frequency and scope of information and protections to which you are entitled as an investor.

If, after this offering, we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act as they apply to a foreign private issuer that is listed on a United States exchange for the first time, or if our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our share price may suffer.

After the completion of this offering, we will become subject to the requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404, which requires a company that is subject to the reporting requirements of the U.S. securities laws to conduct a comprehensive evaluation of its and its subsidiaries' internal controls over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures, and our management will be required to assess and issue a report concerning our internal controls over financial reporting. In addition, to the extent that the public float of our ordinary shares, i.e., the market capitalization of our stock, after adjusting for the value of Class A and Class B ordinary shares held by our affiliates, is \$75 million or greater, our independent registered public accounting firm will be required to issue an opinion on management's assessment of those matters pursuant to Section 404, which will first be tested (and which report will first be required to be issued) in connection with the filing of our second annual report on Form 20-F after this offering.

We will need to prepare for compliance with Section 404 by strengthening, assessing and testing our system of internal controls to provide the basis for our management's report. However, the continuous process of strengthening our internal controls and complying with Section 404 is complicated and time-consuming. Furthermore, as our business continues to grow internationally, our internal controls will become more complex and will require significantly more resources and attention to ensure that our internal controls remain effective overall. Over the course of testing our internal controls, our management may identify material weaknesses or significant deficiencies, which may not be remedied in a timely manner to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal controls over financial reporting, or if our independent registered public accounting firm identifies material weaknesses in our internal controls, investor confidence in our financial results may weaken, and our share price may suffer.

We may be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in 2012 or in any subsequent year. PFIC status may have negative tax consequences for U.S. taxpayers that are holders of our Class A ordinary shares.

We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of our gross income is "passive income" or (ii) on average at least 50% of our assets produce, or are held for the production of, passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Based on the nature of our business, the projected composition of our income and the projected composition and estimated fair market values of our assets, we do not expect to be a PFIC in 2012 or a subsequent year. Our status as a PFIC, however, is an annual determination that is made after the close of each taxable year and is dependent, among other things, on the results of our operations and the composition and value of our assets. Because we hold and expect to continue to hold following this offering a substantial amount of cash or cash equivalents, and because the calculation of the value of our

assets may be based in part on the value of our Class A ordinary shares, which may fluctuate after this offering and may fluctuate considerably given that market prices of technology companies historically often have been volatile, we may be a PFIC in 2012 or in a subsequent taxable year. There can be no assurance that we will not be a PFIC in any taxable year.

If we are a PFIC in 2012, or any subsequent year, and a U.S. shareholder does not make a "mark-to-market" election, the shareholder will be subject to tax under the "excess distribution" regime. Under that regime, gain recognized on the sale or other disposition of our Class A ordinary shares will be allocated ratably over the U.S. shareholder's holding period for the shares. Gain allocated to the year of sale and any taxable year prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income arising in the year of sale. Gain allocated to each of the other taxable years would be subject to tax at the highest applicable ordinary income tax rate in effect for that year and an interest charge added for the late payment of tax as if the tax were due and during the course of such year. Distributions by a PFIC greater than 125 percent of the average annual distributions paid in the three preceding taxable years (or, if shorter, the portion of the U.S. shareholder's holding period before the taxable year) are taxed similarly.

If we are a PFIC in any year, we do not expect to provide U.S. shareholders with the information required for them to make a valid "qualified electing fund," or QEF, election, which, if available to them, would provide them some relief from the adverse tax consequences that would accompany our PFIC status. See "Taxation—U.S. federal income tax consequences" for a further discussion of the PFIC rules and the potential mark-to-market election that U.S. shareholders may be able to make.

Risks related to our operations in Israel

Our headquarters, manufacturing and other significant operations are located in Israel and, therefore, our results may be adversely affected by political, economic and military instability in Israel.

Our headquarters, manufacturing and research and development facilities and some of our suppliers are located in central and southern Israel. In addition, our key employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. During the winter of 2008-2009, Israel was engaged in an armed conflict with a militia group and political party which controls the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. These conflicts involved missile strikes against civilian targets in various parts of Israel, including areas where some of our manufacturing facilities are located, and negatively affected business conditions in Israel. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with

whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions generally and could harm our results of operations.

Our operations may be disrupted as a result of the obligation of management or key personnel to perform military service.

Many of our male employees in Israel, including members of our senior management, are obligated to perform one month, and in some cases longer periods, of annual military reserve duty until they reach the age of 45 (or older, for citizens who hold certain positions in the Israeli armed forces reserves), and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists, and some of our employees have been called up in connection with armed conflicts. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our employees or of one or more of our key employees. Such disruption could materially adversely affect our business and operations.

Exchange rate fluctuations between the U.S. dollar and the New Israeli Shekel, the Euro and other non-U.S. currencies may negatively affect our earnings.

Although most of our revenues and a portion of our expenses are denominated in U.S. dollars, substantially all of our manufacturing, research and development expenses, as well as a portion of our cost of revenues, selling and marketing, and general and administrative expenses, are incurred in New Israeli Shekels. As a result, we are exposed to the risks that the New Israeli Shekel may appreciate relative to the U.S. dollar, or, if the New Israeli Shekel instead devalues relative to the U.S. dollar, that the inflation rate in Israel may exceed such rate of devaluation of the New Israeli Shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of our operations in Israel would increase and our U.S. dollar-denominated results of operations would be adversely affected. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the New Israeli Shekel against the U.S. dollar. The Israeli rate of inflation amounted to 3.9%, 2.7% and 2.2% for the years ended December 31, 2009, 2010 and 2011, respectively. If the U.S. dollar cost of our operations in Israel increases, our dollar-measured results of operations will be adversely affected. Our operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future. The appreciation (devaluation) of the New Israeli Shekel in relation to the U.S. dollar amounted to 0.7%, 6.0% and (7.7)% for the years ended December 31, 2009, 2010 and 2011, respectively.

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Although most of our revenues and a portion of our expenses are denominated in U.S. dollars, we do have substantial revenues and expenses that are denominated in other currencies (besides the New Israeli Shekel), particularly the Euro. Therefore, our operating results and cash flows are also subject to fluctuations due to changes in the relative values of the U.S. dollar and these foreign currencies. These fluctuations could negatively affect our operating results and could cause our revenues and net income or loss to vary from quarter to quarter. Furthermore, to the extent that we increase our revenues in regions such as Asia Pacific, where our sales are denominated in U.S. dollars, a strengthening of the dollar versus other currencies could make our products less competitive in those foreign markets and collection of receivables more difficult.

We recently began engaging in currency hedging activities. These measures, however, may not adequately protect us from material adverse effects due to the impact of inflation in Israel or from fluctuations in the relative values of the U.S. dollar and foreign currencies in which we transact business, and may result in a financial loss, such as we experienced in 2011. For further information, please see "Management's discussion and analysis of financial condition and results of operations" elsewhere in this prospectus.

The government tax benefits that we currently receive require us to meet several conditions and may be terminated or reduced in the future, which would increase our costs.

Some of our operations in Israel, referred to as "Approved Enterprises" and "Benefited Enterprises," carry certain tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law. Based on an evaluation of the relevant factors under the Investment Law, including the level of foreign (i.e. non-Israeli) investment in our company, we have determined that our effective tax rate to be paid with respect to all Israeli operations under these benefits programs is 8 - 9%, based on the current balance of activity between our Rehovot, Israel and Kiryat Gat, Israel facilities and the available level of benefits under the law. If we do not meet the requirements for maintaining these benefits, they may be reduced or cancelled and the relevant operations would be subject to Israeli corporate tax at the standard rate, which is currently set at 25% for 2012 and onwards. In addition to being subject to the standard corporate tax rate, we could be required to refund any tax benefits that we have already received, plus interest and penalties thereon. Even if we continue to meet the relevant requirements, the tax benefits that our current "Approved Enterprise" and "Benefited Enterprise" receive may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes that we pay would likely increase, as all of our operations would consequently be subject to corporate tax at the standard rate, which could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, via acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs. See "Taxation—Israeli tax considerations—Tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959" for additional information concerning these tax benefits.

In the past, we received Israeli government grants for certain of our research and development activities. The terms of those grants may require us to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to repayment of the grants.

Our research and development efforts were financed in part, in the past, through grants that we received from Israel's Office of the Chief Scientist of the Ministry of Industry, Trade and Labor, or OCS. Through 2006, we received approximately \$1.5 million, which we repaid in its entirety (including interest thereon) by the end of 2007. Notwithstanding the full repayment of these OCS grants, we nevertheless must continue to comply with the requirements of the Israeli Law for the Encouragement of Industrial Research and Development, 1984, and related regulations, or the Research Law, with respect to those past grants. When a company develops know-how, technology or products using OCS grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the OCS. Therefore, if aspects of our technologies are deemed to have been developed with OCS funding, the discretionary approval of an OCS committee would be required for any transfer to third parties outside of Israel of know how or manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the OCS may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel.

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

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

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not

have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the company's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights.

Our amended and restated articles of association impose an additional barrier towards a merger or acquisition of our company, as they provide that our directors (other than external directors) are subject to election on a staggered basis, every third year, such that a potential acquiror cannot readily replace our entire Board of Directors at a single annual general shareholder meeting. This could prevent a potential acquiror from receiving Board approval for an acquisition proposal that our Board opposes.

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

These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

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

We are incorporated in Israel. All of our executive officers and the Israeli experts, and all but one of our directors, listed in this prospectus reside outside of the United States, and most of our assets and most of the assets of these persons are located outside of the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to United States securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of United States securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not United States law is applicable to the claim. If United States law is found to be applicable, the content of applicable United States law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will

also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a United States or foreign court. See "Enforceability of civil liabilities" for additional information on your ability to enforce a civil claim against us and our executive officers or directors named in this prospectus.

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

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

Forward-looking statements; cautionary information

This prospectus, including the sections entitled "Prospectus summary," "Risk factors," "Use of proceeds," "Management's discussion and analysis of financial condition and results of operations" and "Business", contains forward-looking statements. These 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 the forward-looking statements. In some cases, you can identify forward-looking statements by terms including "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties, including those described in "Risk factors." In addition, the sections of this prospectus entitled "Prospectus summary" and "Business" contain information obtained from independent industry sources that we have not independently verified. You should not put undue reliance on any forward-looking statements. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

Factors that could cause our actual results to differ from those expressed or implied in such forward-looking statements include, but are not limited to:

- whether we are able to successfully compete within the 3D printing market;
- the degree of our success in enhancing our existing product lines and in developing new 3D printing systems based on our PolyJet, PolyJet Matrix or additional printing technologies that we may develop;
- whether we can introduce new, additional resin consumables that enhance objects that customers can create using our 3D printing systems, thereby enabling us to generate greater revenues;
- competition that we face from other companies and technologies within our industry;
- our relationships with our key suppliers and distributors of our products;
- the implementation of our business model and strategic plans for our business;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our PolyJet, PolyJet Matrix or additional printing technologies and/or resin consumables or other materials that we may develop;
- our ability to operate our business without infringing the intellectual property rights of others;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the impact of the political and security situation in Israel on our business; and
- our use of the net proceeds to us from this offering.

Use of proceeds

We estimate that we will receive net proceeds from this offering of approximately \$ million, based on an assumed initial public offering price of \$, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses. If the underwriters exercise their over-allotment option in full, we will receive additional net proceeds of \$ million, after deducting underwriting discounts and commissions and estimated offering expenses.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ would increase (decrease) the net proceeds that we receive from the offering by \$ million, assuming that the number of Class A ordinary shares offered, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses.

We expect to use the net proceeds from this offering to meet our anticipated increased working capital requirements resulting from the expected growth in our business. We may also use a portion of the net proceeds for the potential acquisition of, or investment in, technologies, products or companies that complement our business, although we have no understandings, commitments or agreements to consummate any such acquisition or investment. Our management will have significant flexibility in applying the net proceeds. Pending the uses described above, we intend to invest the net proceeds in interest-bearing investment-grade securities or deposits.

Beyond providing us with cash proceeds, the offering will also enable us to create a public market for our Class A ordinary shares which, we believe, will further enhance our prominence in our industry and among our customers. We also believe that a public market for our Class A ordinary shares will provide our employees with a market in which to sell their Class A ordinary shares (including shares underlying options) and thereby participate economically in our success, which we believe will further incentivize employee performance.

Dividend policy

We have never declared or paid cash dividends to our shareholders and we do not intend to pay cash dividends in the foreseeable future. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, our strategic goals and plans to expand our business, applicable law and other factors that our board of directors may deem relevant.

See "Risk factors—Risks related to an investment in our Class A ordinary shares—We have never paid cash dividends on our share capital, and we do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our investors may not gain and could potentially lose their investment in our Class A ordinary shares" for an explanation concerning the payment of dividends under Israeli law.

Capitalization

The following table presents our capitalization as of December 31, 2011:

- on an actual basis;
- on a pro forma basis, to give effect to the reclassification of all issued and outstanding ordinary shares into 3,236,500 Class B ordinary shares and the conversion of all of our issued and outstanding preferred shares into 130,992,790 Class B ordinary shares immediately prior to the consummation of this offering; and
- on a pro forma as adjusted basis, to give further effect to the sale of Class A ordinary shares in this offering, at an assumed initial public offering price of \$ per share, the midpoint of the estimated initial public offering price range, after deducting underwriting discounts and commissions and estimated offering expenses.

This table should be read in conjunction with "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

(in thousands, except share data and per share data)	As of December 31, 2011		
	Actual	Pro forma	Pro forma as adjusted
Convertible preferred shares, NIS 0.01 par value: 250,000,000 shares authorized, 130,992,790 shares issued and outstanding (Actual); no shares authorized, issued and outstanding (Pro forma and Pro forma as adjusted)(1)	\$ 38,231	\$ —	\$ —
Shareholders' equity(2)(3):			
Ordinary shares, NIS 0.01 par value: 250,000,000 shares authorized and 3,236,500 shares issued and outstanding (Actual); no shares authorized, issued and outstanding (Pro forma and Pro forma as adjusted)	8	—	—
Class A ordinary shares, NIS 0.01 par value: no shares authorized, issued and outstanding (Actual); shares authorized and shares issued and outstanding (Pro forma); shares authorized and shares issued and outstanding (Pro forma as adjusted)	—	—	—
Class B ordinary shares, NIS 0.01 par value: no shares authorized, issued and outstanding (Actual); shares authorized and shares issued and outstanding (Pro forma and Pro forma as adjusted)	—	295	—
Additional paid-in capital	744	38,688	—
Retained earnings	47,071	47,071	—
Accumulated other comprehensive income	(191)	(191)	—
Total shareholders' equity(1)	47,632	85,863	—
Total capitalization	\$ 47,632	\$ 85,863	\$ —

(1) Our convertible preferred shares are entitled to a dividend preference in the amount of their original purchase price. Accordingly, the preferred shares are presented as temporary equity at the mezzanine level of the balance sheet. Immediately

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prior to the consummation of this offering, all of our issued and outstanding preferred shares will convert into ordinary shares and be reclassified as Class B ordinary shares, eliminating this temporary equity. See Notes 1d, 1x and 8 to the notes to our consolidated financial statements, included elsewhere in this prospectus, for additional information.

(2) The preceding table excludes options to purchase a total of 17,862,063 ordinary shares and 7,933,539 preferred shares (which, in each case, will be exercisable for an equivalent number of Class B ordinary shares upon the consummation of this offering) that were issued and outstanding under our equity incentive plan as of December 31, 2011. Of such respective classes of options, options to purchase 11,018,563 and 7,933,539 shares, respectively, had vested as of December 31, 2011. The vested options to purchase ordinary shares will be exercisable upon the consummation of this offering, and the vested options to purchase preferred shares are currently exercisable, at weighted average exercise prices of \$0.526 and \$0.254, respectively, per share.

(3) See "Business—Legal proceedings" for a discussion of litigation brought by three former employees claiming rights to options for additional amounts of our capital stock.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ would increase (decrease) each of additional paid-in capital, total shareholders' equity and total capitalization by \$ million, assuming that the number of Class A ordinary shares offered, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses.

Dilution

Our pro forma net tangible book value as of December 31, 2011 was \$ million, or \$ per ordinary share. Pro forma net tangible book value per ordinary share was calculated by:

- subtracting our liabilities from our total tangible assets; and
- dividing the difference by the number of ordinary shares outstanding.

Pro forma net tangible book value per ordinary share furthermore reflects the conversion of all of our issued and outstanding preferred shares into 130,992,790 Class B ordinary shares, as if such conversion had occurred as of December 31, 2011.

After giving effect to adjustments relating to this offering, our pro forma net tangible book value on December 31, 2011 would have been approximately \$ million, equivalent to \$ per ordinary share. The adjustments made to determine our pro forma net tangible book value are as follows:

- an increase in total tangible assets to reflect the net proceeds of this offering received by us as described under "Use of proceeds;" and
- the addition of the Class A ordinary shares offered in this prospectus to the number of ordinary shares outstanding.

The following table illustrates the immediate increase in our pro forma net tangible book value of \$ per ordinary share and the immediate pro forma dilution to new investors:

Assumed initial public offering price per Class A ordinary share	\$
Pro forma net tangible book value per ordinary share as of December 31, 2011	
Increase in net tangible book value per ordinary share attributable to the offering	
Pro forma net tangible book value per ordinary share as of December 31, 2011 after giving effect to the offering	
Dilution per ordinary share to new investors	\$

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per Class A ordinary share (the midpoint of the range on the cover of this prospectus) would increase (decrease) the net tangible book value attributable to this offering by \$ per ordinary share, the pro forma net tangible book value after giving effect to this offering by \$ per ordinary share and the dilution per ordinary share to new investors in this offering by \$, assuming that the number of Class A ordinary shares offered remains the same and after deducting underwriting discounts and commissions and estimated offering expenses.

The table below summarizes, as of December 31, 2011, the differences for our existing shareholders and new investors in this offering, with respect to the number of ordinary shares

purchased from us, the total consideration paid and the average per ordinary share price paid before deducting fees and offering expenses.

	Shares purchased		Total consideration		Average price per share
	Number	%	Amount	%	
Existing shareholders	134,229,290	%	\$	%	\$
New investors					\$
Total		100%	\$	100%	

The above discussion and tables are based on 134,229,290 ordinary shares (including both Class A and Class B ordinary shares) issued and outstanding as of December 31, 2011.

The discussion and table above assume no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, the pro forma number of our ordinary shares held by new investors will increase to , or approximately %, of the total pro forma number of our ordinary shares outstanding after this offering.

The discussion and table above also do not include 17,862,063 ordinary shares and 7,933,539 preferred shares that we have reserved for issuance upon the exercise of outstanding options as of December 31, 2011. If all of such outstanding options were exercised (in the case of options to purchase ordinary shares, exercise is conditioned upon the closing of this offering under our equity incentive plan, whereas the exercise of options to purchase preferred shares is not so conditioned), pro forma net tangible book value per share would be \$, dilution per ordinary share to new investors would be \$, the number of shares held by our existing shareholders would increase to , constituting % of our total issued shares (while new shareholders in this offering would only hold % of our issued shares), the total consideration amount paid by existing shareholders would increase to \$, or % of total consideration received by us for our shares (while the percentage of consideration paid by new shareholders in this offering would drop to %) and the average price per share paid by our existing shareholders would instead be \$.

See "Business—Legal proceedings" for a discussion of litigation brought by three former employees claiming rights to options for additional amounts of our capital stock.

Selected consolidated financial data

The following table sets forth our selected consolidated financial data, which is derived from our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The selected consolidated financial statement data for the years ended December 31, 2009, 2010 and 2011, and as of December 31, 2010 and 2011, is derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial statement data for the years ended December 31, 2007 and 2008, and as of December 31, 2007, 2008 and 2009, has been derived from audited consolidated financial statements not included in this prospectus.

You should read this selected financial data in conjunction with, and it is qualified in its entirety by, reference to our historical financial information and other information provided in this prospectus including "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes. The historical results set forth below are not necessarily indicative of the results to be expected in future periods.

(in thousands, except per share data)	Year ended December 31,				
	2007	2008	2009	2010	2011
Consolidated statements of operations data:					
Revenues					
Products	\$ 61,910	\$ 71,530	\$ 56,993	\$ 76,556	\$ 105,759
Services	5,106	9,908	10,537	11,322	15,337
Total revenues	67,016	81,438	67,530	87,878	121,096
Cost of revenues:					
Cost of products	20,840	19,963	19,835	23,734	34,008
Cost of services	4,297	9,436	9,286	10,039	12,946
Gross profit	41,879	52,039	38,409	54,105	74,142
Operating expenses					
Research and development	6,043	11,867	9,297	11,980	14,569
Sales and marketing	9,305	13,198	12,791	19,979	28,366
General and administrative	3,326	8,114	7,988	10,009	13,696
Operating profit	23,205	18,860	8,333	12,137	17,511
Finance income (expense), net	2,782	(4,007)	232	(365)	(1,228)
Income before income taxes	25,987	14,853	8,565	11,772	16,283
Tax on income (tax benefit)	42	(436)	960	1,411	1,589
Net income	\$ 25,945	\$ 15,289	\$ 7,605	\$ 10,361	\$ 14,694
Earnings per share attributable to ordinary shareholders					
Basic and diluted(1)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.07
Weighted average number of ordinary shares					
Basic and diluted	3,670	3,337	3,237	3,237	3,237

(1) Our convertible preferred shares, which represent the majority of the voting power in our company, are entitled to a dividend preference in the amount of their original purchase price. Accordingly, that amount is allocated to the participation of preferred shares in the earnings of each year. As a result of the deemed participation of the preferred shares in our earnings, earnings per share attributable to ordinary shareholders in each of 2007, 2008, 2009 and 2010 were \$0.00. As of the conclusion of 2011, our retained earnings exceeded the preferred shares' liquidation preference, and, accordingly, a portion of

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our earnings for such year was attributed to our ordinary shares. See Notes 1d, 1x and 8 to the notes to our consolidated financial statements, included elsewhere in this prospectus for additional information.

(in thousands)	As of December 31,				
	2007	2008	2009	2010	2011
Consolidated balance sheets data:					
Cash and cash equivalents	\$ 40,789	\$ 25,102	\$ 24,294	\$ 45,366	\$ 42,954
Total assets	65,154	80,102	83,575	101,210	124,538
Current liabilities	20,529	22,581	18,639	26,170	34,239
Long-term liabilities	2,172	2,925	3,558	3,557	4,436
Convertible preferred shares(1)	42,299	39,731	38,231	38,231	38,231
Total shareholders' (deficit) equity(1)	154	14,867	23,147	33,252	47,632

(1) Our convertible preferred shares, which represent the majority of the voting power in our company, are entitled to a dividend preference in the amount of their original purchase price. Accordingly, the preferred shares are presented as temporary equity at the mezzanine level of the balance sheet. Immediately prior to the consummation of this offering, all of our issued and outstanding preferred shares will convert into ordinary shares and be reclassified as Class B ordinary shares, eliminating this temporary equity. See Notes 1d, 1x and 8 to the notes to our consolidated financial statements, included elsewhere in this prospectus, for additional information.

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly those in the "Risk factors."

Overview

We are a global provider of 3D printing solutions, offering a broad range of 3D printing systems, resin consumables and services. Our printers use our proprietary PolyJet inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D CAD files. Our printers build 3D objects by depositing multiple layers of resin one on top of another. We enhance the ability of designers, engineers and manufacturers to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Our easy-to-use, high-speed 3D printers create high-resolution, smooth surface finish models that have the look, feel and functionality of the final designed product.

We generate revenues via the sale of our 3D printing systems and resin consumables and by providing support services. The objective of our business model is to increase our installed base of 3D printing systems and grow our market share, as well as to generate recurring sales of resin consumables used in our printing systems and related services. Our installed base of 3D printers provides the basis for recurring revenue from the purchase of resin consumables by users of our printers. We intend to pursue our business model by, among other things:

- expanding our customer base and further penetrating existing customers by increasing our marketing efforts and adding distribution channels;
- driving further market adoption of our lower capacity, entry-level systems, which are offered at lower price points, in order to broaden our installed base significantly; and
- developing resin consumables that offer an even wider array of physical and aesthetic properties, thereby broadening user applications.

We also intend to extend our technology capabilities by continuing to invest in our R&D efforts, which focus on enhancing our inkjet-based technologies and developing new resin consumables.

We initiated sales of our 3D printing systems and resin consumables in 2002 and revenues have grown on a year-to-year basis from approximately \$40.3 million in 2006 to approximately \$121.1 million in 2011, other than in 2009, in which our revenues fell by 17.1% primarily due to the effects of the global recession. We have been profitable since 2005, and recorded net income of \$7.6 million, \$10.4 million and \$14.7 million for the years ended December 31, 2009, 2010 and 2011, respectively. In 2009, 2010 and 2011, we derived almost all of our revenues from three regions, with North America accounting for 41.9%, 41.9% and 43.4% of our

revenues, respectively; Europe accounting for 37.2%, 34.0% and 33.2% of our revenues, respectively; and Asia Pacific for 17.2%, 18.4% and 19.3% of our revenues, respectively. No single customer or end-user was responsible for more than 6% of our revenues in any of 2009, 2010 and 2011.

Key measures of our performance

Revenues

Our consolidated revenues consist primarily of revenues from sales of our products, which include both our 3D printing systems and related proprietary resin consumables, and, secondarily, from the provision of services and parts to our distributors and end-users. We principally effect sales and deliver services through the following channels: (i) sales to independent distributors who purchase and resell our products and who provide support services for our printing systems; and (ii) sales of our printing systems that are marketed by independent sales agents, pursuant to which we sell directly to end-users, pay commissions to such agents, and directly handle the sale of resin consumables and provision of support services. There is overlap among the channels as some independent sales agents for our higher end products also serve as independent distributors of our entry level products.

Product revenues

Product revenues are influenced by a number of factors, including, among other things, (i) the adoption rate of our products, (ii) end-user product design and manufacturing activity, (iii) the capital expenditure budgets of end-users and potential end-users and (iv) the mix of products sold, all of which may be significantly influenced by macroeconomic factors. Purchases of our 3D printing systems, especially our higher-end, higher-priced systems, typically involve long sales cycles.

According to the 2010 report of Wohlers Associates, Inc., or the Wohlers Report, much of the anticipated growth in the 3D printing industry in the next several years, in terms of both units sold and revenues, is expected to occur at the entry-level of the market. Our growth strategy involves, in part, broadening our installed base through increased adoption of our lower capacity entry-level systems, which we introduced in 2009.

Product revenues also depend upon the volume of resin consumables that we sell. Sales of our resin consumables are linked to the number of our 3D printing systems that are installed and active worldwide. Sales of resin consumables are also driven by 3D printing system usage, which is generally a function of the size of the particular system and the habits and budget of the particular end-user. Larger machines generally utilize larger amounts of resin consumables due to their greater capacity and the higher levels of design and manufacturing activity by, and operating budget of, a typical end-user who utilizes a larger machine.

Services revenues

Services revenues derive from (i) installation, training, maintenance and warranty, (ii) service contracts and (iii) spare parts. System sales prices include the value of the warranty. In addition, in connection with direct sales, we generally charge separately for installation and training. Additional services revenues are generated from services contracts entered into directly with end-users subsequent to the expiration of the initial warranty period. With regard to sales

made through independent distributors, the distributor charges the end-user separately for installation and training. We sell spare parts directly to end-users and to distributors.

Costs of revenues

Our costs of revenues consist of costs of products and costs of services. Costs of products consist primarily of components and subassemblies purchased for manufacture of our 3D printing systems, and raw materials, such as acrylic-based resins, for manufacture of our resin consumables, as well as royalties paid with respect to sales of these resin consumables. Costs of products also include manufacturing and manufacturing-related labor costs and indirect production costs. Our costs of services consist primarily of costs of our service personnel, which includes engineers dedicated to on-site installation, training and support, travel costs of these engineers, as well as the cost of spare parts. Our costs of revenues historically have not included expenses for share-based compensation, as explained below under "—Share-based compensation." However, we will begin incurring expenses for share-based compensation following the consummation of this offering.

Gross profit

Our gross profit and gross margin for our products are influenced by a number of factors. Most important of these is the mix of our products sold. Specifically, the gross margins on our high-end 3D printers and on our resin consumables are typically higher than the gross margins on our entry-level desktop printers. Accordingly, an increase in the percentage sales of our entry-level 3D printers could cause our profit margins to decrease. However, we also intend to focus on developing new features in order to introduce new high-end systems as a means of generating sales of high-end systems. Furthermore, we believe that as our worldwide installed base of 3D printing systems increases, subsequent sales of our proprietary resin consumables will also increase. We will also seek to reduce our costs of revenues by continued research and development directed towards improving our ability to use less costly components and towards achieving increased engineering efficiencies in the production of entry-level systems.

Gross margins are also impacted by the mix of revenues generated from sales to independent distributors as opposed to direct sales that are facilitated by sales agents. As part of our strategy to broaden our market share in the United States, in 2010 we switched from a direct sales model to a model in which sales are made through both indirect and direct channels: indirect sales through independent distributors and direct sales through independent sales agents to whom we pay commissions on sales. Ultimately, our expansion strategy is to work with independent distributors who we believe will have a better ability to increase revenues in their respective markets than we could if we distributed our products directly (with or without the assistance of independent sales agents).

Service gross margins are predominantly influenced by the ratio of service engineers to our installed base in a given geographic area, as that ratio impacts travel costs and efficiency of our service engineers. Service gross margins are also impacted by the reliability of our 3D printers, especially in periods following new product releases.

Operating expenses

Our operating expenses consist of three components: research and development expenses, selling and marketing expenses and general and administrative expenses. Our operating expenses historically have not included expenses for share-based compensation. However, we

expect to begin incurring expenses for share-based compensation following the consummation of this offering.

Research and development expenses

Our research and development expenses consist primarily of salaries and related personnel expenses; costs of research aimed at developing new printing systems and materials and enhancing our existing product lines, included the related software and materials; laboratory supplies; and costs for facilities (including a portion of the rent expense for our facilities in Rehovot, Israel, where we conduct research) and equipment. We charge all research and development expenses to operations as they are incurred, other than expenses for certain equipment that we capitalize.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of salaries, bonuses and other benefits for our marketing, sales and other sales-support employees; commissions; advertising and promotions expenses; and costs for facilities.

Commissions consist of sales-based commissions to independent sales agents. Commission rates vary, depending on the geographic location of the agent and on the achievement of certain performance targets. As explained above, our revenues are derived from direct and indirect sales channels. The mix of revenues among these channels influences our selling and marketing expenses as sales made to independent distributors do not incur sales commissions. Our advertising and promotion expenses consist primarily of media advertising costs, trade and consumer marketing expenses and public relations expenses. We intend to invest in increasing our worldwide installed base, and therefore expect selling and marketing expenses in general, and advertising and promotion expenses in particular, to increase in absolute terms.

General and administrative expenses

Our general and administrative expenses consist primarily of salaries and other employee benefits for our managerial and administrative personnel, including executive officers, finance, bookkeeping, information technology and human resources. Other significant general and administrative costs include facilities costs (including a portion of the rent expense for our facilities in Rehovot, Israel and in other countries where administrative personnel are located), professional service fees for accounting and legal services and reserves for specific legal proceedings referred to elsewhere in this prospectus. As our sales grow, we expect our administrative expenses to increase in absolute terms. We also expect an increase in our administrative expenses as a result of the additional costs of our becoming a public company in the United States.

Share-based compensation

Our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan, or the 2004 plan, provides for the grant of options, restricted shares or other share-based awards to our directors, officers, employees and consultants. As of March 1, 2012, options to purchase a total of 27,700,000 shares were reserved for grant under this plan, of which options to purchase 19,252,125 ordinary shares and 7,933,539 preferred shares were granted and outstanding. Of such outstanding options, options to purchase 11,898,281 ordinary shares and 7,933,539 preferred shares, respectively, had vested as of that date, with weighted average

exercise prices equal to \$0.553 and \$0.254, respectively, per share. Despite having vested, none of those options to purchase ordinary shares are exercisable, as exercisability of the options to purchase ordinary shares is conditioned upon the closing of our initial public offering, the sale of all or substantially all of our assets or outstanding shares, or a merger or other similar transaction involving our company. All of the options to purchase preferred shares, on the other hand, have vested and are already exercisable, and all related compensation expense was recognized prior to the fiscal periods covered by the financial statements appearing in this prospectus.

The value of the options that we have granted is calculated under a fair value method of accounting, using the Black-Scholes option-pricing model. We have treated the awards as "variable performance awards" and given that the performance condition for exercise of the options to purchase ordinary shares (our initial public offering, the sale of all or substantially all of our assets or shares, or a merger or other similar transaction involving our company) was outside of our control, we concluded that the performance condition was not probable. As a result, no share-based compensation expense has been recognized with respect to options to purchase ordinary shares prior to December 31, 2011. Assuming the consummation of our initial public offering, we will recognize in the quarter during which this offering is completed a share-based compensation charge in the amount of \$, based on an initial public offering price of \$, which represents the midpoint of the offering range on the cover of this prospectus. Subsequently, share-based compensation charges will comprise a component of each of the line items included in our operating expenses. Had our initial public offering been completed on December 31, 2011, we would have recognized a non-cash share-based compensation charge in the amount of \$10.9 million for the year ended December 31, 2011.

Finance income (expense), net

Finance income (expense), net, consists primarily of (i) foreign currency exchange related income and expenses, (ii) interest earned on our cash, cash equivalents and short-term investments and (iii) realized gains and losses on sales of, as well as premium or discount amortization with respect to, our short-term debt securities in which we invest some of our cash reserves. See "—Currency exchange rates" below for a discussion of our historical forward purchases of NIS, and of our current and planned currency hedging activity, which began to result in financial income or loss starting with our 2011 financial statements.

Currency exchange rates

Due to our international operations, currency exchange rates impact our financial performance. For example, in the year ended December 31, 2011, approximately 67% of our sales were denominated in U.S. dollars and approximately 33% were denominated in Euros. In terms of costs of revenues, approximately 46% of our purchases of raw materials and product components in the year ended December 31, 2011 were denominated in either NIS, or in NIS prices that are linked to U.S. dollars. Similarly, a majority of our labor costs are also denominated in NIS, due to our operations in Israel.

While we have not hedged against these risks formally in the past, in 2010 we did convert U.S. dollars to NIS a few months in advance of anticipated large NIS expense payments (such as payroll expenses) to hedge against the potential devaluation of the U.S. dollar relative to the NIS prior to the dates for such payments. More recently, we have begun to engage in transactions (such as entry into forward contracts) designed to limit our exposure to the

weakening of the U.S. dollar against the NIS and the weakening of the Euro against the U.S. dollar. These transactions may relate in part to specific operating transactions and to that extent are included in the operations-related categories of our consolidated statements of income (commencing in our 2011 financial statements). Otherwise, they are accounted for in finance income (expense). In the third quarter of 2011, we experienced a financial loss due to our entry into currency hedging transactions. In an effort to avoid future such financial losses, we have adopted a hedging accounting policy, as described under "Finance income (expenses), net" below.

Corporate taxes

The standard corporate tax rate in Israel for the 2011 tax year was 24%. The Israeli corporate tax rate for the 2010 tax year was 25% and for the 2009 tax year was 26%. As of January 1, 2012, previously scheduled reductions to the corporate tax rate have been cancelled, and the rate has been set at 25% for 2012 and onwards. Our non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of organization.

As discussed in greater detail below under "Taxation—Israeli tax considerations," we have received various tax benefits under the Israeli Law for the Encouragement of Capital Investments, 5719-1959, which we refer to as the Investment Law. Based on an evaluation of the relevant factors under the Investment Law, including the level of foreign (i.e. non-Israeli) investment in our company, we have determined that our effective tax rate to be paid with respect to all Israeli operations under these benefits programs is 8.0 - 9.0%, based on the current balance of activity between our Rehovot and Kiryat Gat facilities and the available level of benefits under the law. The programs under which we receive these benefits are scheduled to expire in 2014, 2016 and 2019.

Under the Investment Law and other Israeli legislation, we are entitled to certain additional tax benefits, including accelerated depreciation and amortization rates for tax purposes on certain assets, deduction of public offering expenses in three equal annual installments and amortization of other intangible property rights for tax purposes.

Because we operate in a number of countries, our income is subject to taxation in differing jurisdictions with a range of tax rates. We estimate our effective tax rate for the coming years based on our planned future financial results in existing and new markets and the key factors setting our tax liability, in particular our transfer pricing policy. Accordingly, we estimate that our effective tax rate will range between 5.7% and 8.8% of our income before income tax during the years 2012 through 2016.

Inventory

We currently operate on a build-to-forecast basis and obtain all raw materials and parts used in the manufacturing process either from distributors of electrical or mechanical parts, or from custom fabricators of our proprietary designs. We typically maintain several months of finished goods, including printing systems and resin consumables, in order to meet unanticipated levels of product orders or supply delays or shortages. Likewise, we maintain excess finished products (printing systems and resin consumables) in four regional product warehouses (in Rehovot, Israel; Kiryat Gat, Israel; Chicago, United States; and Frankfurt, Germany) in order to ensure that we have an adequate level of products readily available for sale to distributors and end-users in key global locations. We also maintain excess stock of components used in the

manufacture of our printing systems and resin consumables that we obtain from single or limited source suppliers.

Results of operations

The following table sets forth certain consolidated statement of income data as a percentage of total revenues for the periods indicated. All items are included in or derived from our consolidated statements of operations. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year ended December 31,		
	2009	2010	2011
Total revenues	100.0%	100.0%	100.0%
Total cost of revenues	43.1%	38.4%	38.8%
Gross profit	56.9%	61.6%	61.2%
Research & development expenses	13.8%	13.6%	12.0%
Selling and marketing expenses	18.9%	22.7%	23.4%
General and administrative expenses	11.8%	11.4%	11.3%
Total operating expenses	44.5%	47.8%	46.8%
Operating income	12.3%	13.8%	14.5%
Finance income (expense), net	0.3%	(0.4)%	(1.0)%
Income before income taxes	12.7%	13.4%	13.4%
Tax expense	1.4%	1.6%	1.3%
Net income	11.3%	11.8%	12.1%

Years ended December 31, 2011, 2010 and 2009

Revenues

Revenues from our products and services for the last three years, as well as the percentage change, were as follows:

(in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Products	\$ 56,993	34.3%	\$ 76,556	38.1%	\$ 105,759
Services	10,537	7.4%	11,322	35.5%	15,337
Total revenues	\$ 67,530	30.1%	\$ 87,878	37.8%	\$ 121,096

Total revenues increased by \$33.2 million, or 37.8%, in 2011 as compared to 2010, after having increased by \$20.3 million, or 30.1% in 2010 as compared to 2009. The growth in total revenues in 2011 was primarily attributable to substantial increases in both sales of products and services revenues, while the increase in total revenues in 2010 was primarily attributable to a substantial increase in sales of products, and secondarily to a small increase in services revenues. An explanation of the underlying causes for the changes in the amounts of the revenues in 2011 and 2010 is provided below.

Product revenues

The increase in product revenues in each of 2011 and 2010 relative to the previous year reflected strong sales across the spectrum of our 3D printing systems and resin consumables. Revenues derived from our products increased by \$29.2 million, or 38.1%, in 2011 as compared to 2010, and by \$19.6 million, or 34.3%, in 2010 as compared to 2009. The number of 3D printing systems sold in 2011 increased by 63% to 929 units as compared to 569 units sold in 2010, which itself reflected a 56.3% increase in comparison to the 364 units sold in 2009. Sales of our resin consumables also contributed to improved products sales in 2011 and 2010, rising to \$47.9 million in 2011 from \$35.0 million in 2010, after having risen from \$27.1 million in 2009, amounting to increases of 36.7% and 29.1% for 2011 and 2010, respectively. We believe that the increased sales of our 3D printing systems in 2011 reflected the continued maturation and growth of our distribution channels, especially in the United States, as well as increased market penetration of the entry level desktop systems that we introduced in 2009. For 2010, we attribute increased sales across the spectrum of our 3D printing systems to the implementation of our strategy to capture market share and the effects of a stronger worldwide economy that expanded the market for 3D printers generally. The increase in revenues was also attributable to the cumulatively larger installed base of end-users in each of 2011 and 2010 relative to the previous year, which is the main driver of demand for resin consumables. The overall improved economic environment also contributed to increased sales of resin consumables, as it spurred increased usage of our installed machines in each of 2011 and 2010 relative to 2009, with end-user product design and manufacturing levels and capital expenditure budgets rising following their contraction in 2009 due to the global recession.

Services revenues

Services revenues increased by 35.5% to \$15.3 million in 2011, after having increased by 7.4% to \$11.3 million in 2010 from \$10.5 million in 2009. These increases (and, in particular, the more substantial increase in 2011) were due to increased sales of 3D printing systems, which generated increased service revenues from the service component of system prices, renewals of service contracts by a larger installed base and increased sales of spare parts. Because service contracts are generally entered into by end users upon the lapse of an initial 12 month warranty period following installation, the significant increase in 3D printing systems sales that began in 2010 began to translate into a more significant rise in services revenues from those contracts in 2011 (whereas the slow-down in systems sales in 2009 slightly slowed the growth rate of services revenues in 2010).

Revenues by geographical region

The dollar amount, and percentage share, of our revenues attributable to each of the geographical regions in which we conduct our operations were as follows for the last three fiscal years:

(\$ in thousands)	2009		2010		2011	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Geographical region						
North America	\$ 28,291	41.9%	\$ 36,859	41.9%	\$ 52,558	43.4%
Europe	25,103	37.2%	29,846	34.0%	40,173	33.2%
Asia Pacific	11,636	17.2%	16,149	18.4%	23,354	19.3%
Rest of World	2,500	3.7%	5,024	5.7%	5,011	4.1%
Total	\$ 67,530	100%	\$ 87,878	100%	\$ 121,096	100%

Changes in revenues in the geographic regions shown on the table above were, on the whole, driven by the causes for changes in our aggregate products and services revenues discussed above. The increase in the percentage of our overall revenues constituted by our North American revenues in 2011 as compared to 2010 and 2009 reflected the increased growth rate of our business in North America relative to all other regions. The declines in the percentage of our overall revenues constituted by our European revenues both from 2009 to 2010, and again from 2010 to 2011, were partially caused by a weakening of the Euro relative to the U.S. dollar, which reduced the dollar value of our Euro-denominated product sales. In addition, the impact of the global recession in 2009 was more acutely felt in Europe, and therefore had a greater impact on the level of revenues in Europe in 2009 than it did in other geographic regions. While European revenues have increased since that time, rising in both 2010 and 2011, the relatively tenuous macroeconomic environment in Europe has caused those increases to lag behind our revenue increases in other regions, thereby causing further decreases in the percentage of our overall revenues from Europe in 2010 and 2011. The increase in absolute revenues in the countries comprising what we refer to as Rest of World from 2009 to 2010 and from 2010 to 2011 reflected primarily the results of our focus on introducing our 3D printing systems to those markets.

Gross profit

The amount of our gross profit attributable to our products sales and services activities in 2009, 2010 and 2011, and the year over year percentage increase or decrease in such gross profit amounts over the course of that three year period, are set forth below:

(\$ in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Gross profit attributable to:					
Products	\$ 37,158	42.2%	\$ 52,822	35.8%	\$ 71,751
Services	1,251	2.6%	1,283	86.4%	2,391
Total gross profit	\$ 38,409	40.9%	\$ 54,105	37.0%	\$ 74,142

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Our gross profit from products sales and services activities, expressed as a percentage of the revenues derived from such products sales and services activities, is provided in the below table:

	2009	2010	2011
Gross profit as a percentage of revenues from:			
Products	65.2%	69.0%	67.8%
Services	11.9%	11.3%	15.6%
Total gross profit	56.9%	61.6%	61.2%

Gross profit from product sales increased by \$18.9 million, or 35.8%, to \$71.8 million in 2011, after having increased by \$15.7 million, or 42.2%, to \$52.8 million in 2010 as compared with \$37.2 million in 2009. These year over year increases were primarily attributable to the absolute increase in products sales revenues in 2011 and 2010, which in each case reflected improved sales of our printing systems and resin consumables relative to the prior year, which in the case of 2010, was the recession-affected 2009 year. Gross profit slightly decreased as a percentage of revenues from products sales in 2011, after having increased in 2010. Those results reflected the mix of products sales revenues in those years relative to the respective prior years, as sales of higher-margin printers, as well as high-margin resin consumables, constituted a slightly lower percentage of our products sales revenues in 2011 compared to 2010, after having accounted for a higher percentage of our revenues in 2010 compared to 2009. This slight decrease in percentage of product sales revenues constituted by higher-margin printers in 2011 was due, in part, to growth in sales of our lower-margin Desktop family of printers. We do not anticipate significant changes in the mix of our products sales revenues or, in turn, in gross profit as a percentage of those revenues, in 2012.

Gross profit from services increased significantly by approximately \$1.1 million, or 86.4%, in 2011 relative to 2010, after having increased slightly by approximately \$32 thousand, or 2.6%, in 2010 relative to 2009. These increases in service gross margins were primarily attributable to corresponding increases in our installed base, which outpaced hiring of service engineers and therefore resulted in lower ratios of service engineers to our installed base in a given geographic region and therefore increased efficiency of service engineer utilization. In 2011, the gross profit from services, as a percentage of services revenues, also rose as a result of this increased efficiency, increasing by 4.3% relative to 2010 after having decreased by 0.6% in 2010 compared to 2009.

Operating expenses

The amount of each type of operating expenses for 2011, 2010 and 2009, and the percentage change in such amounts year-over-year, as well as the percentage of our total revenues constituted by our total operating expenses in each such year, were as follows:

(\$ in thousands)	2009	Year-over- year change	2010	Year-over- year change	2011
Research and development	\$ 9,297	28.9%	\$ 11,980	21.6%	\$ 14,569
Selling and marketing	12,791	56.2%	19,979	42.0%	28,366
General and administrative	7,988	25.3%	10,009	36.8%	13,696
Total operating expenses	\$ 30,076	39.5%	\$ 41,968	34.9%	\$ 56,631
Percentage of total revenues	44.5%		47.8%		46.8%

Research and development expenses increased by 21.6% in 2011 compared to 2010, and by 28.9% in 2010 compared to 2009, as we added research and development engineering personnel in each such year in order to expedite and deepen our new product development efforts as part of our growth strategy. In 2011, as well as in 2010, various markets began or continued to rebound from the global recession of 2009, during which our research and development expenses had decreased due, in part, to the freeze in research and development hiring that we had instituted. As a percentage of total revenues, however, our research and development expenses remained relatively constant over this three year period, constituting 12.0%, 13.6% and 13.8% of our total revenues in 2011, 2010 and 2009, respectively, reflecting our approach to prioritizing research and development activities. In the case of 2011, however, the growth of our revenues caused a slight decrease in the percentage of revenues spent on research and development.

Selling and marketing expenses increased by 42.0% and 56.2% in 2011 and 2010, respectively, in comparison to the respective prior years. These year over year increases were primarily due to increased marketing activity undertaken as part of our growth strategy, as well as changes we made in our sales and marketing operations in the United States in 2010. Those changes involved our transition towards product distribution via both direct channels involving independent sales agents and indirect channels involving independent distributors, as described above under "—Key measures of our performance—Gross profit," which resulted in increased sales commissions paid to those independent sales agents. Prior to 2010, substantially all of our products sales in the United States were made directly to end-users by our in-house direct sales staff. As a percentage of total revenues, our sales and marketing expenses rose during this three year period, from 18.9% in 2009 to 22.7% in 2010 to 23.4% in 2011, reflecting our strategic goal of increasing our presence and the market awareness of our company by intensifying our marketing efforts and adding distribution channels. While we intend to continue to invest in our selling and marketing efforts, we do not expect the rate of spending to increase materially.

General and administrative expenses increased by 36.8% and 25.3% in 2011 and 2010, respectively, relative to the previous year, largely reflecting the increase in headcount generated by increased activity across all areas of our business in each of those years compared to the previous year. These year over year increases were furthermore due to the expansion of

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our distribution infrastructure in Europe and Asia, which we began in 2010 and completed in 2011, and, in the case of 2010, to the implementation of our management information systems. Despite the absolute increase in general and administrative expenses in each of 2011 and 2010, as a percentage of our total revenues in those years, such expenses fell slightly, from 11.8% in 2009 to 11.4% in 2010 to 11.3% in 2011, reflecting our increased revenues as well as our efforts to manage our expansion efficiently.

Operating income

Operating income and operating income as a percentage of total revenues in 2011, 2010 and 2009, as well as the percentage change in operating income from year to year, were as follows:

(\$ in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Operating income	\$ 8,333	45.6%	\$ 12,137	44.3%	\$ 17,511
Percentage of total revenues	12.3%		13.8%		14.5%

Operating income increased by 44.3% in 2011 relative to 2010, and by 45.6% in 2010 relative to 2009, in each case primarily due to the leveraging of our fixed costs to increase product revenues, as discussed above. As a percentage of total revenues, the level of our (i) operating income rose by 0.7% and 1.5% in 2011 and 2010, respectively, while our (ii) operating expenses decreased by 1.0% in 2011, after having risen by 3.3% in 2010, in each case relative to the previous year, reflecting the implementation of our growth strategies, particularly with respect to selling and marketing activities. In 2011, these results also reflected our ability to leverage our fixed costs to grow product revenues at a faster pace than operating expenses.

Finance income (expenses), net

The amount of our finance income (expense), net in each of 2011, 2010 and 2009, and the percentage of our total revenues for those respective years constituted by such amounts, as well as the percentage change in such amounts from year to year, were as follows:

(\$ in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Finance income (expense), net	\$ 232	(257.3)%	\$ (365)	(236.4)%	\$ (1,228)
Percentage of total revenues	0.3%		(0.4)%		(1.0)%

The increase in finance expense from 2010 to 2011 primarily reflected our hedging against foreign currency fluctuations in 2011, as changes in the dollar in relation to other currencies (primarily the NIS) resulted in foreign currency exchange losses, primarily in the third quarter.

The increase in finance expense (which also reflected a decrease in finance income) from 2009 to 2010 primarily reflected foreign currency exchange losses (as opposed to gains in 2009), as partially offset by interest income, income from investments and forward contract income.

As described above under "—Currency exchange rates," we started to engage in economic hedging in 2011 in order to help protect against fluctuation in foreign exchange rates. Instruments we use to manage currency exchange risks may include foreign currency forward and swap contracts. These instruments will be used selectively to manage risks, but there can

be no assurance that we will be fully protected against material foreign currency fluctuations. We do not use these instruments for speculative or trading purposes. As noted above, in 2011, changes in the exchange rate of the dollar in relation to other currencies (primarily the NIS) resulted in foreign currency exchange losses. However, in the fourth quarter of 2011, we adopted a hedging accounting policy under which some or all of the gains or losses from hedging transactions will be offset against, or will be added to, our expenses for which hedging is carried out, rather than being recorded as finance income or expense. In addition, under this policy, gains or losses from hedging transactions will be apportioned over the periods in which the related operating expenses are recorded, thereby reducing the likelihood that gains or losses from hedging transactions related to operating expenses of subsequent quarters would be concentrated in a single fiscal quarter, as was the case with the financial loss that we incurred in the first three quarters of 2011.

Tax expense

Tax expense, both as a stand-alone number and as a percentage of income before income taxes, for 2011, 2010 and 2009, as well as the percentage change in the amount of tax expense on a year-over-year basis were as follows:

(\$ in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Income tax expense (benefit)	\$ 960	47.0%	\$ 1,411	12.6%	\$ 1,589
As a percent of income before income taxes	11.2%		12%		9.8%

Net income

Net income and net income as a percentage of total revenues for 2011, 2010 and 2009, as well as the percentage change in net income year-over-year, were as follows:

(\$ in thousands)	2009	Year-over-year change	2010	Year-over-year change	2011
Net income	\$ 7,605	36.2%	\$ 10,361	41.8%	\$ 14,694
Percentage of total revenues	11.3%		11.8%		12.1%

For the reasons cited previously, our net income rose by \$4.3 million, or 41.8%, from 2010 to 2011, after having risen by \$2.8 million, or 36.2%, from 2009 to 2010. As a percentage of total revenues, our net income remained fairly consistent in 2009, 2010 and 2011, rising slightly over that three year period (from 11.3% to 11.8% to 12.1%), as a substantial increase in total revenues in each of 2011 and 2010 relative to the prior year was accompanied by a relatively commensurate increase in costs of revenues and operating expenses and by increased spending due to implementation of our growth strategies.

Quarterly results of operations data

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the twelve quarters ended December 31, 2011. We have prepared the quarterly data in a manner that is consistent with the audited consolidated financial statement data included in this prospectus. In the opinion of management, the financial information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data. This information should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for a full year or any future period.

	Three months ended											
	2009				2010				2011			
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30	Sept. 30	Dec. 31
(in thousands US\$)												
Net revenues:												
Products	14,771	13,276	13,052	15,894	16,538	18,569	18,998	22,451	23,097	24,479	27,873	30,310
Services	2,445	2,637	2,800	2,655	2,406	2,655	3,041	3,220	3,189	3,669	4,070	4,409
Total revenues	17,216	15,913	15,852	18,549	18,944	21,224	22,039	25,671	26,286	28,148	31,943	34,719
Cost of revenues:												
Products	4,925	4,926	4,627	5,357	5,187	5,976	5,923	6,648	7,354	7,929	9,221	9,504
Services	2,231	2,267	2,351	2,437	2,180	2,393	2,600	2,866	2,936	2,995	3,713	3,302
Total cost of revenues	7,156	7,193	6,978	7,794	7,367	8,369	8,523	9,514	10,290	10,924	12,934	12,806
Gross profit	10,060	8,720	8,874	10,755	11,577	12,855	13,516	16,157	15,996	17,224	19,009	21,913
Operating expenses:												
Research and development expenses, net	2,349	2,109	2,180	2,659	2,839	2,805	3,012	3,324	3,470	3,734	3,675	3,690
Selling and marketing expenses	2,852	2,841	3,024	4,074	3,823	4,700	5,103	6,353	5,605	6,661	7,317	8,783
General and administrative expenses	1,657	1,798	2,040	2,493	2,405	2,299	2,390	2,915	3,156	3,064	3,499	3,977
Total operating expenses	6,858	6,748	7,244	9,226	9,067	9,804	10,505	12,592	12,231	13,459	14,491	16,450
Operating profit	3,202	1,972	1,630	1,529	2,510	3,051	3,011	3,565	3,765	3,765	4,518	5,463
Financial expenses (income), net	1,099	(831)	(889)	389	856	577	(1,053)	(15)	61	(659)	1,930	(104)
Income tax	236	185	231	308	281	324	493	313	463	326	270	530
Net income	1,867	2,618	2,288	832	1,373	2,150	3,571	3,267	3,241	4,098	2,318	5,037

Liquidity and capital resources

A summary of our statement of cash flows for the three years ended December 31, 2011 is as follows:

(in thousands)	2009	2010	2011
Net income	\$ 7,605	\$ 10,361	\$ 14,694
Depreciation and amortization	1,485	2,019	2,579
Net amortization of discount related to marketable securities	(153)	(211)	(206)
Loss (gain) on sale of marketable debt securities	667	(138)	—
Deferred income taxes-net	449	385	(25)
Other adjustments required to reconcile net income to net cash provided by operating activities	(3,540)	1,471	(10,528)
Net cash provided by operating activities	6,513	13,887	6,514
Net cash provided (used) in investing activities	(5,787)	7,349	9,015
Net cash used in financing activities	(1,534)	—	—
Translation differences on cash balance of consolidated subsidiaries operating independently	—	(164)	89
Net increase (decrease) in cash and cash equivalents	(808)	21,072	(2,142)
Balance of cash and cash equivalents at beginning of year	25,102	24,294	45,366
Balance of cash and cash equivalents at end of year	24,294	45,366	42,954

Our cash and cash equivalents balance decreased by \$2.4 million as of the end of 2011, from \$45.4 million at December 31, 2010 to \$43.0 million at December 31, 2011. This decrease of cash primarily reflected the \$10.5 million of cash spent to increase our inventories, the increase of \$5.7 million in our other accounts receivable, and the \$9.0 million of cash that we used in investing activities, including the \$14.5 million of cash used for an increase in short-term deposits and \$4.2 million of cash used for the purchase of property, plant and equipment. These amounts of cash used were offset, in part, by the \$6.5 million of cash, net, provided by our operations, attributable to our improved revenues from product sales, and our \$14.7 million of net income, and by the \$10.0 million of cash provided by proceeds from our sale of marketable securities. There was no cash used or provided by financing activities in 2011. Our cash and cash equivalents balance increased by \$21.1 million in 2010, from \$24.3 million at December 31, 2009 to \$45.4 million at December 31, 2010, primarily due to the \$13.9 million of cash flows from operations, reflecting our improved revenues from products sales and net income in 2010, along with (i) \$7.3 million of cash provided by investing activities, in particular \$11.3 million of proceeds from sale of marketable securities, as partially offset by (ii) \$2.8 million spent in purchase of property, plant and equipment, (for various items, including building improvements and management information system upgrades), while (iii) there was no cash used in 2010 for financing activities.

In 2011 we used, and in the near- and mid-term future, we expect to continue to use, our cash primarily to implement our growth strategies, as well as for working capital. We believe that our primary sources of liquidity during the upcoming twelve month period will be our cash flows from operations and our current cash balances, coupled with the net proceeds to us from this offering. We do not maintain any bank debt or other debt financing and do not anticipate incurring any debt in the immediate future. We believe that our cash flows from operations, our existing cash resources and the net proceeds to us from this offering, will be sufficient to fund our projected cash requirements through at least the end of the six months ending

June 30, 2013. However, to the extent that we pursue potential acquisitions or strategic alliances, we may require, or we may consider obtaining, debt or other financing to fund such transactions or to fund our ongoing operations. There is no assurance that such financing will be available on favorable terms or available at all. We have no current undertakings, commitments or agreements to consummate any such acquisitions or strategic alliances.

Cash flows from operating activities

The net cash provided by our operating activities during 2011 amounted to approximately \$6.5 million, principally derived from \$14.7 million of net income and from the following adjustments for the following non-cash line items: an upwards adjustment of \$2.6 million for depreciation and amortization; an upwards adjustment of \$524 thousand for increase in liability for employee rights upon retirement; an upwards adjustment of \$130 thousand for losses on amounts funded in respect of employee rights upon retirement; a downward adjustment of \$25 thousand for deferred income taxes, and a net downward adjustment of \$11.6 million for changes in operating assets and liabilities, which included downward adjustments of \$10.5 million for an increase in our inventories and \$5.7 million for an increase in our other (non-trade) accounts receivable, as partially offset by upwards adjustments of \$4.9 million for an increase in other current liabilities and \$2.8 million for an increase in deferred revenues.

The net cash provided by our operating activities over the previous two full years (2010 and 2009) amounted to approximately \$20.4 million, principally derived from \$18.0 million of net income, plus upwards adjustments for non-cash expenses of \$3.5 million for depreciation and amortization, \$0.5 million for loss on sale of marketable debt securities, \$1.5 million for increase in liability for employee rights upon retirement, \$0.8 million for deferred income taxes, net, as adjusted downwards for \$0.2 million for gains on amounts funded in respect of employee rights upon retirement, \$0.4 million for net amortization of discount related to marketable securities, and a net amount of \$3.7 million, in the aggregate, for changes in operating assets and liabilities.

We experienced increases in our balances of net accounts receivable of \$7.1 million in 2011, \$2.5 million in 2010 and \$3.4 million in 2009. Our payment terms are generally 60 days. Therefore, changes in accounts receivable generally reflect activity in the final 60 days of a given fiscal quarter and during the final quarter of a fiscal year. The net increases in accounts receivable balances in each of 2011, 2010 and 2009 reflected the increased activity in the fourth quarter of that year in comparison with the previous year. We perform ongoing credit evaluations of our customers and believe that adequate allowances have been established for any collectability issues in our accounts receivable balance.

Our inventory balances were \$26.0 million, \$15.6 million and \$11.2 million as of December 31, 2011, 2010 and 2009, respectively. The increases in inventory of \$10.5 million and \$4.2 million during 2011 and 2010, respectively, were primarily due to continued implementation of our strategy to grow our inventory to support increased sales of parts and printing systems. During those two years, we accumulated inventory of our resin consumables outside of Israel and increased our inventory of parts and finished assemblies of our printing systems to facilitate rapid execution of potential sales that are in excess of forecasted levels.

Decreases in our accounts payable reflected the use of \$80 thousand and \$1.6 million of cash in 2011 and 2009, respectively, while a decrease in such accounts provided \$3.0 million of cash in

2010. For each of such three years, the increase or decrease, as appropriate, was related to the timing of payments for inventory purchases.

An increase in deferred revenues accounted for \$2.8 million of cash provided by our operating activities in 2011, which followed upon an increase in deferred revenues that accounted for \$1.7 million of cash provided by our operating activities in 2010 and a decrease in such deferred revenues that used \$2.8 million of cash in 2009. The increases in our deferred revenues balance in 2011 and 2010 primarily reflected strong product sales in those years, which caused a corresponding rise in revenue amounts not immediately recognizable upon such sales, while the decrease in the deferred revenues balance in 2009 was due to weaker product sales.

Cash flows provided (used) in investing activities

Our investing activities used \$9.0 million of cash in 2011, after having provided \$7.3 million of cash in 2010 and used \$5.8 million of cash in 2009. Cash used in investing activities during 2011 primarily reflected an increase of \$14.5 million in our short term deposits, as offset in part by \$10.0 million of cash that was provided by the sale or maturity of marketable securities. In 2010, the sale of marketable debt securities provided \$11.3 million of cash, while we did not invest in marketable debt securities at all. In 2009, the purchase of marketable debt securities, net of proceeds from sales of marketable securities, used cash of \$4.9 million.

At December 31, 2011 and 2010, our investments consisted entirely of \$1.0 million and \$11.0 million, respectively, of marketable, available-for-sale securities, including dollar denominated corporate bonds rated between A and AA issued by major financial institutions with terms ranging from one to two years.

Additional principal usages of our cash in investing activities in 2011, 2010 and 2009 included \$4.2 million, \$2.8 million and \$4.3 million, respectively, for purchase of property, plant and equipment. Over the three-year period ended December 31, 2011, principal usages of our cash in investing activities included upgrades to our computers and electronic equipment systems and acquisition and development of property and plant. Specifically, in September 2009, we launched a new management information system. Furthermore, in 2009 we completed the building of our new materials production plant and warehouses facilities in Kiryat Gat, Israel; this project included investments in manufacturing and engineering development equipment and tooling and leasehold improvements in the facilities.

Cash flows used in financing activities

In each of 2011 and 2010, no cash was used in or provided by financing activities. In 2009, net cash used in financing amounted to \$1.5 million, nearly all of which reflected a capital write-off for the repurchase (and subsequent cancellation) of 2,368,546 preferred shares from our shareholders.

Contractual obligations

Our total current assets amounted to \$110.5 million and \$88.9 million at December 31, 2011 and 2010, respectively, most of which consisted of cash and cash equivalents, inventories, accounts receivable and, primarily as of December 31, 2010, investments in marketable securities. Total current liabilities as of those dates amounted to \$34.2 million and \$26.2 million, respectively, and we had no debt as of either such date. We estimate that we

will spend between approximately \$5.5 million and \$6.5 million during 2012 for property and equipment. We also estimate that as of December 31, 2011, we had approximately \$10.7 million of purchase commitments for inventory. In addition to purchase commitments for inventory, we have future commitments for leased facilities. We intend to finance our purchase commitments from existing cash or from cash flows from operations. Our future contractual cash obligations as of December 31, 2011 are summarized in the following table:

(in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 7,720	\$ 1,720	\$ 3,187	\$ 2,813	\$ —
Purchase obligations	10,721	10,721	—	—	—
Other long-term liabilities reflected on our balance sheets:	4,436	519	1,038	1,038	1,841
Total	\$ 22,877	\$ 12,960	\$ 4,225	\$ 3,851	\$ 1,841

In addition to the above disclosed contractual obligations, we have made reserves for tax contingencies and legal contingencies, respectively, at December 31, 2011. Based on the uncertainties associated with these items, we are unable to make reasonably reliable estimates of the period of potential settlements, if any, with taxing authorities or with counter-parties to such litigations. We also have royalty obligations on sales of resin consumables. As of December 31, 2011, accrued and unpaid royalty obligations amounted to approximately \$0.7 million. As our royalty obligations depend on future sales, we cannot calculate them currently.

Inflation

We believe that inflation has not had a material effect on our operations or on our financial condition during the three most recent fiscal years.

Quantitative and qualitative disclosure about market risk

Market risk is the risk of loss related to changes in market prices, including interest rates and foreign exchange rates, of financial instruments that may adversely impact our consolidated financial position, results of operations or cash flows.

Foreign currency exchange risk

Due to our international operations, currency exchange rates impact our financial performance. In 2011 approximately 67% of our sales were denominated in U.S. dollars and approximately 33% of our sales were denominated in Euros. In terms of costs of revenues, a significant percentage of our purchases of raw materials and product components (approximately 46% in 2011) are denominated in either NIS or in NIS prices that are linked to U.S. dollars. Similarly, a majority all of our labor costs are also denominated in NIS, due to our operations in Israel.

While we have not hedged against these risks formally in the past, in 2010 we did convert U.S. dollars to NIS a few months in advance of anticipated large NIS expense payments (such as payroll expenses) to hedge against the potential devaluation of the U.S. dollar relative to the NIS prior to the dates for such payments. In 2011, we began to engage in transactions (such as entry into forward contracts) designed to limit our exposure to the weakening of the U.S.

dollar against the NIS and the weakening of the Euro against the U.S. dollar. These transactions may relate in part to specific operating transactions and to that extent are included in the operations-related categories of our consolidated statements of income (commencing in our 2011 financial statements). Otherwise, they are accounted for in finance income (expense). In the third quarter of 2011, we experienced a financial loss due to our entry into currency hedging transactions. In order to reduce the impact of future currency fluctuations, we have adopted a new hedging accounting policy, under which we intend to hedge in connection with specific operating transactions, as described above under "Finance income (expenses), net." Assuming that such policy complies with the relevant accounting requirements, some or all of the gains or losses from hedging transactions will be apportioned over the periods in which the related operating expenses are recorded, thereby reducing the impact of such gains or losses upon a single fiscal quarter.

The net effect of these risks stemming from currency exchange rate fluctuations on our operating results can be quantified as follows:

(i) An increase of 10% in the value of the NIS relative to the dollar in the year ended December 31, 2011 would have resulted in a net decrease in the dollar reporting value of our operating income of \$4.4 million, due to the adverse impact to our operating margins that we would experience as a result of such an increase. On the other hand, a 10% decrease in value of the NIS relative to the dollar in the year ended December 31, 2011 would have caused a net increase in the dollar reporting value of our operating income of \$4.4 million for 2011, due to the favorable effect on our operating margins that would result from such devaluation of the NIS.

(ii) An increase of 10% in the value of the Euro relative to the U.S. dollar in 2011 would have resulted in an increase in the U.S. dollar reporting value of our operating income of \$2.6 million for that year, due to the increase in dollar value of products and services revenues earned in Euros, while a decrease of 10% in the value of the Euro relative to the U.S. dollar in 2011 would have resulted in a decrease in the U.S. dollar reporting value of our operating income of \$2.5 million for that year, reflecting the decreased dollar value of products and services revenues earned in Euros.

We will continue to monitor exposure to currency fluctuations. Instruments that may be used to hedge future risks may include foreign currency forward and swap contracts. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material foreign currency fluctuations.

Off-balance sheet arrangements

Since our inception, except for standard operating leases, we have not engaged in any off-balance sheet arrangements, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

Critical accounting estimates

We have prepared our consolidated financial statements and related disclosures in conformity with U.S. GAAP. This has required us to make estimates based on our judgments and assumptions that affect the amounts reported. Note 1 of the notes to our consolidated financial statements contained elsewhere in this prospectus describes the significant accounting policies and principles that are used to prepare our consolidated financial statements.

We have identified several critical accounting estimates that required us to use assumptions about matters that were uncertain at the time of our estimates. Had we used different assumptions, the amounts we recorded could have been significantly different. Additionally, if we had used different assumptions or different conditions existed, our financial condition or results of operations could have been materially different. The critical accounting estimates that were affected by the estimates, assumptions, and judgments used in the preparation of our consolidated financial statements are discussed below.

Revenue recognition

We recognize revenues primarily from the sale of our products, which include 3D printing systems and resin consumables, and, secondarily, from the provision of related support services. We recognize revenues from product sales when (i) persuasive evidence of a final agreement exists, (ii) delivery has occurred or services have been rendered, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured. Revenues from sales of systems to end-users are recognized after installation is complete, when a certificate of installation is received by the end-user, since we view installation with end-users to be essential to the functionality of system and a critical part of performance of the delivery obligation. Revenues from sales to independent distributors are generally recognized upon shipment (according to the shipping terms agreed with each distributor). Our independent distributors are responsible for the installation of a system with an end-user. We generally do not provide for a right of return in our sales contracts. From time to time, upon release of a new system, or a beta system, to early adopters, we provide for a right of return on these beta systems for a limited period of time. Revenues for these systems are recognized only when such right of return has elapsed and the client has entered into a binding purchase arrangement.

Our systems include embedded software. The software is considered incidental to the system as a whole and accordingly "software" accounting standards are not applicable because the software is not a significant focus of the marketing effort and is not sold separately. The software only works with the system and the system only works with software. We do not provide post-contract customer support specific to the software. We enable our end-users to freely download software updates. Our research and development efforts to develop the software are not significant in comparison with total system research and development and production costs.

For each of the two years in the period ended December 31, 2010, pursuant to the previous accounting guidance concerning revenue arrangements with multiple deliverables, for a sales arrangement with multiple elements, such as 3D printings systems, software license, materials, installation and services, we allocated revenues to the different elements in the arrangement under the "residual method" based on Vendor Specific Objective Evidence of fair value for the undelivered element (the services, which is similar to service contracts sold separately). Under the residual method, at the outset of the arrangement, we defer revenues for the fair value of its undelivered element and recognize revenues for the remainder of the arrangement fee attributable to the elements initially delivered, when the basic criteria have been met. Warranty revenues are deferred and recognized on a straight-line basis over the terms of the warranty agreement.

Beginning January 1, 2011, we adopted Accounting Standard Update, or ASU, No. 2009-13, "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13) for new and materially modified

transactions originating after January 1, 2011. The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable to be based on the relative selling price.

For 2011 and future periods, pursuant to the guidance of ASU 2009-13, when a sales arrangement contains multiple elements, such as 3D printings systems, including license, consumables, installation and services, we allocate revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence, or VSOE, if available, third party evidence, or TPE, if VSOE is not available, or best estimate of the selling price, or ESP, if neither VSOE nor TPE is available.

We establish VSOE of selling price using the price charged for a deliverable when sold separately. The best estimate of selling price is established considering internal factors such as margin objectives and pricing. The adoption of these new standards did not have a material impact on our revenues or financial statements.

We recognize service revenues from sales of maintenance contracts. Service revenues from maintenance contracts are recognized ratably over the term of the contract, typically one year.

Shipping and handling costs billed to customers for system sales and sales of materials are included in product revenues in the consolidated statements of operations.

We assess collectability as part of the revenue recognition process. This assessment includes a number of factors such as an evaluation of the creditworthiness of the customer, past payment history, and current economic conditions. If it is determined that collectability cannot be reasonably assured, we will decline shipment, request a down payment, or defer recognition of revenues until ultimate collectability is reasonably assured.

Our products are typically covered by a warranty with a 12 month period from the date of sale. A small number of our products are covered by a warranty with a three month period from the date of sale to a certain distributor. For these products, a liability is recorded for future warranty costs in the same period in which related revenues are recognized. The liability is based on anticipated parts and labor costs, utilizing historical experience. We periodically assess the adequacy of the warranty reserves based on changes in those factors and record any necessary adjustments if actual experience indicates that adjustments are necessary. Future claims experience could be materially different from prior results because of the introduction of new, more complex products, a change in our warranty policy in response to industry trends, competition or other external forces, or manufacturing changes that could impact product quality. In the event that we determine that our current or future product repair and replacement costs exceed estimates, an adjustment to these reserves would be charged to earnings in the period such a determination is made. Our accrued product warranty for each of the years ended December 31, 2011, 2010 and 2009 was immaterial.

Share-based compensation

As part of our compensation strategy, we from time-to-time grant options to our employees and consultants to purchase shares of our capital stock. As options to purchase ordinary shares that we previously granted are not exercisable prior to the closing of this offering, no share-based compensation was recognized with respect to those options as of December 31, 2011. All

options to purchase preferred shares that we have granted became exercisable immediately upon grant, and all related share-based compensation expense was recognized, prior to the fiscal periods covered by the financial statements appearing in this prospectus. For a discussion of share-based compensation expense that we will recognize upon completion of this offering, see Note 9b of the notes to our consolidated financial statements included elsewhere in this prospectus. We calculate the fair value of share-based option awards on the date of grant based on the fair value of the award and recognize compensation costs upon probable attainment of specified performance conditions and over a service period. We use the Black-Scholes option valuation model to estimate the grant date fair value. In estimating this fair value, there are certain assumptions that we use, including the expected life of the options and the price volatility of the underlying shares. The expected option term is calculated in accordance with ASC 718, Compensation—Stock Compensation. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. Each of the factors used in making an estimate requires us to use judgment and make estimates in determining the percentages and time periods used for the calculation. If we were to use different percentages or time periods, the fair value of share-based option awards could be materially different.

Allowance for doubtful accounts

While we evaluate the collectability of a sale as part of our revenue recognition process, we must also make judgments regarding the ultimate realization of our accounts receivable. A considerable amount of judgment is required in assessing the realization of these receivables, including the aging of the receivables and the creditworthiness of each customer. We may not be able to accurately and timely predict changes to a customer's financial condition. If a customer's financial condition should suddenly deteriorate, calling into question our ability to collect the receivable, our estimates of the realization of our receivables could be adversely affected. We might then have to record additional allowances for doubtful accounts, which could have an adverse effect on our results of operations in the period affected.

Our allowance for doubtful accounts is adjusted periodically based on evaluation of specific customer accounts, for which we specifically reserve. In our evaluation we use a variety of factors, such as past payment history, our understanding of the financial condition of the customer, and economic conditions. We also evaluate our overall concentration risk, which assesses the total amount owed by each customer, regardless of its current status. The allowance charged as an expense (expense reversed) related to our trade accounts receivables was \$0.1 million, \$0.1 million and \$0.3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Inventories

Our inventories are recorded at the lower of cost or market. Cost of raw materials and resin consumables is determined on a "moving average" basis. Cost of finished products and products in process is determined as follows: the raw materials component is determined mainly on a "moving average" basis, and the labor and overhead component is determined on the basis of actual manufacturing costs. We periodically assess our inventory for obsolescence and potential excess by reducing the difference between our cost and the estimated market value of the inventory based on assumptions about future demand and historical sales patterns. Our inventories consist of materials and products that are subject to technological

obsolescence and competitive market conditions. If market conditions or future demand are less favorable than our current expectations, additional inventory write downs or reserves may be required, which could have an adverse effect on our reported results in the period the adjustments are made. Additionally, engineering or field change orders (or ECO and FCO, respectively) introduced by our engineering group could suddenly create extensive obsolete and/or excess inventory. Although our engineering group considers the estimated effect that an ECO or FCO would have on our inventories, a mandated ECO or FCO could have an immediate adverse affect on our reported financial condition if it requires the use of different materials in either new production or in our inventory used for providing services.

Income taxes

We comply with ASC 740, *Income Taxes*, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets if, based upon the weight of available evidence, it is "more likely than not" that a portion of such deferred assets will not be realized.

Deferred tax liabilities and assets are classified as current or non-current based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences where appropriate.

We have not provided for deferred tax liability with respect to the following items:

- (i) Taxes that would apply in the event of disposal of investments in our subsidiaries, as it is generally our intention to hold these investments, not to dispose of them.
- (ii) Amounts of tax-exempt income generated from our current Approved Enterprises under the Investment Law, as we intend to permanently reinvest these and do not intend to distribute dividends from such income.
- (iii) Dividends distributable from the income of foreign companies in our group of companies, as we do not expect these companies to regularly distribute dividends in the foreseeable future. If these dividends were to be paid, we would have to pay additional taxes at a rate of up to 25% on the distribution, and the amount would be recorded as an income tax expense in the period during which the dividend is declared.

Tax contingencies

In accordance with ASC 740, *Income Taxes*, we take a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We reevaluate these tax positions periodically and make adjustments as required.

Other contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss but which will only be resolved when one or more future events occur or fail to occur. Our management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against or unasserted claims that may result in such proceedings, our management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be recorded as accrued expenses in financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed.

Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

Impairment of property, plant and equipment

We adhere to ASC 360, *Property, Plant, and Equipment*, and annually assess the recoverability of the carrying amounts assets at year-end. An impairment loss would be recognized if expected undiscounted future cash flows are less than the carrying amount of the asset. This loss would be determined by calculating the difference by which the carrying amount of the asset exceeds its fair value. Based on our assessment as of December 31, 2011, no long-lived assets were determined to be impaired.

Property, plant and equipment

Property, plant and equipment are presented in our financial statements at cost as of the date of acquisition. Depreciation and amortization is calculated based on the straight-line method over the estimated useful lives of the depreciable assets, or in the case of leasehold improvements, the shorter of the lease term or the estimated useful life of the asset. Improvements are capitalized while repairs and maintenance are charged to our operations as they are incurred.

Annual rates of depreciation are as follows for the following categories of assets:

	%
Computers and electronic equipment	20-33 (mainly 33%)
Office furniture and equipment	6-15 (mainly 15%)
Machinery and equipment	10-33 (mainly 33%)
Buildings	4
Land	—

Equipment produced by us and used for research and development purposes is depreciated on a straight-line basis over a period of three years.

Marketable securities

At December 31, 2011, our investments consisted entirely of \$1.0 million of marketable, available-for-sale securities, including dollar denominated corporate bonds rated between A and AA issued by major financial institutions with terms ranging from one to two years. Debt securities that we consider selling prior to maturity are classified as "available-for-sale." These securities are reported at fair value, with unrealized gains and losses reported as a separate component of comprehensive income (loss) in changes of equity. Unrealized losses that are considered to be other-than-temporary are charged to income as an impairment charge. Realized gains and losses on sales of securities, as well as premium or discount amortization, are included in the consolidated statement of income as financial income or expenses. We do not hold these securities for trading purposes. These securities are classified as short-term investments.

Recently issued accounting principles not yet adopted

In June 2011, the Financial Accounting Standard Board, or FASB, issued ASU No. 2011-05, which amended the comprehensive income presentation guidance. The amendment requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. The guidance is effective for interim and annual periods beginning after December 15, 2011. We are currently evaluating the potential impact of ASU No. 2011-05 on our financial statements.

In May 2011, the FASB issued ASU No. 2011-04 for Fair Value Measurements and Disclosures (Topic 820). The amendment clarifies the existing guidance and adds new disclosure requirements. The guidance is effective for interim and annual periods beginning after December 15, 2011. We are currently evaluating the potential impact of ASU No. 2011-04 on our financial statements.

Business

Company overview

We are a global provider of 3D printing solutions, offering a broad range of 3D printing systems, resin consumables and services. Our printers use our proprietary PolyJet inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D CAD files. Our printers build 3D objects by depositing multiple layers of resin one on top of another. We enhance the ability of designers, engineers and manufacturers to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Our easy-to-use, high-speed 3D printers create high-resolution, smooth surface finish models that have the look, feel and functionality of the final designed product. We offer the only 3D printing systems that deposit two materials simultaneously, enabling the printing of models with a broad range of physical attributes. As of December 31, 2011, we had sold 3,378 3D printing systems, of which 929 were sold in 2011 and 569 were sold in 2010. Our installed base of 3D printers provides the basis for recurring revenues from the sale of resin consumables and services.

3D printing is transforming prototype development and customized manufacturing processes, and is displacing traditional methodologies such as metal extrusion, computer-controlled machining and manual modeling techniques. 3D printing significantly improves the design process, reduces the time required for product development and facilitates creativity, while keeping the entire design process in-house. According to the Wohlers Report, the 3D printer market grew at a 20% CAGR from 2004 to 2009. We believe the proliferation of 3D content will continue to drive the growth in 3D printing. An indicator of the total addressable market is the number of licensed 3D design software seats, such as 3D CAD seats, although multiple CAD seat licenses will often utilize only one printing system. According to the CAD Report there was an installed base of over five million 3D CAD seats at the end of 2009. With only 26,797 3D printing systems installed worldwide at the end of 2009, according to the Wohlers Report, we believe that the 3D printing industry is significantly under-penetrated and has considerable room for growth. Additionally, users are increasingly upgrading their CAD software from 2D to 3D, as illustrated by the increasing share of 3D CAD installed seats from 30% in 2007 to 41% of the 14 million total CAD installed seats at the end of 2009, according to the CAD Report. While the number of 3D CAD seats is an indicator of the total addressable market, the growth of 3D printing extends beyond the number of 3D CAD users, as users can increasingly print 3D content files without the need for specialized 3D CAD design software.

We are pioneers in 3D inkjet printing technology, which we believe is differentiated from competing technologies primarily in its ability to be scaled and to deliver high-resolution and multi-material printing. We combine our proprietary hardware platform, integrated software and resin consumables with widely-deployed inkjet printer heads to develop leading 3D printing systems. We are able to improve our 3D printing systems through ongoing industry advancements in 2D inkjet head technology. This technology also allows us to offer a spectrum of 3D printers of varying features, capacities and price points, and to migrate the advanced features of our high-end products to our entry-level products with greater efficiency.

Our products are used in a broad array of applications, including concept and functional modeling, focus groups and sales presentations, ergonomic studies, prototype production,

short-run tooling and customized small series manufacturing. We offer a wide variety of office-friendly, resin consumables, including rigid and flexible (rubber-like) materials and bio-compatible materials for medical applications. We are the only providers of 3D printers that offer the simultaneous jetting of two materials, enabling our end-users to print models with a variety of model features, such as objects with both rigid and flexible parts in a single build. Additionally, our technology enables real-time mixing of resins during the printing process to create new composite materials in order to achieve a variety of new material properties.

Our 3D printing systems are deployed at over 2,800 companies in a wide range of industries. Our systems are used by a number of Fortune 100 companies. We provide products and services to our global customer base through our offices in Israel, the United States, Germany, Japan, China and Hong Kong, as well as through our worldwide network of over 85 distributors and sales agents.

Headquartered in Israel, we were founded in 1998 and sold our first 3D printing systems in 2002. Our revenues and net income were \$121.1 million and \$14.7 million, respectively, in 2011, marking our seventh consecutive profitable year and reflecting growth of 37.8% and 41.8% over the corresponding amounts for 2010.

Industry overview

3D printing offers significant advantages over traditional methods of prototype development and customized manufacturing, and is displacing traditional methodologies such as metal extrusion, computer-controlled machining and manual modeling techniques. 3D printing brings prototyping closer to the designer earlier in the design process and can significantly reduce product development cost and time. Over the past five years, the 3D printing industry has experienced significant growth, with a 20% CAGR of 3D printer installations from 2004 to 2009, according to the Wohlers Report, and we believe that the industry is poised for further growth.

The challenges of prototype development

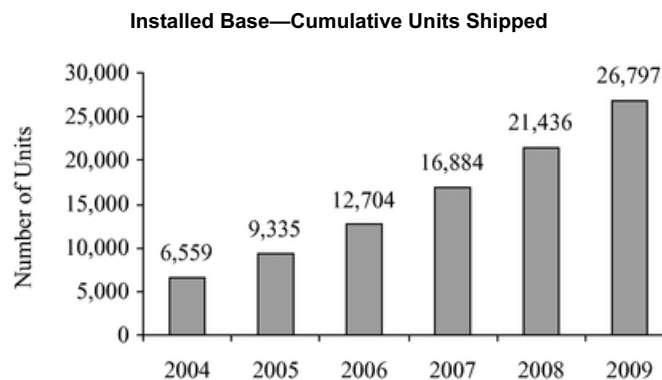
Historically, prototype development and customized manufacturing have been performed by traditional methods using metal extrusion, computer-controlled machining and manual modeling techniques, in which blocks of material are carved or milled into specific objects. Traditional methodologies have numerous limitations. These methodologies often require specialist technicians, and can be time and labor-intensive. The time intensity of traditional modeling can leave little room for design error or subsequent redesign without meaningfully impacting a product's time-to-market and development cost. As a result, prototypes are generally created only at selected milestones late in the design process, which prevents designers from truly visualizing and verifying the design of an object in the preliminary design stage. The inability to iterate a model rapidly hinders collaboration among the design team and reduces the ability to optimize a design, as time-to-market and optimization become necessary trade-offs in the design process. In addition, traditional methodologies typically rely on outsourced fabrication and service bureaus to develop models, risking the loss of confidentiality of their design plans.

The 3D printing solution

3D printing addresses the inherent limitations of traditional modeling technologies through its combination of functionality, quality, ease-of-use, speed and cost. 3D printing can be significantly more efficient and effective than traditional model-making techniques for use across the design process, from concept modeling and design review and validation, to fit and function prototyping, pattern making and tooling. Introducing 3D modeling earlier in the design process to evaluate fit, form and function can result in faster time-to-market and lower product development costs. In addition, for customized manufacturing, 3D printers eliminate the need for complex manufacturing set-ups and reduce the cost and lead-time associated with conventional tooling.

The 3D printing market

According to the Wohlers Report, the 3D printer market grew at a 20% CAGR from 2004 to 2009. We believe the proliferation of 3D content will continue to drive the growth in the 3D printing market. An indicator of the total addressable market is the number of licensed 3D design software seats, such as 3D CAD seats, although multiple CAD seat licenses will often utilize only one printing system. According to the CAD Report, there was an installed base of over five million 3D CAD seats at the end of 2009. With only 26,797 3D printing systems installed worldwide at the end of 2009, according to the Wohlers Report, we believe that the 3D printing industry is significantly under-penetrated and has considerable room for growth. Additionally, users are increasingly upgrading their CAD software from 2D to 3D, as illustrated by the increasing share of 3D CAD installed seats from 30% in 2007 to 41% of the 14 million total CAD installed seats at the end of 2009, according to the CAD Report. While the number of 3D CAD seats is an indicator of the addressable market, the growth of 3D printing extends beyond the number of 3D CAD users, as users can print 3D content files without the need for specialized 3D CAD design software, just as users of 2D printers can print standard document files such as PDF files without the need for word processing software. The following chart reflects the growth in the installed base of 3D printers from 2004 to 2009:



Source: Wohlers Report

The first commercial 3D printers were introduced in the early 1990s, and, since the early 2000s, 3D printing technology has evolved significantly in terms of pricing, variety and quality of materials, accuracy, ability to create complex objects, ease of use and suitability for office environments. 3D printing is already replacing traditional prototype development methodologies across various industries such as automotive, aerospace and defense, electronics, medical, footwear, toys, educational institutions, government and entertainment, underscoring its potential suitability for an even broader range of industries. Additionally, 3D printing has created new applications for model-making in certain new markets, such as the education market, where institutions are increasingly incorporating 3D printing into their engineering and design course programs, and the dental and orthodontic markets, where 3D printed models are being used as replacements for traditional stone models, implants and surgical guides and for crowns and bridges for casting.

We expect that the adoption of 3D printing will continue to increase over the next several years as a result of the proliferation of 3D content and 3D authoring tools (3D CAD and other simplified 3D authoring tools), as well as increased availability of 3D scanners. We believe that increased market adoption in 3D printing will be facilitated by continued improvements in 3D printing technology, including:

- **Print quality:** Further advancements in resolution, accuracy and surface quality, improved material properties and increased availability of color and transparent print materials.
- **Affordability:** Entry-level systems at lower price points with high quality printing capabilities, albeit with smaller tray sizes and cartridge capacities, as well as lower duty cycles.
- **Systems and software improvements:** Improvements in ease of use, plug and play-type installation, support material improvement and higher print speed.

3D printing technologies

There are a number of available 3D printing technologies, including inkjet, digital light projection, powder binding, fused deposition modeling, stereolithography and selective laser sintering. The technologies differ on the basis of accuracy, surface quality, variety and properties of resin consumables, capacity, speed, color variety, transparency, the ability to print multiple materials and others.

Inkjet-based technology

According to Wohlers Associates, inkjet-based technology has several characteristics that offer competitive benefits, including the following:

- **Flexible rubber and plastic-like materials:** Inkjet-based technology is currently unique in its ability to print parts made of soft, flexible, rubber-like materials in an office environment. Such materials enable a unique user experience that simulates many end products and is specifically useful in simulating gaskets, seals, hinges, shoe soles, tires and many other soft-touch applications.
- **Multi-material printing:** Inkjet-based technology is currently the only technology that allows the application of two materials jetted simultaneously. This opens up new applications for 3D printing, which are appealing for consumer products. For example, consumer device parts such as keypad buttons in mobile phones and other electronics products require a particular

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tactile feel for the consumer. Using multi-material printing, prototypes of such parts can be printed with two different materials, including a softer material that is used for keypads.

- **Composite materials:** Composite materials allow parts to more closely simulate the actual material of the final end product. Inkjet is currently the only technology that enables on-demand mixing of two separate materials into a new material whose properties are distinct from either one of the individual materials. For example, a user can control the flexibility of a product, such as a shoe sole, with a specific user defined composite material mix of hard and soft materials.
- **Transparency:** Inkjet-based technology is currently unique in its ability to offer transparent material printing in an office environment system. Transparency is a desired feature in the design and engineering industry, and is applicable in automotive, consumer products and consumer electronics. The main applications are lighting components, tubing and piping, package optimization and fluid analysis. Furthermore, the combination of transparency with inkjet technology's multi-material ability creates an opportunity for new applications of 3D printing. One example of the use of transparency is for the creation of educational models for medicine, where a model of a skull can be created with a transparent material with individual opaque parts within the skull, such as teeth, nerves, and blood vessels.
- **Accuracy:** Inkjet-based technology offers highly accurate printing by depositing photopolymer in layers as thin as 16 microns and with 600 dots per inch, or dpi, in the horizontal plane. This allows inkjet-based printers to create accurate parts with a smooth surface finish. Accuracy is a critical attribute for many industrial applications.

The Objet solution

Our 3D printing solution uses our proprietary PolyJet inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D CAD files. Our printers build 3D objects by depositing multiple layers of resin one on top of another. We are pioneers in 3D inkjet printing technology, which we believe is primarily differentiated from other competing technologies in its ability to scale and deliver high-resolution and multi-material printing. Our easy-to-use, high-speed 3D printers create high-resolution, smooth surface finish models that have the look, feel and functionality of the final designed product. We offer the only 3D printing systems that deposit two materials simultaneously, enabling the printing of models with a broad range of physical attributes.

We offer our customers a broad range of 3D printer systems, including our advanced Connex family, our mid-range Eden family, and our lower capacity, entry-level Desktop family. While all of our products offer our customers high-quality printing capabilities with high resolution and accuracy, our customers typically base their selection of a particular Objet system primarily on tray size, cartridge capacity, duty cycle, print speed, features and price. Currently, we are the only company to offer multi-materials capability via our Connex family of printers. We offer a wide variety of office-friendly resin consumables, including rigid and flexible (rubber-like) materials and bio-compatible materials for medical applications.

We believe that our proprietary technology enables us to offer solutions that are differentiated by a combination of the following attributes:

- **Printing quality, including high resolution and accuracy:** High-resolution jetting, with 600 × 600 dpi and with layers as thin as 16 microns, enabling the creation of smooth, accurate models that exhibit fine details and thin walls that mimic the computerized image upon which they are based. The resolution and accuracy of the jetting is consistent across all three of our printer families.
- **Multiple materials:** Our PolyJet Matrix technology, featured in our Connex family of printers, is the only available technology to jet two materials simultaneously. This provides users with two key benefits:
 - **Dual-material build:** Our PolyJet Matrix technology enables users, in a single build process, to print parts and assemblies made of two materials that each retain their distinct mechanical and physical properties. For example, users can print objects with both rigid and flexible portions in a single build.
 - **Composite materials:** Our PolyJet Matrix technology, aided by our integrated software, enables on-demand mixing of a wide variety of resins to create a wide range of pre-defined Digital Materials, which are composite materials with modified physical or mechanical properties that result from the combination of two materials.
- **High-speed 3D printing:** The high-speed capability of our 3D printers is enabled by our differentiated technology, including the ability to print along the full array of print heads, to simultaneously print multiple items and cure the object while printing, thus significantly reducing the need for post-printing curing time. Our printers have a typical print speed of 8.9 cubic inches/hour.
- **Suitability for office environments:** Our technology allows us to deliver high print quality from an easy-to-use, office suitable printer. Our systems utilize conveniently packaged resin cartridges, which are easy to load and unload, and allow simple replacement of jetting heads. Our systems print a wax-like support material wherever resin is not printed, in order to support the remaining model layers as they are printed. This support material is specially designed to be easily removed by hand under a stream of water at the end of the printing process.

Our solutions allow our end-users to print 3D models which enhance their ability to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Our systems create visual aids for concept modeling and functional prototyping to test fit, form and function, permitting rapid evaluation of product designs. Using presentation models developed with our systems, designers can typically conduct design reviews and identify potential design flaws and improvements before incurring significant costs due to re-tooling and re-work, allowing them to optimize a design rapidly and cost-effectively. Our systems also aid in the communication of ideas otherwise communicated in abstract or 2D media. For example, a model produced with our systems may be used as a sales tool, as a model or part display or simply for use in conducting a focus group, or for collaboration in the product design and manufacturing cycles at multiple locations more quickly, enabling visualization, touch and feel, which can be critical to the product evaluation or sales process.

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In addition to contributing to the design process, our systems may also be used as part of the manufacturing process for smaller-volume manufacturing of customized products. Our technology can eliminate the need for expensive tooling or molding, helping to quickly and efficiently create an end-use product.

Our solutions are employed by a variety of organizations across multiple industries, including:

- Apparel: Burton Snowboards
- Automotive: Volkswagen
- Consumer goods: Black & Decker and Philips
- Medical: Boston Scientific and Fresenius Medical Care North America
- Toys: Hasbro
- Sporting goods: Adidas Group and Zebco

End-user case studies

Our 3D printers are employed in a wide variety of industries, and for many uses. Examples of how our systems enable end-users to improve design processes, reduce time to market, lower costs and advance their goals include the following:

- A prominent worldwide manufacturer and distributor of athletic footwear uses our 3D printers throughout its product design process, both in-house and with its suppliers, which the company requires to use Objet printers. Rather than employing a team of twelve technicians working manually with special tools to prepare prototypes, the company now employs two people to operate our 3D printers to print prototypes quickly and cost-effectively. By using our systems, this manufacturer has been able to reduce its product development time by a number of months per project.
- A major manufacturer of bicycles until recently utilized service bureaus to produce prototypes. Prototyping plays a crucial role in this company's product development efforts and when the company's annual cost for service bureaus that provide 3D printing reached \$275,000, they decided to purchase an in-house rapid prototyping system. Using our 3D printers, the company now easily and cost-effectively prints parts made of multiple materials in just a few hours instead of outsourcing this to a service bureau, which took several days.
- A major European provider of sanitary technology solutions previously relied on costly and time consuming machine tools for internal prototyping of parts and objects used in its sanitary and piping systems. Today, the company rapidly and efficiently creates prototypes with our 3D printing systems that enable it to perform fit, form and functional testing internally, including fluid testing in real-life environments characterized by high water pressure and continual water flow. Additionally, the company uses the models created with our 3D printers for marketing purposes, such as displays for focus groups and potential vendors as well as graphing and packaging.
- The anthropology department of a prominent European university utilizes our 3D printers to replicate rare fossils in order to perform research that otherwise cannot be carried out because the original fossils are too brittle. This is accomplished by digitally scanning the fossil to create a 3D data file that is then printed in 3D. The replica fossils allow scientists to further their understanding of the fossilized matter. For example, after printing a model of a

Neanderthal skull fossil, researchers were able to further their understanding of certain details such as tooth roots and inner ear cavities.

Competitive strengths

We believe that the following are our key competitive strengths:

- **Proprietary inkjet-based technology platform.** We believe our 3D inkjet printing technology, which benefits from ongoing industry advancements in 2D inkjet head technology, is differentiated from competing technologies primarily in its ability to be scaled and to deliver high-resolution and multi-material printing. We combine our proprietary hardware platform, integrated software and resin consumables with widely-deployed inkjet printer heads to develop leading 3D printing systems. This technology also allows us to offer a spectrum of 3D printers of varying features, capacities and price points, and to migrate the advanced features of our high-end products to our entry-level products with greater efficiency.
- **Differentiated product offering with superior model quality.** Our 3D printing systems are differentiated through a combination of superior printing qualities, print speed, variety of materials, the ability to print multiple materials simultaneously and suitability for office environments. Our systems jet ultra-thin layers (down to a thickness of 16 microns) that enable significant accuracy, high resolution (600 × 600 dpi) and smooth finish to our models. We offer a wide variety of office-friendly resin consumables, including rigid and flexible (rubber-like) materials and bio-compatible materials for medical applications. We offer the only printing system that utilizes the simultaneous jetting of two materials to enable our end-users to print models with a variety of model features such as objects with both rigid and flexible parts in a single build.
- **Multidisciplinary technological expertise.** Our 3D printing solutions integrate innovations in a wide range of scientific disciplines, such as physics, chemistry and mechanical and electrical engineering, as well as software development. We make significant investments in developing and integrating technologies into our hardware platform, software and resin consumables. We believe we have a strong base of technology know-how. Our patent portfolio consists of 63 granted patents and 67 pending patent applications as of March 1, 2012, encompassing granted patents in the United States, China, France, Germany, Italy, the UK, Spain, Austria, Belgium, Switzerland, Ireland and Hong Kong, and pending patent applications in the United States, China, the European Union, Hong Kong and Japan, along with a U.S. provisional patent application and international applications pursuant to the Patent Cooperation Treaty. As of December 31, 2011, our R&D and engineering teams consisted of 96 employees out of a total of 438 employees. We have a culture of innovation and expect to continue to enhance our solutions to further drive market adoption of 3D printing.
- **Large and growing installed base.** Our differentiated offering has led to a large and growing installed base. As of December 31, 2011, we had sold 3,378 systems, including 569 systems sold in 2010 and 929 systems sold in 2011. We derive recurring revenues through sales of proprietary resin consumables and services to this installed base.
- **Diverse, global blue chip customer base.** Our end-users include over 2,800 companies across a wide range of industries and applications. Our clients include: apparel companies such as

Burton Snowboards; automotive industry participants such as Volkswagen; consumer goods companies such as Black & Decker and Philips; toy companies such as Hasbro; medical equipment companies such as Boston Scientific and Fresenius Medical Care North America; and sporting goods companies such as the Adidas Group and Zebco.

Strategy

The key elements of our strategy for growth include the following:

- **Expanding customer base and further penetrating existing customers.** We intend to increase the market awareness of our company by adding distribution channels and increasing our marketing efforts in order to drive sales to new customers. We currently have over 85 distributors and sales agents worldwide, and are expanding that distribution network by adding distributors and sales agents with specific geographical presence or specialist industry coverage. We are expanding our marketing efforts by participating in trade shows, advertising in trade journals and on the Internet, and engaging in public relations initiatives. Additionally, we are focused on increasing the penetration within our current customer base. We expect to generate revenues from sales to existing customers as they experience the benefits of our products and further adopt 3D printing. In 2011, approximately 20.3% of the printers we shipped were to existing customers. We maintain strong relations with our current customers through direct and indirect marketing efforts and through our service organization.
- **Driving further market adoption through lower capacity entry-level systems.** We expect to broaden our installed base through increased adoption of our recently introduced Desktop family of lower capacity entry-level systems, which are offered at lower price points. Our Desktop 3D printers are expected to penetrate a broad and largely untapped addressable market, targeting small design teams within large organizations, small and medium-sized businesses and individual designers. Our scalable technology allows us to provide the same high resolution and accuracy of our high-end printers, but with a smaller feature set. We expect to incorporate certain additional features of our Connex family of printers into this family of products over time. We believe this will further accelerate market adoption of our products.
- **Broadening our printing systems' capabilities through the development of new materials.** We believe that by developing new materials for our 3D printing systems, we will be able to increase both the size of, and our market share in, the 3D printing market. We are broadening the range of our resin consumable offerings in order to enable the creation of models with an even greater variety of physical properties, thereby expanding potential user applications. Our materials science innovations, coupled with our PolyJet technology, enable the creation of transparent models and models with more than one color. We are also developing materials with a broader range of physical properties, including materials with higher temperature resistance, greater strength and flexibility. The ability to print models that closely resemble "real world" products enables functional testing and even small-batch rapid manufacturing. We believe that continued expansion of our resin consumable offerings will further differentiate our product offering and broaden adoption of, and uses for, 3D printing.

- **Maintaining and extending technology lead.** We combine our proprietary hardware, integrated software and resin consumables with commercially available and widely-deployed inkjet printer heads to develop differentiated, leading 3D printing systems. As of March 1, 2012, we had 63 granted patents and 67 pending patent applications (including foreign counterparts of both granted patents and pending patent applications). We seek to extend our technology capabilities by continuing to invest in our R&D efforts, which focus on enhancing our inkjet-based technologies that underlie all of our printing systems and developing resin consumables that offer an even broader array of physical and aesthetic properties, thereby broadening user applications.

Our 3D printing systems

Our products consist of our 3D printing system families and our proprietary resin consumables used with those systems. Our families of 3D printing systems are designed to enable engineers and designers to quickly, cost-effectively, efficiently and accurately create high-resolution, fine-detailed models. Our core groups of 3D printing systems integrate our proprietary PolyJet and PolyJet Matrix technologies and present a broad range of price and performance options for consumers, depending on their desired application as well as the nature and size of the prototypes or end-products they seek to produce. The performance of our different systems varies in terms of capabilities related to: print speed, resin cartridge capacity, maximum model size, or tray size, duty cycle, or the number of objects that a printer can produce over a given period of time without requiring maintenance, and materials. We currently offer ten systems within three families of high-definition printing systems: Connex, Eden and Desktop.

Our printing systems integrate our software, and are supported by services that we provide to our customers, both directly and through our distribution partners. The printers' build trays are designed to allow one model or multiple smaller parts to be built simultaneously, saving time and cost. Models are fully cured by UV light on the build tray of the printer during one seamless printing process.

Our three families of printers are described below:

- The Connex family of 3D printers is our most advanced printer line with the highest capacity, offering the broadest set of features, including the ability to deposit two materials simultaneously while printing.
- The Eden family of 3D printers is comprised of mid-to-high capacity, moderately priced systems for use in high-duty 3D printing applications that do not require multi-material printing.
- The Desktop line is our lower capacity, entry-level and most affordable set of systems.

Connex family of 3D printers

Our Connex family of 3D printers are offered with large tray sizes, large cartridge capacity and high duty cycles, and produce a wide variety of objects at high speeds with high accuracy, smooth surfaces, complex shapes and stand-out text, using a range of material. Additionally, our Connex printers enable simultaneous jetting of multiple model materials in a single build, opening up a variety of applications.

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By placing different materials in the Connex system, which are sprayed from different nozzles, users can either print parts and assemblies made of two materials with different mechanical and physical properties or create composite materials whose mechanical properties reflect the combination of two materials. If rigid and flexible qualities are required in a single model, the materials spray separately onto various parts of the model, enabling users to, for example, in a single build process print objects with distinct visual effects such as transparency to differentiate areas of interest, or create operational hinges, gaskets or hoses. If a composite material is required for a model, the materials spray simultaneously in varying amounts, thereby facilitating the combination of two materials during the printing process to yield one unique, new composite material, with distinct mechanical or physical properties, allowing the creation of objects such as shoe soles or tires. This ability to form multiple material products very early in the product design process reduces costs and minimizes risks associated with creating costly and complex molds at a later stage. The users of our Connex products are able to change the material mix based on pre-set specifications in our integrated software, allowing them to vary the material properties of the resulting composite material on-demand after the initial design process is complete.

Eden family of 3D printers

Our Eden family of 3D printers is comprised of office-friendly systems suitable for a wide variety of 3D printing applications. Our Eden printers are similar to our Connex family of printers, and are offered in a variety of models with small to large cartridge capacities, varying print speeds and differing model resolutions, but without the ability to deposit two materials simultaneously.

Desktop family of 3D printers

Our Desktop family is our lower capacity, entry-level family of 3D printing systems. The printers in this family provide the same general print quality as the Eden family printing systems while differing from the Eden systems in tray size, cartridge capacity, duty cycle and print speed, with a more limited set of materials that can be jetted. The desktop 3D printers are sufficiently small to fit on a desk or a stand we offer with the printer. These printers package the ability to produce high-quality, finely detailed 3D printed models into smaller, more affordable systems.

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Each of our printer families can be easily connected to information technology networks, and can therefore operate as network printers, allowing multiple designers in multiple office locations to communicate designs and models by sending computer files across a network to be printed in 3D.

Connex



Models include:

- Connex350
- Connex500
- 260 Connex

Eden



Models include:

- Eden250
- Eden260V
- Eden350/350V
- Eden500V

Desktop



Models include:












- Objet24
- Objet30

External dimensions WxDxH (m)	0.9×0.7×1.2 to 1.4×1.1×1.1	0.9×0.7×1.2 to 1.3×1.0×1.2	0.8×0.6×0.6
Max. printing speed (cm ³ /hr)	270-370	150-370	90 and 110
Resin cartridge capacity (kg)	14.4	4.0-14.4	4.0
Tray size (mm)	260×260×200 to 500×400×200	260×260×200 to 500×400×200	240×200×150 and 300×200×150
Resolution (dpi)	600×600×1600	600×300×1600 to 600×600×1600	600×600×900
Multi-material capability	Yes	No	No
U.S. list prices*	\$160,000 to \$240,000	\$59,900 to \$175,000	\$19,900 to \$31,900

* Prices are subject to change

Our resin consumables

Our resin consumables, which consist of our FullCure family of proprietary acrylic-based photopolymer materials, are designed for use with our 3D printing systems and enable users of our printers to create highly accurate, finely detailed 3D models and parts for a wide range of prototype development and customized manufacturing applications. The wide variety of resins within the FullCure family is characterized by transparent, colored, or opaque properties and flexible, rigid or other physical properties. The FullCure support materials that are used together with FullCure model materials enable the 3D printing of models with a wide array of complex geometries. Our FullCure materials are produced in-house and are specially designed for our printing systems. The sale of these materials provides us with a recurring revenue stream from users of our 3D printers.

Current FullCure materials offering					
Rigid		Flexible		Biocompatible	
Vero family (general purpose)		High-elongation		Dental	
White, blue, black, grey, clear		Black, clear		Peach	
Basic translucent (FC 720)		High-elasticity		Hearing aids	
		Black		Clear, rose-clear, skin-tone	
Polypropylene-like		Low-Modulus		VeroBio	
White		Grey		Clear	
High-temp					
White					
ABS-like					
Green					

We have invested significant research and development efforts in optimizing our FullCure materials for use with inkjet technology. These efforts are reflected in the properties of these

materials, which enable them to be packaged, stored, combined and readily cured upon printing. The key features and benefits of 3D modeling with our FullCure materials, include:

- **Broad variety:** Broad choice of materials allows the user to choose materials for a wide range of applications, including rigid and flexible (rubber-like) materials and bio-compatible materials for medical applications.
- **Ready-to-use models:** Materials used to create models can be handled right off the tray, with no post-curing processing required (other than water jetting to easily remove wax-like FullCure support materials).
- **Varying flexibility:** Flexible models, with high elasticity and elongation qualities, may be produced from certain of our materials.
- **Office-friendly:** Materials that are packaged in cartridges for safe handling and are suitable for use in office environments.
- **Post-printing processing:** Materials can also, in most cases, be machined, drilled, chrome-plated or painted.

All FullCure 3D printing materials are delivered in sealed, 1.0 or 3.6 kilogram cartridges, helping to ensure environmentally safe use. The 3D printer cartridges may be easily removed and disposed.



Our integrated software

Our integrated software, consisting of Objet Studio and Job Manager, is designed to make the process of creating high-quality, highly detailed and accurate models more efficient and serves as an important tool for allowing multiple users connected to the same network to use our systems.

Objet Studio supports commonly used 3D file formats, such as STL and SLC. The software offers simple "click & build" preparation and print tray editing, and provides easy, accurate job timing estimation and full job control, including queue management. The software also features wizards that facilitate and speed system maintenance and advanced features that allow users to make adjustments to 3D printing properties in real time. For example, our software enables users of our Connex line of 3D printers to change the material mix in the printing process, allowing users to modify quickly the properties of the model being printed.

The Job Manager enables users to work in parallel and send jobs from any network computer to the server. Jobs enter the queue either according to the parameters configured by the system administrator, or in chronological order. The queue is therefore easily managed, as each user has access to his or her jobs and the administrator can set and adjust parameters and

access permissions. In configurations of multiple printing systems on the network, each user automatically receives the parameters of the selected system, such as tray size, loaded materials, and queue status, helping ensure easy, error-free tray setup.

Services and warranty

We provide support to our customers directly and through our distributors, ensuring that support and parts may be readily obtained worldwide. Our support network consists of the following:

- More than 160 trained, Objet-certified engineers providing on-site installation, training and support.
 - Direct support engineers through Objet in more than six countries worldwide.
 - Indirect support engineers through certified partners in more than 31 countries.
- Phone and direct on-site support in four languages.
- Service logistics in key regional centers.
- Training facilities and resources in regional centers.
- Computerized management system and knowledge distribution platform to ensure high-quality support for our customers.
- Support, tools and up to date information to our direct customer and distribution channels from our product support engineering team.

Our goal is to ensure maximum uptime and productivity for our 3D printing systems. In order to do so, we regularly update the technical documentation related to our systems, offer comprehensive training courses for operators and promote proactive knowledge sharing designed to help users maximize the value of their Objet equipment and expand the applications for which they employ our 3D printing systems.

Basic warranty

Our 3D printer systems are sold with on-site maintenance support that covers a warranty period ranging from 90 days to one year from installation. Usually, the warranty period extends for one year, but there are certain geographical regions in which our printers are sold in which end-users may choose to be covered by a 90-day warranty instead at a reduced cost. Receipt of maintenance and repair services after the warranty period is subject to the terms of our extended support programs, to the extent purchased by the end-user, as described below.

Extended support programs

Recognizing that our end-users have varying support needs, we offer a range of support programs that enable our end-users to continue to receive maintenance services beyond the initial warranty period. These support programs contain various degrees of the support services described above and are priced accordingly.

Marketing, sales and distribution

Marketing

Our marketing strategy is focused on increasing awareness of our brand in order to generate sales and increase our customer loyalty. We initiate marketing programs and campaigns to drive lead generation throughout the regions in which we, our distributors and agents operate. We customize our sales pipeline-building activities and programs to industry specific requirements. This infrastructure allows us to measure and analyze the success of various marketing tactics. Based on our analysis, we create and update our product roadmaps and individual marketing plans to help optimize distribution while helping ensure a smooth process of release, ramp-up and sales.

We use a variety of inbound and outbound marketing methods to reach potential customers. Inbound methods include a variety of online marketing strategies comprised of search marketing (for example, Search Engine Optimization and Pay Per Click advertising), social media, blogs, syndication, webinars and white papers. Outbound channels include more traditional marketing methods such as print advertisements, direct mail and e-mail, tradeshows, newsletters and referrals. In addition, we have developed domestic and international on-site demonstration capabilities in our regional offices in the U.S., Germany, Hong Kong and China.

Sales distribution structure and reseller network

We sell, distribute and provide follow-up support services with respect to our 3D printing systems and resin consumables through a worldwide sales and marketing infrastructure, for which we generally utilize three methods for distribution and support: (i) sales to independent distributors who purchase and resell our products and through whom follow-up support services are provided to end-users; (ii) sales of our printing systems that are arranged by a network of independent sales agents worldwide, pursuant to which we sell directly to end-users, pay commissions to such agents, and directly handle the sale of printing resin consumables and provision of follow-up support services; and (iii) direct sales of products to end-users without the involvement of any intermediaries, for which all aspects of our sales and follow-up services are handled exclusively by us. In certain instances, the same individual or company can serve as an independent distributor with respect to certain of our products while acting as a sales agent for other products. Our independent distributors and sales agents are overseen by regional managers and operate on a non-exclusive basis, although we believe that most do not sell competing 3D printers.

Almost all of the independent distributor and sales agent locations that distribute our products have our 3D printing systems available for tradeshows, product demonstrations, and other promotional activities. Additionally, many of them also enjoy a long-term presence and offer third-party 3D CAD software packages in their respective territories, enabling them to cross-sell our systems to those customers.

Customers

Our systems are installed at a number of the Fortune 100 companies. Generally, neither any single customer or group of affiliated customers (i.e., distributors, in the case of the indirect distribution of our products, and end-users, in the case of commission-based and direct distribution of our products), nor any individual sales agent or group of affiliated sales agents (in the case of commission-based distribution of our products), accounted for more than 6% of our sales in 2011, 2010 or 2009. As of December 31, 2011, our 3D printing systems had been deployed at over 2,800 companies in a wide range of industries.

Manufacturing and suppliers

Manufacturing

Our manufacturing process consists of (i) assembling systems using both off-the-shelf and customized components manufactured specifically for us and (ii) mixing raw materials to produce our resin consumables and bottling and packaging those consumables. Our core competencies include printing systems assembly, systems integration, software installation and resin manufacturing, all of which are done internally at our facilities. We currently operate on a build-to-forecast basis and obtain all parts used in the manufacturing process from either distributors of standard electrical or mechanical parts or custom fabricators of our proprietary designs. Our manufacturers and suppliers are periodically assessed by us based on their on-time performance and quality.

We purchase major component parts for our 3D printing systems from various suppliers and subcontractors, and assemble them in our Israeli facilities. Our production floor has been organized using demand-flow techniques in order to achieve efficiency, quality and balance of our production lines. With respect to resin consumables, we purchase raw materials from various suppliers for mixing, bottling and packaging in our Kiryat Gat, Israel facilities. We have two bottling lines in that facility: one automated and one semiautomatic.

Computer-based Material Requirements Planning, or MRP, is used for reordering to better ensure on-time delivery of parts and raw materials. Operators and assemblers are trained on assembly and test procedures including Assembly Requirement Documents, which originate in engineering. In our manufacturing processes, we employ a Quality Management System, or QMS, that meets international quality standards including ISO 9001:2008 and ISO 13485:2003, which relates to medical devices. We also outsource the manufacture of main subassemblies up to fully assembled systems ready for integration.

Our system assembly process includes semi-automated functional tests of key subassemblies. Key functional characteristics are verified through these tests, and the results are stored in a statistical database. The Kiryat Gat, Israel facility also houses a laboratory for the inspection of incoming raw materials as well as products.

With respect to the manufacture of our 3D printing systems, at the completion of assembly, we perform power up and final quality tests to help ensure the quality of our products before shipment to customers. The final quality tests must be run error-free before the system can be cleared for shipment. We maintain a history log of all products that shows revision level configuration and a complete history during the manufacturing and test process. All identified issues on the system during the manufacturing process are logged, tracked and used to make

continuous production process improvements. The commonality of designs among our different products eases the transition to manufacturing new designs.

Inventory and suppliers

We maintain an inventory of parts to facilitate the timely assembly of products required by our production plan. While most components are available from multiple suppliers, certain components used in our systems and resin consumables are only available from single or limited sources. In particular, the printer heads for our 3D printing systems are supplied by a sole supplier, Ricoh. We consider our single and limited-source suppliers (including the supplier of our printer heads) to be reliable, but the loss of one of these suppliers could result in the delay of the manufacture and delivery of our products. In order to hedge against the risk of a discontinuation of the supply of our printer heads, we maintain a reasonable supply of excess inventory of printer heads.

Ricoh Agreement

We purchase the printer heads for our 3D printing systems from Ricoh pursuant to an OEM Purchase and License Agreement with Ricoh, effective as of May 5, 2011, or the Ricoh Agreement. The current Ricoh Agreement replaced our original agreement with Ricoh that had been entered into in June 2000 and amended on various occasions subsequently, and which expired upon the effectiveness of the new Ricoh Agreement.

Under the Ricoh Agreement, we place orders for print heads and associated electronic components, or the Ricoh Products. Together with provision of these items, Ricoh provides us with a non-transferable, non-exclusive right to assemble, use and sell the Ricoh Products under Ricoh's patent rights and trade secrets.

Pricing under the Ricoh Agreement depends on the quantity of Ricoh Products that we purchase during any given month, and to the extent that we commit to a certain annual minimum prior to an upcoming year (beginning with 2011), we receive a set, discounted price for all Ricoh Products ordered during that upcoming year.

The Ricoh Agreement runs for an initial term of five years and automatically renews for additional one year periods thereafter unless either party provides the other six months' advance written notice of termination prior to the end of the then-current term. The Ricoh Agreement may be cancelled by either party if (i) the other party substantially breaches any material provision of the agreement and has not cured such breach within 30 days of receipt of written notice thereof, or (ii) upon the occurrence of certain bankruptcy events, and may furthermore be cancelled by Ricoh if we fail to cure a breach of an undisputed payment obligation within thirty (30) days of the breach.

At any time during the term of the Ricoh Agreement, Ricoh may discontinue the manufacture and supply of a print head model, so long as it provides us with at least eighteen (18) months' prior written notice of such discontinuance and honors all of our purchase orders for the subject print head model within the notice period. During the period of five years from the earlier of either the termination of the Ricoh Agreement or the date of discontinuance of the manufacture of Ricoh Products (i.e., following the 18 month notice period described in the previous sentence), we are entitled to purchase additional Ricoh Products for the sole purpose of providing replacements for the installed base of Ricoh Products, including one final purchase

order that we may place in the final year of such five year period and that must be filled by Ricoh within twelve months of when it is placed.

The Ricoh Agreement may not be assigned by either party without the other party's prior written consent, which may not be unreasonably withheld.

Research and development

We maintain an ongoing program of research and development, or R&D, to develop new systems and materials and to enhance our existing product lines, as well as to improve and expand the capabilities of our systems and related software and materials. This includes significant technology platform developments for our PolyJet and PolyJet Matrix technologies, our 3D printing systems, including our integrated software, and our FullCure family of proprietary acrylic-based photopolymer materials. Our research aims to develop improved and more affordable products. Our R&D department is divided into groups based on scientific disciplines and product lines.

We invest a significant amount of our resources in R&D as we believe that superior technology is key to maintaining a leading market position. Our R&D expenses were \$9.3 million, \$12.0 million and \$14.6 million in 2009, 2010 and 2011, respectively, representing 13.8%, 13.6% and 12.0% of revenues, respectively.

Intellectual property

We consider our proprietary technology to be important to the development, manufacture, and sale of our products and seek to protect such technology through a combination of patents, trade secrets, confidentiality agreements and other contractual arrangements with our employees, consultants, customers and others. As of March 1, 2012, we had 63 granted patents and have 67 pending patent applications in the aggregate, encompassing granted patents in the United States, China, France, Germany, Italy, the UK, Spain, Austria, Belgium, Switzerland, Ireland and Hong Kong and pending patent applications in the United States, China, the European Union, Hong Kong and Japan, along with a U.S. provisional patent application and international applications pursuant to the Patent Cooperation Treaty. The principal granted patents relate to our PolyJet and PolyJet Matrix technologies, our 3D printing processes and our resin consumables with expiration dates ranging from 2012 to 2030.

We are also a party to various licenses that allow us to practice and improve our technology under a broad range of patents, patent applications and other intellectual property, including a cross-license agreement with 3D Systems Corporation under which each party licensed certain patents of the other party.

In addition, we own the registered trademarks OBJET and FULLCURE and make use of a number of additional unregistered trademarks, including POLYJET. However, we do not believe that any of our trademarks are material to our competitive position.

We believe that, while our patents provide us with a competitive advantage, our success depends primarily on our marketing, business development, applications know-how and ongoing research and development efforts. Accordingly, we believe that the expiration of any of our patents or patent licenses, or the failure of any of our patent applications to result in issued patents, would not be material to our business or financial position. In any event, there

can be no assurance that our patents or other intellectual property rights will afford us a meaningful competitive advantage.

Competition

Our principal competitors consist of other developers of 3D printing systems. A variety of technologies compete with our PolyJet and PolyJet Matrix technologies, including:

- Fused Deposition Modeling;
- Stereolithography;
- Selective Laser Sintering;
- Power Binding; and
- Digital Light Projection.

The companies that developed and utilize these technologies include Stratasys (and HP based on its agreement with Stratasys to distribute an HP-branded 3D printing system), 3D Systems Corporation, CMET, EOS Optronics GmbH, Z Corporation (which was acquired by 3D Systems Corporation), EnvisionTEC GmbH, Solid Model Ltd. (the successor to the business of Solido Ltd.) and Solidscape, Inc. (which was acquired by Stratasys).

These technologies, which compete for market share in the 3D printing industry, possess various competitive advantages and disadvantages relative to one another within the key categories upon which competition centers including resolution, accuracy, surface quality, variety and properties of resin consumables, capacity, speed, color, transparency, the ability to print multiple materials and others. Due to these multiple categories, end-users usually make purchasing decisions as to which technology to choose based on the characteristics that they value most. This decision is often industry specific. The competitive environment that has developed is therefore intense and dynamic, as market players often position their technologies to capture various vertical markets simultaneously.

We are positioned to compete in our industry mainly on the following bases, which we view as competitive strengths:

- quality of printed objects measured by, among other things, resolution, accuracy and surface quality;
- material properties of printed objects, such as heat resistance, toughness, brittleness, elongation-to-break and flexibility;
- multi-material printing;
- reliability of printing systems;
- speed of printing; and
- customer service.

Our PolyJet and PolyJet Matrix technologies allow us to offer a spectrum of 3D printers of varying features, capacities and price points. We believe that this enables us to compete with the other 3D printing technologies for a wide range of customers with a variety of applications and goals for their 3D printing.

We also compete with companies that use traditional prototype development and customized manufacturing technologies, and expect future competition to arise from the development of new technologies or techniques.

Seasonality

Historically, our results of operations with respect to sales of 3D printing systems have been subject to seasonal factors, while sales of resin consumables have not been as strongly affected. Stronger demand for our 3D printers has occurred in our fourth quarter primarily due to our customers' capital expenditure budget cycles. Our first and third quarters have historically been our weakest quarters for 3D printer sales.

We furthermore experience seasonality within individual fiscal quarters, as a substantial percentage of our 3D printer sales often occur within the last month of each fiscal quarter. This trend has the potential to expose our quarterly or annual operating results to the risk of unexpected, decreased revenues in the case of our inability to build systems, consummate sales and recognize the accompanying revenues prior to the end of a given quarter.

Environmental matters

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

In Israel, where we assemble our 3D printing systems and manufacture our resin consumables, businesses storing or using certain hazardous materials, including materials necessary for our manufacturing process, are required, pursuant to the Israeli Dangerous Substances Law 5753-1993, to obtain a toxin permit from the Ministry of Environmental Protection. Our current toxin permit will remain in effect until November 2013. Furthermore, the business licenses we hold for our facilities in Israel are subject to the receipt of permits from local health and planning and zoning authorities as well as clearance from the Ministry of Environmental Protection, which have been obtained.

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

Global operations

We have offices in Israel, the United States, Germany, China, Hong Kong and Japan, and organize our operations by geographic region, focusing upon the following key regions: North America; Europe; Asia Pacific; and select emerging markets, which we refer to as Rest of World. Our products are distributed in each of these regions, as well as in other parts of the world. Our customers are dispersed geographically, and we are not reliant on any single country or region for most of our product sales and services revenues. A breakdown of our consolidated revenues by geographic markets and by categories of operations for the years ended December 31, 2009, 2010 and 2011 is provided in the section titled "Management's discussion and analysis of financial condition and results of operations."

In maintaining global operations, our business is exposed to risks inherent in such operations, including currency fluctuations, market conditions, and inflation in the primary location in which our operating expenditures are incurred. Information on currency exchange risk, market risk, and inflationary risk appears elsewhere in this prospectus, in the "Risk factors" section and in "Management's discussion and analysis of financial condition and results of operations—Quantitative and qualitative disclosure about market risk—Foreign currency exchange risk."

Property and infrastructure

We are headquartered in Rehovot, Israel. We lease our Rehovot facilities pursuant to a lease agreement with a term of five years that expires on December 31, 2016. The facilities consist of approximately 69,589 square feet of space, and lease payments, inclusive of management fees, are approximately \$1.3 million annually. These facilities house our administrative headquarters and our research and development facilities. We also own additional facilities in Kiryat Gat, Israel, which we utilize for our resin factory and laboratories.

As of December 31, 2011, we leased office space (except with respect to our Kiryat Gat, Israel, location, where we own the property) as specified in the table below. The aggregate annual lease payments for our facilities during 2011 were approximately \$2.2 million.

Location	Approximate square feet
Kiryat Gat, Israel	72,118
Rehovot, Israel	69,589
Billerica, Massachusetts	15,000
Rheinmünster, Germany	8,571
Hong Kong	5,165
Shanghai, China	3,227
Tokyo, Japan	862

Legal and corporate structure

Our legal and commercial name is Objet Ltd. We were incorporated as a limited liability company in the State of Israel on March 3, 1998.

Our corporate structure consists of Objet Ltd., our Israeli parent company, and our four active wholly-owned subsidiary entities: Objet Inc., a Delaware corporation, which carries out our

North American operations; Objet AP Limited, a Hong Kong limited company, and Objet Shanghai Ltd., a Chinese company, which together carry out our operations in the Asia Pacific region; and Objet GMBH, a German limited liability company that carries out our European operations. We also have two inactive wholly-owned subsidiaries.

Employees

The total number of our full-time equivalent employees, and the distribution of our employees (i) geographically and (ii) within the divisions of our company, in each case as of December 31, 2009, 2010 and 2011 are set forth in the following two tables, respectively:

Region	Number of full-time equivalent employees by region as of December 31,		
	2009	2010	2011
Israel	210	244.5	284
United States	53	54	63
Europe	30	42	46
Asia Pacific	17	26	32
Rest of World	5	7.5	13
Total	315	374	438

Division	Number of full-time equivalent employees by function as of December 31,		
	2009	2010	2011
Operations and support	64	77	99
Research and development	78	90	96
Customer service	68	77	89
Sales and marketing	60	72	89
General and administrative	45	58	65
Total	315	374	438

While none of our employees is party to any collective bargaining agreements, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our employees in Israel by order of the Israel Ministry of Labor. These provisions primarily concern the length of the workday, minimum daily wages for professional workers, pension fund benefits for all employees, insurance for work-related accidents, procedures for dismissing employees, determination of severance pay and other conditions of employment. We generally provide our employees with benefits and working conditions beyond the required minimums.

We have never experienced any employment-related work stoppages and believe our relationships with our employees are good.

Legal proceedings

In May 2004, a former employee sued us and one of our directors demanding that we issue him an option to purchase 1.75% of our outstanding shares and compensate him in an amount equal to NIS 315.0 thousand (\$82.5 thousand). The cause of action was an alleged breach of certain undertakings made by us to the former employee. Additionally, he claimed that we failed to pay his salary and certain social benefits with respect to a certain period of time. We filed a statement of defense in which we denied any wrongdoing in this action. In May 2011, the court ruled in our favor, denying all of the former employee's claims. The former employee appealed the decision to the national labor court, where the appeal is scheduled to be heard in November 2012.

In December 2008, another employee, whose employment with us has since been terminated, filed a claim against us demanding that, based on an alleged undertaking we had made, we issue him an option that would allow him to maintain an equity interest of 1.45% in our company, as well as reimburse salary reductions he had suffered in an aggregate sum of NIS 552.2 thousand (\$144.6 thousand). In July 2009, we filed our statement of defense, rejecting the claims raised by the former employee. Together with the former employee, we initiated mediation of the dispute, but did not reach any settlement. The former employee later amended his initial pleading to seek an additional NIS 441 thousand (\$115.4 thousand) on account of alleged wrongful termination by us. The action is currently ongoing and is being litigated in an Israeli labor court.

In April 2011, another former employee filed a claim against us demanding that we issue him an option to purchase 30,000 of our ordinary shares and demanding that we compensate him in the amount of NIS 813.0 thousand (\$212.8 thousand). We submitted our statement of defense to this claim on June 15, 2011, and we and the plaintiff are scheduled to submit affidavits. Evidentiary hearings have been scheduled for March and May 2013.

In October 2007, a former supplier of the company brought an action against us and the former directors of our European subsidiary (one of whom, Ilan Levin, is one of our current directors) in a Brussels commercial court, claiming damages of €566.0 thousand (\$726.0 thousand), plus interest and related legal and litigation costs. On April 26, 2010, the court ordered us and our subsidiary's former directors jointly and severally liable for the full amount claimed. We along with our subsidiary's former directors filed an appeal against the judgment in May 2010, with respect to which the final judgment is not expected to be handed down before the end of 2012. In keeping with required procedures related to the litigation, in July 2011, we deposited the full amount of the original judgment in favor of the former supplier, plus interest and litigation costs (€689.8 thousand, or \$885.0 thousand, in total) into a blocked, state-owned account in our name, to be held pending the outcome of our appeal.

Management

Executive officers and directors

The following table sets forth information for our executive officers and directors as of the date of this prospectus. Unless otherwise stated, the address for our executive officers and directors is c/o Objet Ltd., 2 Holtzman Street, Science Park, P.O. Box 2496, Rehovot 76124, Israel.

Name	Age	Position(s)
Elchanan Jaglom	70	Chairman of the Board
David Reis	50	Chief Executive Officer and Director
Ilan Levin	46	President and Vice Chairman of the Board
Eyal Desheh	59	External Director*
Tal Dilian	50	Director
Dov Ofer	58	External Director*
Neri Oxman, Ph.D.	36	Director*
Adina Shorr	51	Director*
Erez Simha	49	Chief Operations Officer and Chief Financial Officer

* Election of this Director or External Director (as appropriate) is effective upon the consummation of this offering and, in the case of each External Director, is subject to the ratification of such election by our shareholders.

Elchanan Jaglom has served as Chairman of our Board of Directors since 2001. Mr. Jaglom is also the Chairman of Diamond Capital Management Ltd., the investment manager of the Diamond Group of investment funds. In parallel to his involvement with these entities, Mr. Jaglom has been involved in private equity and venture capital investment since the early 1980s, focusing primarily on early-stage technology companies. He is currently a member of the Board of Trustees of the Tel Aviv Museum of Art and the Ben Gurion University of the Negev. He holds a bachelor's degree in economics and statistics from the Hebrew University in Jerusalem and an M.B.A from New York University.

David Reis was appointed Chief Executive Officer of our company in March 2009 after serving as a director since 2003. Previously, he served as Chief Executive Officer and President of NUR Macroprinters Ltd., or NUR, a wide format printer manufacturer that was acquired by HP, from February 2006 to March 2008. Prior to joining NUR, Mr. Reis served as the Chief Executive Officer and President of ImageID, an automatic identification and data capture solution provider, and of Scitex Vision, a developer and manufacturer of wide-format printers. David holds a B.A. in Economics and Management from the Technion/Israel Institute of Technology and an M.B.A. from the University of Denver.

Ilan Levin was appointed President and Vice Chairman of our Board in February 2011 after serving as a director since 2000. He has been involved in venture capital and private equity investment activity since 1997, acting as a member of the board of directors and as an advisor for a wide variety of technology-related companies, as well as a director for Vision Sigma Ltd. and IPC Oil and Gas Holdings, Ltd. From 2003 through 2009 he served as Chief Executive Officer of CellGuide Ltd. He holds a B.A.Sc. from the University of Toronto and an LL.B. from Tel Aviv University.

Neri Oxman, Ph.D., will begin serving on our Board of Directors effective upon the consummation of this offering. Dr. Oxman is a designer and architect. Since 2010, she has

taught at the Massachusetts Institute of Technology, or MIT, Media Lab as Assistant Professor of Media Arts and Sciences, and she also serves as the Sony Corporation Career Development Professor. From 2005 to 2010, Dr. Oxman studied design and computation in the Computation Group of the Department of Architecture at MIT, which led to her receipt of a Ph.D. in architecture from MIT in 2010. Dr. Oxman also founded the MaterialEcology design lab, a design research initiative based in Cambridge, Massachusetts, in 2006. Prior to studying at MIT, Dr. Oxman attended the London Architectural Association School of Architecture from 2002 to 2004, receiving a degree in architecture in 2004.

Adina Shorr will begin serving on our Board of Directors effective upon the consummation of this offering. Ms. Shorr previously served as our Chief Executive Officer for a six year period ending in March 2009. Ms. Shorr currently serves as Chief Executive Officer of CellGuide, a fabless semiconductor and design services company that focuses on location and navigation solutions, which she joined in October 2009. She holds an M.B.A. and a B.A. both with honors from Michigan State University.

Tal Dilian was elected to our Board of Directors in May 2010. Since 2005, Mr. Dilian has served as co-founder and general partner at ORR Venture 1 (USA), a venture capital fund. In addition, since 2008, he has advised private companies on business intelligence and corporate and homeland security. He has also, since 2003, been a co-founder, board member and senior executive of various Israeli non-governmental organizations involved in regional planning and educational activities. Mr. Dilian served for an aggregate of 21 years in the Israeli Defense Forces, rising to the rank of Colonel (Res.) as the Chief of Command of the Technological Unit of Intelligence. He earned a B.A. in Political Science, an LL.B and an M.B.A., all from Tel-Aviv University.

Eyal Desheh will begin serving on our Board of Directors effective upon the consummation of this offering. It is intended that he will serve as one of our external directors, subject to ratification at a meeting of our shareholders to be held no later than three months following the completion of this offering. Mr. Desheh has served as Chief Financial Officer of Teva Pharmaceutical Industries Ltd., a global pharmaceutical and drug company, since July 2008. From 2000 until 2008, he served as Executive Vice President and Chief Financial Officer of Check Point Software Technologies Ltd., a developer of security solutions to protect transactions and communications over the Internet. Mr. Desheh holds a B.A. in Economics and an M.B.A. in Finance, both from the Hebrew University in Jerusalem.

Dov Ofer will begin serving on our Board of Directors effective upon the consummation of this offering. It is intended that he will serve as one of our external directors, subject to ratification at a meeting of our shareholders to be held no later than three months following the completion of this offering. Mr. Ofer currently serves as Chief Executive Officer of Lumenis Ltd., a producer of medical devices to treat skin and other conditions, which he joined in April 2007. Prior to his appointment at Lumenis, Mr. Ofer served as Corporate Vice President and General Manager of HP-Scitex at Hewlett-Packard Company, a global provider of products, technologies, software, solutions and services, from the acquisition of Scitex Vision by Hewlett-Packard in November 2005. Prior to such acquisition, he served as President and Chief Executive Officer of Scitex Vision, beginning in February 2002. Mr. Ofer holds a B.A. in Economics from the Hebrew University in Jerusalem and an M.B.A. from University of California at Berkeley.

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Erez Simha joined our company in November 2011 as our Chief Operations Officer and Chief Financial Officer. Previously, he served as Corporate Vice President and Chief Financial Officer of Orbotech Ltd., a developer of automated optical inspection systems and imaging solutions, from July 2009 to March 2011, prior to which he had served in several other capacities at Orbotech and its affiliates, including as Corporate Vice President for Finance from September 2008 to June 2009, Vice President of Finance and Operations at Orbotech Pacific Ltd. from April 2007 to August 2008 and Vice President of Finance, Operations and Customer Support at Orbotech S.A. from May 2004 to March 2007. Prior to joining Orbotech, Mr. Simha served as Chief Financial Officer of Wiseband Communications Ltd., a developer of digital multi carrier power amplifiers for the wireless communications industry, from 2000 to 2004; as the general manager of a private company engaged in the import and distribution of professional and technical equipment for the building and metal industries, from 1994 to 2000; and as the controller of Mishkan—Hapoalim Mortgage Bank, from 1990 to 1994. Mr. Simha is a certified public accountant and holds a B.A. in economics and accounting and an M.B.A. from Tel Aviv University.

Arrangements concerning election of directors; family relationships

There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of our directors or members of senior management were selected as such. In addition, there are no family relationships among our executive officers and directors.

Corporate governance practices

As an Israeli corporation we are subject to various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee and an internal auditor. These requirements are in addition to the corporate governance requirements imposed by the Listing Rules of the NASDAQ Stock Market and other applicable provisions of U.S. securities laws to which we will become subject upon consummation of this offering and the listing of our Class A ordinary shares on the NASDAQ Global Market. Under the Listing Rules of the NASDAQ Stock Market, a foreign private issuer may generally follow its home country rules of corporate governance in lieu of the comparable requirements of the Listing Rules of the NASDAQ Stock Market, except for certain matters including (among others) the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC. For further information, see "Risk factors" and "NASDAQ Listing Rules and home country practices."

Board practices

Board of Directors

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

subject to the terms of any applicable employment agreements that we may enter into with them.

Under our amended and restated articles of association, which will be effective upon the consummation of this offering, our Board of Directors must consist of at least five and not more than eleven directors, including at least two external directors required to be appointed under the Israeli Companies Law. At any time, the minimum number of directors (other than the external directors) may not fall below three. Our Board of Directors will consist of eight directors upon the consummation of this offering, which will include two new directors and two external directors whose service will commence upon the consummation of this offering and, in the case of the external directors, subject to ratification at a meeting of our shareholders to be held no later than three months following the completion of this offering. Other than external directors, for whom special election requirements apply under the Israeli Companies Law, as detailed below, our directors are divided into three classes that are each elected at a general meeting of our shareholders every three years, in a staggered fashion (such that one class is elected each year), and serve on the Board of Directors for three years or until they are removed by the majority of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our amended and restated articles of association.

Upon the closing of this offering, the members of the classes will be as follows:

- the class I directors will be Elchanan Jaglom and Ilan Levin, and their term will expire at the annual meeting of shareholders to be held in 2015, assuming that they will have been elected for their initial three year term at our 2012 annual meeting of shareholders that will occur prior to the consummation of this offering;
- the class II directors will be Adina Shorr and Davis Reis, and their term will expire at the annual meeting of shareholders to be held in 2013; and
- the class III directors will be Tal Dilian and Neri Oxman, and their term will expire at the annual meeting of shareholders to be held in 2014;

In addition, our amended and restated articles of association allow our Board of Directors to appoint directors to fill vacancies on our Board of Directors, for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) have been vacated. External directors are elected for an initial term of three years and may be elected for up to two additional three-year terms under the circumstances described below. External directors may be removed from office only under the limited circumstances set forth in the Israeli Companies Law. See "—External directors."

In accordance with the exemption available to foreign private issuers under NASDAQ rules, we do not intend to follow the requirements of the NASDAQ rules with regard to the process of nominating directors, and instead, will follow Israeli law and practice, in accordance with which our Board of Directors (or a committee thereof) is authorized to recommend to our shareholders director nominees for election. Under the Israeli Companies Law and our amended and restated articles of association, nominations for directors may also be made by any shareholder holding at least one percent (1%) of our outstanding voting power. However, any such shareholder may make such a nomination only if a written notice of such shareholder's intent to make such nomination has been given to our Secretary (or, if we have

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no Secretary, our Chief Executive Officer). Any such notice must include certain information, the consent of the proposed director nominee(s) to serve as our director(s) if elected and a declaration signed by the nominee(s) declaring that there is no limitation under the Israeli Companies Law preventing their election and that all of the information that is required under the Israeli Companies Law to be provided to us in connection with such election has been provided.

In addition to its role in making director nominations, under the Israeli Companies Law, our Board of Directors must determine the minimum number of directors who are required to have accounting and financial expertise. Under applicable regulations, a director with accounting and financial expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. See "—External directors." He or she must be able to thoroughly comprehend the financial statements of the company and initiate debate regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, our Board of Directors must consider, among other things, the type and size of our company and the scope and complexity of its operations. Our Board of Directors has determined that our company requires one director with such expertise.

External directors

Under the Israeli Companies Law, the boards of directors of companies whose shares are publicly traded, including companies with shares listed on the NASDAQ Global Market, are required to include at least two members who qualify as external directors. Eyal Desheh and Dov Ofer have agreed to serve as our external directors following the consummation of this offering, subject to ratification at a meeting of our shareholders to be held no later than three months following the completion of this offering.

The Israeli Companies Law provides that external directors must be elected by a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- the majority voted in favor of election includes a majority of the shares held by non-controlling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, which we refer to as a disinterested majority; or
- the total number of shares held by non-controlling, disinterested shareholders (as described in the previous bullet-point) voted against the election of the director does not exceed two percent (2%) of the aggregate voting rights in the company.

The term controlling shareholder is defined in the Israeli Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager.

After an initial term of three years, external directors may be reelected to serve in that capacity for up to two additional three year terms, provided that either (i) his or her service for each such additional term is recommended by one or more shareholders holding at least one

percent (1%) of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non, controlling, disinterested shareholders voting for such reelection exceeds two percent (2%) of the aggregate voting rights in the company; or (ii) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same disinterested majority required for the initial election of an external director (as described above). The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the NASDAQ Global Market, may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period(s) is beneficial to the company, and provided that the external director is reelected subject to the same shareholder vote requirements as if elected for the first time (as described above). Prior to the approval of the reelection of the external director at a general shareholders meeting, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

If an external directorship becomes vacant and there are less than two external directors on the board of directors at the time, then the board of directors is required under the Israeli Companies Law to call a shareholders meeting immediately to appoint a replacement external director.

Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director, except that the audit committee must include all external directors then serving on the board of directors. Under the Israeli Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to applicable regulations. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term subject to certain exceptions.

The Israeli Companies Law provides that a person is not qualified to serve as an external director if (i) the person is a relative of the controlling shareholder of the company, or (ii) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an external director: (a) any affiliation or other prohibited relationship with the company or, with any person or entity controlling the company of a relative of such person, with any entity controlled by or under common control with the company; or (b) in the case of a company with no controlling shareholder, any affiliation or other prohibited relationship with a person serving as chairman of the board, chief executive officer, a substantial shareholder or the most senior office holder in the company's finance department.

The term relative is defined as a spouse, sibling, parent, grandparent or descendant; spouse's sibling, parent or descendant; and the spouse of each of the foregoing persons. The term affiliation and the similar types of prohibited relationships include (subject to certain exemptions):

- an employment relationship;

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- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an external director following the public offering.

The term office holder is defined under the Israeli Companies Law as a director, general manager, chief business manager, deputy general manager, vice general manager, other manager directly subordinate to the general manager or any other person assuming the responsibilities of any of these positions regardless of that person's title.

In addition, no person may serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. A person may furthermore not continue to serve as an external director if he or she received direct or indirect compensation from the company for his or her role as a director. This prohibition does not apply to compensation paid or given in accordance with Israeli Companies Law regulations or amounts paid pursuant to indemnification and/or exculpation contracts or commitments and insurance coverage. Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement as an executive officer or director of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors not otherwise affiliated with the Company are of the same gender, the external director must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

According to regulations promulgated under the Israeli Companies Law, a person may be appointed as an external director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below). In addition, at least one of the external directors must be determined by our Board of Directors to have accounting and financial expertise. However, if at least one of our other directors (i) meets the independence requirements under the Exchange Act, (ii) meets the standards of the NASDAQ Listing Rules for membership on the audit committee and (iii) has accounting and financial expertise as defined under Israeli law, then neither of our external directors is required to possess accounting and financial expertise as long as both possess other requisite professional qualifications.

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A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, in such a manner which allows him or her to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has any of (i) an academic degree in economics, business management, accounting, law or public service, (ii) an academic or other degree or has completed other higher education, all in the field of business of the company or relevant for his/her position, or (iii) at least five years of experience as either a senior managing officer in the company's line of business with a significant volume of business, a public office or a senior position in the company's main line of business.

Our Board of Directors has determined that Eyal Desheh has accounting and financial expertise and Dov Ofer possesses professional qualifications as required under the Israeli Companies Law.

Board committees

Audit committee

Under the Israeli Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairman of the committee. The audit committee may not include the chairman of the board, or any director employed by or otherwise providing services to the company or to a controlling shareholder or any entity controlled by a controlling shareholder.

Under a recent amendment to the Israeli Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. An "unaffiliated director" is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for (i) the requirement that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel) and (ii) the requirement for accounting and financial expertise or professional qualifications; and
- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in the service shall not be deemed to interrupt the continuation of the service.

The members of our Audit Committee, which will be formed prior to the consummation of this offering, will be Tal Dilian, along with our two external director nominees, Messrs. Desheh and Ofer. Our Board of Directors has determined that each of Messrs. Dilian, Desheh and Ofer meets the independence requirements set forth in the Listing Rules of the NASDAQ Stock Market and in Rule 10A-3 under the Exchange Act, as well as the independence criteria under the Israeli Companies Law.

Our Board of Directors has determined that Mr. Desheh qualifies as an audit committee financial expert, as defined under Item 16A of the SEC's Form 20-F.

Our Board of Directors intends to adopt an audit committee charter that will set forth the responsibilities of the Audit Committee consistent with the rules of the SEC and the Listing

Rules of the NASDAQ Stock Market, as well as the requirements for such committee under the Israeli Companies Law, including the following:

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

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

Under the Israeli Companies Law, our Audit Committee is responsible for (i) determining whether there are deficiencies in the business management practices of our company, including in consultation with our internal auditor or the independent auditor, and making recommendations to the Board of Directors to improve such practices, (ii) determining whether to approve certain related party transactions (including compensation of office holders or transactions in which an office holder has a personal interest and whether such transaction is material) (see "—Approval of related party transactions under Israeli Law"), (iii) where the Board of Directors approves the working plan of the internal auditor, to examine such working plan before its submission to the Board and propose amendments thereto, (iv) examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities, (v) examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our Board of Directors or shareholders, depending on which of them is considering the appointment of our auditor and (vi) establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees. In compliance with new regulations under the Israeli Companies Law, our Audit Committee will also approve our financial statements, thereby fulfilling the requirement that a board committee provide such approval. Our Audit Committee may not approve an action or a related party transaction, or take any other action required under the Israeli Companies Law, unless at the time of approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

Compensation committee

Our Board of Directors does not currently have a compensation committee. We intend to rely upon the exemption available to foreign private issuers under the Listing Rules of the NASDAQ Stock Market with respect to the determination of the compensation of our Chief Executive Officer and other executive officers in lieu of forming a compensation committee consisting entirely of independent directors (or the determination of such compensation solely by the

independent members of our Board of Directors). See "—NASDAQ Listing Rules and home country practices."

Nominating committee

Our Board of Directors does not currently have a nominating committee, as director nominees are presented by our Board of Directors to our shareholders based upon the nominations made by the Board of Directors itself. We intend to rely upon the exemption available to foreign private issuers under the Listing Rules of the NASDAQ Stock Market from the NASDAQ listing requirements related to independent director oversight of nominations to our Board of Directors and the adoption of a formal written charter or board resolution addressing the nominations process. See "—NASDAQ Listing Rules and home country practices."

We do not have service contracts with any of our directors, except for David Reis and Ilan Levin. Please see "Certain relationships and related party transactions—Agreements and arrangements with, and compensation of, directors and executive officers" for a summary of these agreements.

Internal auditor

Under the Israeli Companies Law, the board of directors of an Israeli public company must appoint an internal auditor recommended by the audit committee and nominated by the board of directors. An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an office holder (including a director) of the company (or a relative thereof); or
- a member of the company's independent accounting firm, or anyone on his or her behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. We intend to appoint an internal auditor prior to the closing of this offering.

NASDAQ Listing Rules and home country practices

The Sarbanes-Oxley Act, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, such as us, to comply with various corporate governance practices. In addition, upon the contemplated listing of our Class A ordinary shares on the NASDAQ Global Market, we will need to comply with the Listing Rules of the NASDAQ Stock Market. Under those Listing Rules, we may elect to follow certain corporate governance practices permitted under the Israeli Companies Law in lieu of compliance with corresponding corporate governance requirements otherwise imposed by the Listing Rules of the NASDAQ Stock Market for U.S. domestic issuers.

In accordance with Israeli law and practice and subject to the exemption set forth in Rule 5615 of the Listing Rules of the NASDAQ Stock Market, if we list on the NASDAQ Global Market we intend to follow the provisions of the Israeli Companies Law, rather than the Listing Rules of the NASDAQ Stock Market, with respect to the following requirements:

- *Distribution of annual and quarterly reports to shareholders; proxy solicitation.* As opposed to the Listing Rules of the NASDAQ Stock Market, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute annual and quarterly reports directly to shareholders and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. In addition to making such reports available on a public website, we plan to make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.
- *Nomination of our directors.* With the exception of our external directors and directors elected by our Board of Directors due to vacancy, our directors are elected by a general or special meeting of our shareholders to hold office until the next annual general meeting of our shareholders following his or her election at which the class of directors to which such director belongs (out of the three classes of our staggered Board of Directors) is subject to election and until his or her successor shall be elected and qualified. See "Management—Board Practices—Board of Directors." The nominations for directors, which are presented to our shareholders by our Board of Directors, are generally made by the Board of Directors itself, in accordance with the provisions of our amended and restated articles of association and the Israeli Companies Law. Nominations need not be made by a nominating committee of our Board of Directors consisting solely of independent directors, as required under the Listing Rules of the NASDAQ Stock Market.
- *Compensation of officers.* As long as a given executive officer does not serve on our Board of Directors, Israeli law and our amended and restated articles of association do not require that the independent members of our Board of Directors (or a compensation committee composed solely of independent members of our Board of Directors) determine his or her compensation, as is generally required under the Listing Rules of the NASDAQ Stock Market with respect to the Chief Executive Officer and all other executive officers. Instead, compensation of executive officers is determined and approved by our Board of Directors and our Audit Committee (or, should we wish to establish such a committee in the future, a Compensation Committee of our Board of Directors that meets all of the requirements under the Israeli Companies Law applicable to our Audit Committee), except that (i) if an executive officer is also a director, the terms of compensation must be approved by our Audit Committee, our Board of Directors and shareholders and (ii) if the executive officer is also the controlling shareholder of our company (including an affiliate thereof), the compensation needs to be approved by our Audit Committee, Board of Directors and shareholders, provided that the shareholder approval includes a disinterested majority or, alternatively, that the total shares held by non-controlling, disinterested shareholders voted against the transaction must not exceed two percent (2%) of the voting rights in our company. To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless our

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Audit Committee determines that the duration of the transaction is reasonable given the circumstances related thereto. A director or executive officer may not be present when the audit committee or board of directors of a company discusses or votes upon the terms of his or her compensation, unless the chairman of the audit committee or board of directors (as applicable) determines that he or she should be present to present the transaction that is subject to approval.

- *Independent directors.* Israeli law does not require that a majority of the directors serving on our Board of Directors be "independent," as defined under NASDAQ Listing Rule 5605(a)(2), so long as we have at least two external directors who meet the requirements of the Israeli Companies Law, as described above under "Management—Board Practices—External Directors." We are required, however, to ensure that all members of our Audit Committee are "independent" under the applicable NASDAQ and SEC criteria for independence (as we cannot exempt ourselves from compliance with that SEC independence requirement, despite our status as a foreign private issuer), and we must also ensure that a majority of the members of our Audit Committee are "unaffiliated directors" as defined in the Israeli Companies Law. Furthermore, Israeli law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only they are present, which the NASDAQ Listing Rules otherwise require.
- *Shareholder approval.* We will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Israeli Companies Law, rather than seeking approval for corporation actions in accordance with NASDAQ Listing Rule 5635. In particular, under this NASDAQ rule, shareholder approval is generally required for: (i) an acquisition of stock/assets of another company that involves the issuance of 20% or more of the acquirer's stock or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of stock leading to a change of control; (iii) adoption/amendment of equity compensation arrangements; and (iv) issuances of 20% or more of the stock or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors/officers/5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of stock. By contrast, under the Israeli Companies Law, shareholder approval is required for, among other things: (i) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the audit committee, board of directors and shareholders are all required, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the special approval described below under "Approval of related party transactions under Israeli Law—Disclosure of personal interests of controlling shareholders", (iii) terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative, which require the special approval described below under "Approval of related party transactions under Israeli Law—Disclosure of personal interests of controlling shareholders", (iv) private placements of securities carrying with them 20% or more of a company's voting rights which will increase the shareholdings of a 5% shareholder or result in a new 5% shareholder, if the consideration for the issuance is not solely cash or publicly tradable securities or the terms of which are not otherwise market terms, for which approvals of the board of directors and shareholders are required, and (v) private placements that result in a new controlling shareholder of a

company, for which approvals of the board of directors and shareholders are required. In addition, under the Israeli Companies Law, a merger requires approval of the shareholders of each of the merging companies.

Approval of related party transactions under Israeli Law

Fiduciary duties of directors and executive officers

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

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

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

The duty of loyalty requires an office holder to act in good faith and for the benefit of the company, and includes a duty to:

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

Disclosure of personal interests of an office holder

The Israeli Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may have and all related material information known to him or her and any documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming from one's ownership of shares in the company. A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the interest of the office holder with respect to his or her vote on behalf of the shareholder for whom he or she holds a proxy even if such shareholder itself has

no personal interest in the approval of the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Israeli Companies Law, an extraordinary transaction is defined as any of the following:

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

If it is determined that an office holder has a personal interest in a transaction, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of duty of loyalty. However, a company may not approve a transaction or action that is adverse to the company's interest or that is not performed by the office holder in good faith. Approval first by the company's audit committee and subsequently by the board of directors is required for (i) an extraordinary transaction and (ii) compensation of, or an undertaking to indemnify or insure, an office holder who is not a director. Arrangements regarding the compensation, indemnification or insurance of a director require the approval of the audit committee, board of directors and shareholders, in that order, as described above under "—NASDAQ Listing Rules and home country practices—Compensation of officers" and "—NASDAQ Listing Rules and home country practices—Shareholder approval."

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

Disclosure of personal interests of controlling shareholders

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes any shareholder who holds 25% or more of the voting rights if no other shareholder holds more than 50% of the voting rights. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be a single shareholder and may be deemed a controlling shareholder for the purpose of approving such transaction. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, or a transaction with a controlling shareholder or his or her relative, directly or indirectly, and the terms of engagement and compensation of a

controlling shareholder who is an office holder or an employee of the company, require the approval of the audit committee, the board of directors and the shareholders of the company, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- a disinterested majority; or
- the votes of shareholders who have no personal interest in the transaction and who are present and voting, in person, by proxy or by voting deed at the meeting, and who vote against the transaction may not represent more than two percent (2%) of the voting rights of the company.

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

Shareholder duties

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

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

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

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

Exculpation, insurance and indemnification of directors and officers

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is inserted in its articles of association. Our amended and restated articles of association to be

effective upon the completion of this offering include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Israeli Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

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

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

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

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

- a breach of fiduciary duty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

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- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders must be approved by the audit committee and the board of directors and, with respect to directors or controlling shareholders, their relatives and third parties in which such controlling shareholders have a personal interest, also by the shareholders. See "Management—Approval of related party transactions under Israeli Law."

Our amended and restated articles of association that will be in effect upon the consummation of this offering will permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Israeli Companies Law.

We have obtained directors and officers liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law. In addition, prior to the consummation of this offering, we intend to enter into agreements with each of our office holders undertaking to indemnify them to the fullest extent permitted by Israeli law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

Code of business conduct and ethics

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

Compensation of executive officers and directors

The aggregate compensation, including share-based compensation, paid by us and our subsidiaries to our directors and executive officers with respect to the year ended December 31, 2011 was \$1.9 million. This amount includes approximately \$48.1 thousand set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include

business travel, relocation, professional and business association due and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry. As of December 31, 2011, options to purchase 4,200,000 ordinary shares and 7,933,539 preferred shares granted to our directors and executive officers were outstanding under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan. The options to purchase preferred shares are currently exercisable, whereas the options to purchase ordinary shares will only be exercisable upon the consummation of this offering (assuming that they are vested by then). All of such options will, in any case, be exercisable for an equivalent number of Class B ordinary shares upon our share reclassification and the consummation of this offering. The weighted average exercise price of these options is \$0.44 per share (ordinary or preferred, as applicable). The expiration date of all of these options is December 31, 2017. We do not have written agreements with any director, except for Mr. David Reis, as our Chief Executive Officer, and Ilan Levin, as our President (as described below under "Certain relationships and related party transactions—Agreements and arrangements with, and compensation of, directors and executive officers"), providing for benefits upon the termination of his employment with our company or its subsidiaries.

Employment agreements with executive officers; consulting and directorship services provided by directors

We have entered into written employment agreements with all of our executive officers. These agreements contain provisions standard for a company in our industry regarding non-competition, confidentiality of information and assignment of inventions. Please see "Risk factors—Risks relating to our business and industry—Under current applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees" for a further description of the enforceability of non-competition clauses. These agreements do not provide for benefits upon the termination of these executives' respective employment with us, other than payment of salary and benefits (but not accrual of vacation days) during the required notice period for termination of these agreements, which varies under these individual agreements. See "Certain relationships and related party transactions—Agreements and arrangements with, and compensation of, directors and executive officers" for additional information.

We receive consulting and directorship services from certain of our directors. The amounts payable pursuant to these arrangements have been approved by our Board of Directors and shareholders. See "Certain relationships and related party transactions—Agreements and arrangements with, and compensation of, directors and executive officers" for additional information.

Share incentive plans

We maintain one share option and incentive plan—our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan, or our 2004 Plan—and we have adopted another share option and incentive plan that will go into effect upon the completion of this offering. As of March 1, 2012, after giving effect to the reclassification of our outstanding ordinary shares and preferred shares, a total of 27,700,000 shares were reserved for issuance under our 2004 Plan, of which options to purchase 27,185,664 Class B ordinary shares would

have been issued and outstanding under that plan. Of such outstanding options, options to purchase 19,831,820 Class B ordinary shares would have vested as of that date, with a weighted average exercise price of \$0.433 per share. Despite having vested, only 7,933,539 of such options (which represent options to purchase preferred shares prior to the reclassification of our shares) would have been exercisable as of such date, as exercisability of all options to purchase ordinary shares that we have granted is conditioned upon the closing of our initial public offering, or a merger or other similar transaction involving our company, as described below.

Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan

Our 2004 Plan, which was adopted by our Board of Directors on August 15, 2004 and amended and restated by the Board of Directors on July 9, 2007 and again on May 30, 2011, provides for the grant of options, restricted shares or other share-based awards to our company's and our subsidiaries' respective directors, employees, officers, office holders, subcontractors and consultants. Awards under the 2004 Plan may be granted until August 15, 2014, a period of ten years from the date on which the 2004 Plan was originally adopted by our Board of Directors.

The 2004 Plan is administered by our Board of Directors, which shall determine, subject to Israeli law, the grantees of awards and various terms of the grant. The 2004 Plan provides for granting options in compliance with Section 102 of the Israeli Income Tax Ordinance, 1961, or the Ordinance.

Options granted under the 2004 Plan to Israeli employees have been granted under the capital gains track of Section 102 of the Ordinance. In order to comply with the terms of the capital gains track, all options that have been granted under the 2004 plan (grants were not made until the 2006 fiscal year) pursuant and subject to the provisions of Section 102 of the Ordinance, as well as the shares issued upon exercise of these options and other shares received subsequently following any realization of rights with respect to such options, such as a result of a share dividend or share split, are granted to a trustee for the benefit of the relevant employee, director or officer and are held by the trustee for at least two years after the date of grant.

Unless otherwise provided by our Board of Directors, options granted under the 2004 Plan vest over the course of a four year period that commences on the date of grant such that 25% vest after one year and an additional 6.25% vest at the end of each subsequent three-month period over the course of the following 36 months. Unless a shorter term is set by our Board with respect to a specific award, options, other than certain incentive share options, expire 10 years from the grant date. Incentive share options granted to a person holding more than 10% of our voting power expire within five years from the date of the grant. In actuality, all options that have been granted to date under the 2004 Plan expire on December 31, 2017. Notwithstanding the vesting schedule provided for under a particular grant, the exercisability of each option granted under the 2004 Plan requires, as a condition precedent (except for options to purchase 7,933,539 preferred shares that were granted prior to the 2007 amendment of the 2004 plan that added such condition), the consummation of either (i) our initial public offering, including the listing of our shares on any recognized stock exchange or market or over-the-counter or computerized securities trading system, or (ii) a merger of our company that effects a change of control, or sale of all or substantially all of our assets or outstanding shares, which we refer to as a merger or sale of our company, in each case while

the option is otherwise vested and exercisable. If we terminate a grantee's employment or service for cause, all of the grantee's vested and unvested options expire on the date of termination. If a grantee's employment or service terminates due to death or disability, or retirement, the grantee's vested options may be exercised by him or her, or by his or her estate (as the case may be), for one year, or three months, respectively, following the death or disability, or retirement, provided that the initial public offering or merger or sale of our company has already occurred. If a grantee's service or other relationship to our company terminates for any other reason, the grantee may exercise his or her vested options upon the earliest to occur of (x) the 30th day following our initial public offering consummated within 12 months after the date of such termination, (y) the closing of a merger or sale of our company consummated within 12 months after the date of such termination, and (z) the 90th day after the date of such termination, if at the time of such termination, we have already consummated our initial public offering (or such different period as our Board shall prescribe). The 12-month period described in the previous sentence during which an option may be exercised following termination of employment has sometimes been extended by our Board to up to 24 months, in total, based on the duration of the grantee's employment or service to our company. In addition to the shares reserved under the 2004 Plan, any options granted under the 2004 Plan that are terminated or forfeited for any reason without having been exercised, return to the pool under the 2004 Plan and enlarge the reserved shares under the 2004 Plan. Following the adoption of our 2011 Omnibus Stock Option and Restricted Stock Incentive Plan, or the 2011 Plan, and its effectiveness upon completion of this offering, any options granted under the 2004 Plan that will terminate or be forfeited for any reason without having been exercised, will return to the pool under the 2011 Plan and enlarge the reserved shares thereunder.

In the event of a merger or consolidation of our company, or sale of all or substantially all of our shares or assets, then without the consent of the option-holder, the Board may but is not required to (i) use its best efforts to cause that any outstanding award shall be assumed or an equivalent award shall be substituted by such successor corporation or (ii) in case the successor corporation refuses to assume or substitute the award (a) provide the grantee with the option to exercise the award as to all or part of the shares or (b) cancel the option against payment to the grantee in an amount equal to the fair market value of such shares as reflected under the terms of such merger or sale minus the exercise price per share for each such share. Notwithstanding the foregoing, the Board may upon such event amend or terminate the terms of any award, including conferring the right to purchase any other security or asset that the Board shall deem, in good faith, appropriate.

2011 Omnibus Stock Option and Restricted Stock Incentive Plan

Our 2011 Plan, which will become effective prior to the completion of this offering, provides for the grant of options, restricted shares, restricted share units and other share-based awards to our company's and our subsidiaries' respective directors, employees, officers, consultants, advisors and to any other person whose services are considered valuable to us or any of our affiliates. Following the approval of the 2011 Plan by the Israeli tax authorities, we will only grant options or other equity incentive awards under the 2011 Plan, although previously-granted options and awards will continue to be governed by our 2004 Plan. Under the 2011 Plan, there will be Class A ordinary shares reserved for issuance, none of which will have been granted prior to the consummation of this offering. The initial reserved pool under the 2011

Plan is 7,500,000 shares, which will be automatically increased annually on January 1 by a number of Class A ordinary shares equal to the lowest of (i) 1,500,000 shares, subject to adjustment due to certain changes as provided under the 2011 Plan, and (ii) a number of shares determined by our Board of Directors, if so determined prior to the January 1 on which the increase will occur.

The 2011 Plan will be administered by our Board of Directors or by a committee designated by the Board, which shall determine, subject to Israeli law, the grantees of awards and the terms of the grant, including, exercise prices, vesting schedules, acceleration of vesting and the other matters necessary in the administration of the 2011 Plan. The 2011 Plan will enable us to issue awards under various tax regimes including, without limitation, pursuant to Sections 102 and 3(9) of the Ordinance and Section 422 of the U.S. Internal Revenue Code of 1986, as amended.

Section 102 of the Ordinance allows employees, directors and officers, who are not controlling shareholders and are considered Israeli residents, to receive favorable tax treatment for compensation in the form of shares or options. Our Israeli non-employee service providers and controlling shareholders may only be granted options under Section 3(9) of the Ordinance, which does not provide for similar tax benefits. Section 102 of the Ordinance includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for grantees, permits the issuance to a trustee under the "capital gains track." However, under this track we are not allowed to deduct an expense with respect to the issuance of the options or shares. Options granted under the 2011 Plan to U.S. residents may qualify as "incentive stock options" within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended. The exercise price for "incentive stock options" must not be less than the fair market value on the date on which an option is granted, or 110% of the fair market value if the option holder holds more than 10% of our share capital.

Under the 2011 Plan, we intend to grant options to our employees, directors and officers who are not controlling shareholders and are considered Israeli residents, under the capital gains track. In order to comply with the terms of the capital gains track, all options granted under this Plan pursuant and subject to the provisions of Section 102 of the Ordinance, as well as the Class A ordinary shares issued upon exercise of these options and other shares received subsequently following any realization of rights with respect to such options, such as share dividends and share splits, must be granted to a trustee for the benefit of the relevant employee, director or officer and should be held by the trustee for at least two years after the date of the grant.

Awards under the 2011 Plan may be granted until a period of ten years from the date on which the 2011 Plan is adopted by our Board of Directors, which occurred in May 2011.

Options granted under the 2011 Plan will generally vest over four years commencing on the date of grant such that 25% vest after one year and an additional 6.25% vest at the end of each subsequent three-month period thereafter for 36 months. Options, other than certain incentive share options, that are not exercised within ten years from the grant date expire, unless otherwise determined by the Board or its designated committee, as applicable. Incentive share options granted to a person holding more than 10% of our voting power will expire within five years from the date of the grant. In case of termination for reasons of disability or

death, or retirement, the grantee or his legal successor may exercise options that have vested prior to termination within a period of one year from the date of disability or death, or within three months following retirement. If we terminate a grantee's employment or service for cause, all of the grantee's vested and unvested options will expire on the date of termination. If a grantee's employment or service is terminated for any other reason, the grantee may exercise his or her vested options within 90 days of the date of termination. Any expired or unvested options return to the pool for reissuance.

In the event of a merger or consolidation of our company, or a sale of all, or substantially all, of our shares or assets or other transaction having a similar effect on us, then without the consent of the option-holder, the Board or its designated committee, as applicable, may but is not required to (i) cause any outstanding award to be assumed or an equivalent award to be substituted by such successor corporation or (ii) in case the successor corporation refuses to assume or substitute the award (a) provide the grantee with the option to exercise the award as to all or part of the shares or (b) cancel the options against payment in cash in an amount determined by the Board or the committee as fair in the circumstances. Notwithstanding the foregoing, the Board or its designated committee may upon such event amend or terminate the terms of any award, including conferring the right to purchase any other security or asset that the Board shall deem, in good faith, appropriate.

Certain relationships and related party transactions

The following is a description of the material terms of those transactions with related parties to which we, or our subsidiaries, are party and which we are required to disclose pursuant to the disclosure rules of the SEC.

Registration rights agreement

Effective upon the consummation of this offering, we have entered into a registration rights agreement with our existing shareholders under which the holders of all of our existing, outstanding shares (both preferred and ordinary) will be entitled to registration rights. This new agreement effectively amends and restates, and supersedes, the prior registration rights agreements, dated May 1999, December 12, 1999, May 21, 2000 (as supplemented on August 7, 2000), July 10, 2001 and December 2002 to which we have been party with holders of our preferred shares. The new agreement contains provisions regarding registration rights as follows:

Demand registration rights

Subject to the qualifications and limitations described below, at any time after our initial public offering, we are required, at the request of the holders of a majority of the registrable securities (defined as our ordinary shares that are held, or issuable upon the conversion of any of our preferred shares that are held, by our shareholders party to the agreement, including any equity securities issuable directly or indirectly in respect of any such ordinary or preferred shares, whether by way of bonus shares, share split, stock dividend, recapitalization, merger, consolidation, exchange or other reorganization, but excluding any registrable securities that constitute the remaining registrable securities held by a given shareholder and which are all eligible for resale within 90 days under Rule 144 under the Securities Act) outstanding as of the effectiveness of the agreement, to register for resale, and to list for trading on any securities exchange on which our ordinary shares are then traded any registrable securities that the shareholders seek to include in a registration. In addition to the initial demand registration right, our shareholders party to the agreement may also make a second demand for registration (subject to a minimum expected offering size) beginning with the one year anniversary of the effectiveness of the registration statement that we file in response to the initial demand. Our shareholders party to the agreement may also make a demand for a "shelf" registration of their ordinary shares on Form F-3 under the Securities Act (or any successor form that allows us to incorporate substantial information by reference to other documents that we file with the SEC), which we refer to as Form F-3, beginning with the one year anniversary of our initial underwritten public offering (at which time we are likely to be eligible to use Form F-3).

Our obligation to effect a registration in response to the above-described registration demands is subject to the following qualifications and limitations:

- we are only required to effect two demand registrations generally (whether or not such demands involve a "shelf" registration on Form F-3);

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- if we permit the shareholders party to the agreement to sell shares in our initial public offering (as we have done), we are only required to effect one demand registration under the agreement (whether or not a "shelf" registration on Form F-3);
- we need not effect a "shelf" registration if Form F-3 is not available for a delayed or continuous offering by the selling shareholders;
- we need not effect a registration during the period starting with the date of filing of, and ending on the date 180 days (subject to adjustment) following the effective date of, a registration statement pertaining to our securities (other than registrations on the SEC's Form S-8 or Form F-4, which generally relate to registrations of employee shares or shares issued in a merger, acquisition or other similar transaction), or if we provide notice to the requesting shareholders within 10 days of our intention to file a registration statement for a public offering for a sale of our shares for our own account within 60 days, provided that we actually file such registration statement within such 60 days and make reasonable good faith efforts to cause such registration statement to become effective;
- we need not effect a demand registration if a registration statement pursuant to which the requesting shareholders may sell their shares via their "piggyback" registration rights (described below) is then in effect; and
- we are not required to effect a demand registration to the extent that that we present an officer's certificate signed by order of our Board of Directors that states that in our Board of Directors' good faith judgment, such registration (i) may interfere with or affect our negotiation or completion of any material transaction or other material event that is being contemplated by us, (ii) would involve initial or continuing disclosure obligations that impose on us a significant burden to which we would not otherwise be subject in the absence of such registration, or (iii) would be otherwise seriously detrimental to us and our shareholders at such time, in which case, with respect to the foregoing clauses (i) and (iii), we will have the right to defer the filing of the subject registration statement for a period of not more than ninety (90) days, although we may not delay a registration demand more than twice in any twelve (12) month period in such manner.

Piggyback registration rights

All of our shareholders party to the agreement also have the right to request that we include their registrable securities in any registration statement that we file for a public offering, following our initial public offering, except for registrations of shares issued under employee benefit plans that are being registered on the SEC's Form S-8, or shares issued in connection with a merger, acquisition or other similar transaction, which is being registered on the SEC's Form F-4. If the public offering that we are effecting is underwritten, the right of any shareholder to include shares in the registration related thereto is conditioned upon the shareholder's participation in the underwriting and the inclusion of the shareholder's registrable securities in the underwriting.

Cutbacks

In connection with demand registrations and piggyback registrations, the managing underwriters may limit the number of shares offered for marketing reasons. In the case of a demand registration, the managing underwriter will exclude shares to be registered by the

shareholders who are party to the registration rights agreement on a pro rata basis. In the case of a piggyback registration, the managing underwriter must first exclude any shares to be registered on behalf of our other shareholders prior to excluding any shares to be registered by the shareholders who are party to the registration rights agreement, while shares that we sell for our own account would be the last shares to be excluded.

Expenses

We have agreed to pay all expenses incurred in carrying out the above registrations, including the reasonable fees of one counsel chosen by the selling shareholders party to the agreement. However, each shareholder participating in such registration or sale is responsible for its pro rata portion of the customary and standard discounts or commissions payable to any underwriter, as well as transfer taxes owed in connection with sale of its shares and any individual shareholder or group of shareholders that retains separate advisors is entirely responsible for the fees and expenses related thereto.

Agreements and arrangements with, and compensation of, directors and executive officers

Employment agreement with David Reis

Under the employment agreement, dated September 15, 2008, that we entered into with our Chief Executive Officer, David Reis, Mr. Reis is entitled to a gross monthly salary of NIS 115,000 (approximately \$30,104). Mr. Reis is also entitled to an annual performance bonus subject to the discretion of our Board of Directors, based on our achievement of specific goals set by the Board. Besides base salary and bonus, Mr. Reis receives under the agreement other benefits that are provided for by Israeli law or that are customary for senior executives in Israel, including reimbursement for reasonable expenses incurred in connection with his services, and the right to use (and all related fixed and variable costs in respect of) a leased car and cellular telephone. Mr. Reis is furthermore entitled to company contributions equivalent to 5%, 8.33%, 2.5%, and 7.5% of his gross monthly salary towards certain pension, severance, disability and tax-advantaged savings funds (known as a manager's insurance policy, severance compensation fund, disability insurance, and a study fund, respectively) (Mr. Reis also contributes 5% and 2.5% of his gross monthly salary towards the manager's insurance policy and study fund, respectively). The employment engagement is terminable by either party upon six months' prior written notice, and contains customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. As required under Israeli law, the terms of Mr. Reis' engagement with our company have been approved by our Board of Directors and shareholders.

On April 11, 2010 and March 21, 2012, our Board of Directors approved the payment to Mr. Reis of bonuses for his services as our Chief Executive Officer, and as our director, during the years ended December 31, 2009 and December 31, 2011, respectively, equal to \$100,000 and \$100,000, respectively.

Mr. Reis has furthermore been granted an aggregate of 5,144,513 options to purchase our shares, of which 2,500,000 are options to purchase ordinary shares (2,187,500 of which have vested or will vest within 60 days of March 1, 2012). All of the shares underlying those options to purchase ordinary shares (following this offering, Class B ordinary shares) are subject to an agreement with us under which they may only be disposed of (subject to minor exceptions

involving the payment of taxes) in an orderly fashion, on a pro-rata basis over the course of a five year period commencing in 2012. These restrictions governing the disposition of these shares supplement, and do not replace, any additional applicable restrictions under our share option and incentive plans.

Employment agreement with Ilan Levin

Pursuant to an employment agreement, dated June 27, 2011, Ilan Levin is employed as our President. He also serves as Vice Chairman of our Board of Directors, to which position (along with President) he was appointed by our Board of Directors in February 2011. Mr. Levin originally filled these positions as a consultant to our company prior to entry into the employment agreement. Under the agreement, Mr. Levin receives a gross monthly salary of NIS 27,000 (approximately \$7,068) and other benefits that are provided for by Israeli law or that are customary for senior executives in Israel, including reimbursement for reasonable expenses incurred in connection with his services, and the right to use (and all related fixed and variable costs in respect of) a leased car. The foregoing salary is in addition to and independent of the \$19,400 per month plus Israeli value added tax, or VAT, that Mr. Levin is entitled to for continued service as a member of the Board.

Under the employment agreement, Mr. Levin is furthermore entitled to company contributions equivalent to 5%, 8.33%, 2.5%, and 7.5% of his gross monthly salary towards certain pension, severance, disability and tax-advantaged savings funds (known as a manager's insurance policy, severance compensation fund, disability insurance, and a study fund, respectively) (Mr. Levin also contributes 5% and 2.5% of his gross monthly salary towards the manager's insurance policy and study fund, respectively). The employment engagement is terminable by either party upon three months' prior written notice, and contains customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. As required under Israeli law, the terms of Mr. Levin's engagement with our company have been approved by our Board of Directors and shareholders.

In connection with our Board of Directors' appointment of Mr. Levin as our President and Vice Chairman of the Board of Directors, Mr. Levin was granted 1,000,000 options to purchase ordinary shares at an exercise price of \$0.90 per share, 312,500 of which have vested or will vest within 60 days of March 1, 2012 and the balance of which will vest over a four year period of continued service by him to our company beginning with the date of his appointment as President and Vice Chairman. All of the 1,000,000 ordinary shares (following this offering, Class B ordinary shares) underlying the foregoing options are subject to an agreement between Mr. Levin and us under which they may only be disposed of (subject to minor exceptions involving the payment of taxes) in an orderly fashion, on a pro rata basis over the course of a five year period commencing in 2012. These restrictions governing the disposition of these shares supplement, and do not replace, any additional applicable restrictions under our share option and incentive plans.

In his prior consulting role for us, Mr. Levin received monthly fees of: \$22,500, plus VAT, from the start of 2011 until entry into his employment agreement with us; \$15,000, plus VAT, during the 2010 fiscal year; and \$10,000, plus VAT, during the 2009 fiscal year. During 2010, our Board of Directors and our shareholders approved the additional payment to Mr. Levin of a \$100,000 bonus for his services during the previous year.

Consulting arrangement with Elchanan Jaglom

Elchanan Jaglom, our Chairman of the Board, has provided consulting and director services to our company pursuant to an arrangement that was approved by our Board of Directors and shareholders. The monthly amount payable to Mr. Jaglom under these arrangements was \$35,000, plus VAT, during each of the 2011, 2010 and 2009 fiscal years, and has been \$35,000, plus VAT, during the 2012 fiscal year thus far.

Employment agreements with other executive officers

We have entered into written employment agreements with each of our other executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits (except accrual of vacation days). These agreements furthermore contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under Israeli law. Please see "Risk factors—Risks relating to our business and industry—Under current applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees" for a further description of the enforceability of non-competition clauses.

Indemnification agreements

Our amended and restated articles of association permit us to exculpate, indemnify and insure each of our directors and office holders to the fullest extent permitted by the Israeli Companies Law. Prior to the consummation of this offering, we intend to enter into indemnification agreements with each of our directors and other office holders, undertaking to indemnify them to the fullest extent permitted by Israeli law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance. We have also obtained Directors & Officers insurance for each of our officers and directors. For further information, see "Management—Exculpation, insurance and indemnification of directors and officers."

Compensation of executive officers and directors

The aggregate amounts of salaries, benefits and bonuses, and consulting and director fees, but excluding any option grants, that were payable to our executive officers and directors and to their respective affiliates in respect of employment, consulting and directorship agreements and arrangements (which includes other amounts described above in this "Certain relationships and related party transactions" section of the prospectus) were \$1,718,188, \$1,616,960 and \$1,863,502 for the fiscal years ended December 31, 2009, 2010 and 2011, respectively, and the amount payable in respect of the 2012 year to date (through February 29, 2012) has been \$267,529. The foregoing amount payable for the 2011 year included amounts paid to our former Chief Financial Officer in his capacity as such until November 2011 and amounts paid to our current Chief Operations Officer and Chief Financial Officer after he joined our company in November 2011.

Principal shareholders

The following table sets forth certain information regarding the beneficial ownership of (i) our ordinary shares as of the date of this registration statement and (ii) our Class A and Class B ordinary shares after the reclassification of our ordinary shares and the consummation of this offering by:

- each person or group of affiliated persons that, to our knowledge, beneficially owns 5% or more of our ordinary shares (currently), or Class A ordinary shares or Class B ordinary shares (upon the reclassification and consummation of this offering);
- each of our directors and executive officers individually; and
- all of our directors and executive officers as a group.

Beneficial ownership of shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power or the right to receive the economic benefit of ownership of the shares. All information set forth in the table below gives effect to the conversion of all preferred shares into ordinary shares, which is expected to occur immediately prior to the closing of this offering. Beneficial ownership information provided for after the offering gives effect to the reclassification of our outstanding ordinary shares as Class B ordinary shares, which is expected to occur immediately prior to the closing of the offering, as well as the issuance of Class A ordinary shares pursuant to the offering. Unless stated otherwise, all references to Class A ordinary shares and to percentages thereof include Class A ordinary shares that are issuable upon conversion of an equivalent number of Class B ordinary shares that will be outstanding immediately following the reclassification. See "Description of share capital" elsewhere in this prospectus for a description of the reclassification and the relative rights of the Class A and Class B ordinary shares. The below table includes the number of ordinary shares or, following the reclassification of our ordinary shares, Class B ordinary shares (and, based on the convertibility of Class B ordinary shares, Class A ordinary shares as well) that underlie warrants, options or rights that are exercisable within 60 days of March 1, 2012. Shares that underlie such warrants, options or rights are deemed to be outstanding for the purpose of computing the ownership percentage of the person beneficially holding such warrants, options or rights, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person. The percentages in the table reflecting beneficial ownership prior to the offering are based upon 134,229,290 ordinary shares outstanding as of March 1, 2012 (assuming the conversion of all preferred shares into ordinary shares), while beneficial ownership after the offering is based on Class A ordinary shares (which includes Class A ordinary shares issuable upon conversion of Class B ordinary shares, but assumes that the underwriters will not exercise their over-allotment option with respect to the offering) and 134,229,290 Class B ordinary shares outstanding upon the completion of this offering. Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the shares listed below have sole investment and voting power with respect to such shares.

A description of any material relationship that our principal shareholders have had with us or any of our predecessors or affiliates within the past three years is included under "Certain relationships and related party transactions."

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Neither our principal shareholders nor our directors and executive officers have different or special voting rights, except to the extent that they own Class B ordinary shares, which are entitled to five (5) votes per share, as compared to Class A ordinary shares, which are entitled to one (1) vote per share. See "Description of share capital."

As of March 1, 2012, we are aware of 12 U.S. persons that are holders of record of our ordinary shares who hold, in the aggregate, 108,262,769 ordinary shares, constituting 80.66% of our outstanding ordinary shares (including, for purposes thereof, ordinary shares issuable upon conversion of an equivalent number of preferred shares).

Unless otherwise noted below, each shareholder's address is c/o Objet Ltd., 2 Holtzman Street, Science Park, P.O. Box 2496, Rehovot 76124, Israel.

Name and address	Number of ordinary shares beneficially owned	Percentage of outstanding ordinary shares beneficially owned		Percentage of total voting power after the offering
		Prior to the offering	After the offering	
			Class A**	
Directors and executive officers				
Elchanan Jaglom	41,660,181(1)	31.0%		
David Reis	5,832,013(2)	4.19%		
Ilan Levin	2,957,013(3)	2.16%		
Neri Oxman	*			
Adina Shorr	2,300,000(4)	1.68%		
Tal Dilian	*			
Eyal Desheh	*			
Dov Ofer	*			
Erez Simha	*			
All directors and executive officers as a group	52,824,207(5)	36.58%		
Principal shareholders				
Samson Capital, LLC(6)	37,090,122	27.63%		
Roy J. Zuckerberg(7)	41,993,931(8)	31.29%		
Entities affiliated with AGM Holding BV(9)	25,910,795(10)	19.30%		
Tyres Tech LLC(11)	13,771,064(12)	10.26%		
Cordan Investments LLC(11)	7,649,594(13)	5.70%		
Shano Holdings LLC(11)	7,472,630(13)	5.57%		
Merto Holdings LLC(11)	9,942,484(14)	7.41%		

* Less than one percent (1%) of our outstanding ordinary shares.

** Includes Class A ordinary shares issuable upon conversion of an equivalent number of Class B ordinary shares.

(1) Consists of (i) the 37,090,122 ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Samson Capital LLC, with respect to which Mr. Jaglom may be deemed to share beneficial ownership (as disclosed in note (6) below) and (ii) the 4,570,059 ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Hancock LLC, a California limited liability company of which 56.2% of the membership interests are held by a company of which Mr. Jaglom is the sole director. Mr. Jaglom disclaims beneficial ownership of the ordinary shares held by each of Samson Capital LLC and Hancock LLC except to the extent of his pecuniary interest therein.

(2) Consists of (i) 1,000,000 preferred shares (following the reclassification and offering, Class B ordinary shares), (ii) options to purchase 2,644,513 preferred shares (following the reclassification and offering, Class B ordinary shares), all of which are vested as of the current time and (iii) options to purchase 2,187,500 ordinary shares, constituting the currently vested portion (together with the portion that will vest within 60 days) of an option grant that we made to Mr. Reis.

(3) Consists of options to purchase 2,644,513 preferred shares (following the reclassification and offering, Class B ordinary shares), all of which are vested as of the current time, and options to purchase 312,500 ordinary shares (following the reclassification and offering, Class B ordinary shares), constituting the currently vested portion (and/or portion that will vest within 60 days) of an option grant that we made to Mr. Levin.

- (4) Consists of options to purchase 2,300,000 ordinary shares (following the reclassification and offering, Class B ordinary shares), all of which are vested as of the current time.
- (5) Please see footnotes (1), (2), (3) and (4) above for further information concerning the composition of the shares beneficially owned by our executive officers and directors.
- (6) Samson Capital, LLC is a limited liability company organized under the laws of the State of Delaware. The address of this shareholder is 717 Fifth Avenue, New York, NY 10022. The outstanding membership interests of Samson Capital, LLC are held by Roy J. Zuckerberg (74.1% interest), Michael Jaglom (18.5% interest) and an entity holding membership interests for the benefit of Elchanan Jaglom and members of his family. Michael Jaglom and Elchanan Jaglom are cousins. Roy J. Zuckerberg and Elchanan Jaglom are the managing members of Samson Capital, LLC and, by virtue of such roles, may be deemed to possess shared power to direct the voting and disposition of, and thus shared beneficial ownership with respect to, the ordinary shares held by Samson Capital, LLC. Each of Roy J. Zuckerberg and Elchanan Jaglom disclaims beneficial ownership of our ordinary shares held by Samson Capital, LLC except to the extent of his pecuniary interest therein. Michael Jaglom also owns 2,016,158 of our ordinary shares (following the reclassification and offering, Class B ordinary shares), which, together with the shares he may be deemed to own by virtue of his membership interest in Samson Capital, would comprise more than 5% of our outstanding Class A and Class B ordinary shares.
- (7) The address of this shareholder is 717 Fifth Avenue, New York, NY 10022.
- (8) Consists of 333,750 of our ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Zuckerberg Investment Partners, LP, 37,090,122 ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Samson Capital, LLC, with respect to which Roy J. Zuckerberg may be deemed to share beneficial ownership (as disclosed in note (6) above) and 4,570,059 ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Hancock LLC, a limited liability company organized under the laws of the State of Delaware, with respect to which Roy J. Zuckerberg may be deemed to share beneficial ownership as a result of the Roy J. Zuckerberg Family Trust's 43.8% ownership of the membership interests of Hancock LLC.
- (9) AGM Holding BV is a Netherlands company with an address c/o Euryton Trust Management BV, Riepmandpark 125 Amsterdam, The Netherlands 1019DT.
- (10) Consists of 9,750,000 ordinary shares (following the reclassification and offering, Class B ordinary shares) held directly by AGM Holding BV and 16,160,795 ordinary shares (following the reclassification and offering, Class B ordinary shares) held by Greenhill Highways LLC, a limited liability company organized under the laws of the State of Delaware and wholly owned subsidiary of AGM Holding BV. The power to direct the voting and disposition of, and thus beneficial ownership with respect to, the ordinary shares (or Class B ordinary shares, as appropriate) held by AGM Holding BV, is possessed by Doron Shamir and/or Manou van Moorsel. Mr. Shamir and Ms. van Moorsel possess no pecuniary interest with respect to our ordinary shares (or Class B ordinary shares, as appropriate) held directly and indirectly by AGM Holding BV and, accordingly, disclaim beneficial ownership thereof. The outstanding shares held by AGM Holding BV are owned indirectly by a trust, as to which members of Elchanan Jaglom's family, including his wife, in addition to educational institutions, as beneficiaries of such trust, may be deemed to possess interests. Any such interests would be in an indeterminable number of ordinary shares (or Class B ordinary shares, as appropriate) owned indirectly by such trust. As a result of such interests in such trust, such beneficiaries of this trust may be deemed to share in the beneficial ownership of our ordinary shares (or Class B ordinary shares, as appropriate) held by AGM Holding BV and Greenhill Highways LLC.
- (11) This shareholder is a limited liability company organized under the laws of the State of Delaware. The address of this shareholder is c/o Loeb, Block & Partners LLC, 505 Park Ave., New York, New York 10022.
- (12) The power to direct the voting and disposition of, and thus beneficial ownership with respect to, the ordinary shares (following the reclassification and offering, Class B ordinary shares) held by this shareholder, is possessed by Cofis Directorships Two Inc., or Cofis, through Pierre Grunfeld and Pierre Jotterand, directors of Cofis. Mr. Grunfeld and Mr. Jotterand possess no pecuniary interest with respect to our ordinary shares (or Class B ordinary shares, as appropriate) held directly and indirectly by this shareholder and, accordingly, disclaim beneficial ownership thereof. Cofis controls the voting and disposition of these shares via its ability to direct the actions of the administrator of this shareholder, Lexiserve LLC, a Delaware limited liability company, or Lexiserve. All of the shares held by this entity are held for the benefit of Mr. Philippe Setton. Mr. Setton also beneficially owns 820,792 ordinary shares (following the reclassification and offering, Class B ordinary shares) through his 50% interest in another entity which holds less than 5% of our outstanding shares.
- (13) The power to direct the voting and disposition of, and thus beneficial ownership with respect to, the ordinary shares (following the reclassification and offering, Class B ordinary shares) held by this shareholder, is possessed by Cofis, through its directors, Pierre Grunfeld and Pierre Jotterand. Mr. Grunfeld and Mr. Jotterand possess no pecuniary interest with respect to our ordinary shares (or Class B ordinary shares, as appropriate) held directly and indirectly by this shareholder and, accordingly, disclaim beneficial ownership thereof. Cofis controls the voting and disposition of these shares via its ability to direct the actions of the administrator of this shareholder, Lexiserve. The outstanding membership interests of this shareholder are held by persons/entities none of whom have an effective, indirect economic interest in our ordinary shares (following the reclassification and offering, Class A and Class B ordinary shares) amounting to 5%.
- (14) The power to direct the voting and disposition of, and thus beneficial ownership with respect to, the ordinary shares (following the reclassification and offering, Class B ordinary shares) held by this shareholder, is possessed by Cofis, through its directors, Pierre Grunfeld and Pierre Jotterand. Mr. Grunfeld and Mr. Jotterand possess no pecuniary interest with respect to our ordinary shares (or Class B ordinary shares, as appropriate) held directly and indirectly by this shareholder and, accordingly, disclaim beneficial ownership thereof. Cofis controls the voting and disposition of these shares via its ability to direct the actions of the administrator of this shareholder, Lexiserve. 33% of the outstanding membership interests of this shareholder are held for the benefit of Mr. Philippe Setton. The balance of the outstanding membership interests of this shareholder are held by other persons/entities none of whom have an effective, indirect economic interest in our ordinary shares (following the reclassification and offering, Class A and Class B ordinary shares) amounting to 5%.

Description of share capital

The following description of our share capital and provisions of our amended and restated articles of association which will be adopted immediately prior to the consummation of this offering are summaries and do not purport to be complete.

General

We are required to receive shareholder approval in order to amend our current articles of association and approve the creation of the Class A and Class B ordinary shares. We intend to obtain this approval prior to the completion of this offering. Accordingly, immediately prior to the consummation of this offering, effective upon the adoption of our amended and restated articles of association, each outstanding ordinary share, par value NIS 0.01 per share, shall be reclassified as a Class B ordinary share, par value NIS 0.01 per share, and each outstanding option, warrant or right to purchase ordinary shares shall be re-designated as an option, warrant or right (as the case may be) to purchase an equivalent number of Class B ordinary shares.

Upon completion of the above-described reclassification and the closing of this offering, our authorized share capital will consist of:

- Class A ordinary shares, par value NIS 0.01 per share, of which _____ shares will be issued and outstanding (assuming that the underwriters do not exercise their over-allotment option); and
- Class B ordinary shares, par value NIS 0.01 per share, of which 134,229,290 shares will be issued and outstanding.

Furthermore, upon consummation of the reclassification and the offering, an additional 19,831,820 Class B ordinary shares (as of March 1, 2012) will be issuable upon the exercise of outstanding, vested options that have been granted to our directors, officers, employees and consultants under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan.

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

Registration number and purposes of the company

Our number with the Israeli Registrar of Companies is 51-260769-8. Our purpose appears in our memorandum of association and includes every lawful purpose.

Voting rights and conversion

The rights of holders of our Class A and Class B ordinary shares are identical with respect to all matters except for (i) voting rights, for which Class A and Class B ordinary shares are entitled to one (1) and five (5) votes per share, respectively, upon any matter being presented to our shareholders for approval, and (ii) conversion provisions, as Class A ordinary shares are non-convertible, whereas Class B ordinary shares may be converted at a 1:1 ratio into Class A

ordinary shares at any time upon the election of the holder thereof and automatically convert, at a 1:1 ratio, upon transfer, except for certain limited exceptions that are described below. In addition, all Class B ordinary shares automatically convert into Class A ordinary shares at a 1:1 ratio on the date on which the number of outstanding Class B ordinary shares represents less than 15% of the combined number of Class A and Class B ordinary shares.

Transfer of shares

Our Class A and Class B ordinary shares that are fully paid for are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by applicable law or the rules of a stock exchange on which the shares are traded. However, any transfer of our Class B ordinary shares will cause them to be automatically converted, at a 1:1 ratio, into Class A ordinary shares, with the exception of a distribution of Class B ordinary shares that a shareholder owns on the date of this prospectus by any such current Class B shareholder that is an entity to its shareholders, members, partners, beneficiaries or other equity holders. For purposes of the foregoing exception, an entity includes a corporation, company (including an LLC), partnership or trust of any kind. The ownership or voting of our Class A and Class B ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of directors

Our Class A and Class B ordinary shares do not have cumulative voting rights in the election of directors. As a result, the holders of a majority of the voting power (after taking into account the difference in voting power per share between our Class A and Class B ordinary shares) represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors described under "Management—External directors."

Pursuant to our amended and restated articles of association, other than the external directors, for whom special election requirements apply under the Israeli Companies Law, our directors are divided into three classes that are each elected at a general meeting of our shareholders every three years, in a staggered fashion (such that one class is elected each year), and serve on our Board of Directors until they are removed by a vote of the majority voting power of our shareholders at a general or special meeting of our shareholders or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our amended and restated articles of association. In addition, our amended and restated articles of association allow our Board of Directors to appoint directors to fill vacancies on the Board of Directors to serve for a term of office equal to the remaining period of the term of office of the directors(s) whose office(s) have been vacated. External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances, and may be removed from office pursuant to the terms of the Israeli Companies Law. See "Management—Board practices—External directors."

Dividend and liquidation rights

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

Pursuant to the Israeli Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial reports, provided that the date of the financial reports is not more than six months prior to the date of distribution, or we may distribute dividends that do not meet such criteria only with court approval. In each case, we are only permitted to pay a dividend if our Board of Directors or the court, as applicable, determined that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

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

Exchange controls

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

Shareholder meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special meetings. Our Board of Directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Israeli Companies Law and our amended and restated articles of association provide that our Board of Directors is required to convene a special meeting upon the written request of (i) any two of our directors or one-quarter of our Board of Directors or (ii) one or more shareholders holding, in the aggregate, either (a) 5% of our outstanding issued shares and 1% of our outstanding voting power or (b) 5% of our outstanding voting power.

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

Law and our amended and restated articles of association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our amended and restated articles of association;
- appointment or termination of our auditors;
- appointment of directors and appointment and dismissal of external directors;
- approval of acts and transactions involving related parties, as defined by the Israeli Companies Law or pursuant to our amended and restated articles of association;
- director compensation;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our Board of Director's powers by a general meeting, if our Board of Directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

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

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

Voting rights

Quorum requirements

Pursuant to our amended and restated articles of association, holders of our Class A ordinary shares have one vote for each Class A ordinary share held and holders of our Class B ordinary shares have five votes for each Class B ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least one-third ($\frac{1}{3}$) of the total outstanding voting rights. A meeting adjourned for lack of a quorum is generally adjourned to the same day in the following week at the same time and place or to a later time/date if so specified in the summons or notice of the meeting. At the reconvened meeting, any two or more shareholders present in person or by proxy shall constitute a lawful quorum.

Vote requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Israeli Companies Law or by our amended and restated articles of association. Under the Israeli Companies Law, each of (i) the approval of an extraordinary transaction with a controlling shareholder and

(ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if not extraordinary) requires, the approval described above under "Approval of related party transactions under Israeli Law—Disclosure of personal interests of controlling shareholders." Under our amended and restated articles of association, the alteration of the rights, privileges, preferences or obligations of any class of our share capital (including either the Class A ordinary shares or the Class B ordinary shares) requires a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. The alteration of the provisions related to the conversion of our Class B ordinary shares into Class A ordinary shares require the approval of 75% of our Class B ordinary shares (in addition to approval by an ordinary majority of our voting power present and voting at a shareholder meeting).

Further exceptions to the simple majority vote requirement are a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Israeli Companies Law, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by voting deed and voting on the resolution.

Israeli law provides that a shareholder of a public company may vote in a meeting and in a class meeting by means of a voting deed in which the shareholder indicates how he or she votes on resolutions relating to the following matters:

- appointment or removal of directors;
- approval of transactions with office holders or interested or related parties;
- approval of a merger or any other matter in respect of which there is a provision in the articles of association providing that decisions of the general meeting may also be passed by voting deed;
- approval of an arrangement or reorganization of the company pursuant to Section 350 of the Israeli Companies Law; and
- other matters which may be prescribed by Israel's Minister of Justice.

The provision allowing the vote by voting deed does not apply if, to the best knowledge of the company at the time of calling the general shareholders meeting, a controlling shareholder will hold on the record date for such shareholders meeting, voting power sufficient to determine the outcome of the vote.

The Israeli Companies Law provides that a shareholder, in exercising his or her rights and performing his or her obligations toward the company and its other shareholders, must act in good faith and in a customary manner, and avoid abusing his or her power. This is required when voting at general meetings on matters such as changes to the articles of association, increasing the company's registered capital, mergers and approval of related party transactions. Please see "Approval of related party transactions under Israeli Law—Shareholder duties" above for further detail.

Access to Corporate Records

Under the Israeli Companies Law and our amended and restated articles of association, shareholders are provided access to the following corporate records: minutes of our general meetings; our shareholders register and principal shareholders register, articles of association and financial statements; and any document that we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. We may deny this request if we believe it has not been submitted in good faith or if such denial is necessary to protect our interest or protect a trade secret or patent.

Modification of class rights

The rights attached to any class of share (including our Class A and Class B ordinary shares), such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in our amended and restated articles of association. Notwithstanding the foregoing, the provisions in our amended and restated articles of association related to conversion of our Class B ordinary shares into Class A ordinary shares may only be modified via a resolution adopted by the holders of 75% of the outstanding Class B ordinary shares at a separate meeting of the holders of that class of shares, in addition to the approval by a majority of the voting power of all outstanding ordinary shares, voting as a single class, that are present and voting at a meeting of our shareholders.

Registration rights

For a discussion of registration rights we have granted to our existing shareholders prior to the offering, please see "Certain relationships and related party transactions—Registration rights agreement."

Acquisitions under Israeli Law

Full tender offer

A person wishing to acquire shares of a public Israeli company and who could as a result hold over 90% of the target company's issued and outstanding share capital or voting rights is required by the Israeli Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who could as a result hold over 90% of the issued and outstanding share capital or voting rights of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital and voting rights of the company or of the applicable class, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law (provided that a majority of the offerees that do not have a personal interest in such tender offer shall have approved it, which condition shall not apply if, following consummation of the tender offer, the acquirer would hold at least 98% of all of the company's outstanding shares).

and voting rights (or shares and voting rights of the relevant class)). However, shareholders may, at any time within six months following the completion of the tender offer, petition the court to alter the consideration for the acquisition. Even shareholders who indicated their acceptance of the tender offer may so petition the court, unless the acquirer stipulated that a shareholder that accepts the offer may not seek appraisal rights). If the shareholders who did not accept the tender offer hold 5% or more of the issued and outstanding share capital or voting rights of the company or of the applicable class, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or voting rights or 90% of the shares or voting rights of the applicable class, from shareholders who accepted the tender offer.

Special tender offer

The Israeli Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if as a result of the acquisition the purchaser could become a holder of 25% or more of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law (as described below) is met. This rule does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser could become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company, unless one of the exemptions in the Israeli Companies Law is met.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger

The Israeli Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Israeli Companies Law are met, by a majority vote of each party's shares, and, in the case of the target company, a majority vote of each class of its shares, voted on the proposed merger at a shareholders meeting called with at least 35 days' prior notice.

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

of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders (as described above in this prospectus under "Management—NASDAQ Listing Rules and home country practices—Shareholder approval.")

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

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

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

Anti-takeover measures under Israeli Law

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

Borrowing powers

Pursuant to the Israeli Companies Law and our amended and restated articles of association, our Board of Directors may exercise all powers and take all actions that are not required under

law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Israeli Companies Law and must be approved by a resolution duly passed by our shareholders at a general or special meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits and an issuance of shares for less than their nominal value, require the approval of both our Board of Directors and an Israeli court.

Transfer agent and registrar

Upon the listing of our Class A ordinary shares for trading on the NASDAQ Global Market our transfer agent in the United States will be American Stock Transfer & Trust Company, LLC.

Shares eligible for future sale

Prior to this offering, no public market existed for our ordinary shares. Sales of substantial amounts of our Class A ordinary shares following this offering, or the perception that these sales could occur, could adversely affect prevailing market prices of our Class A ordinary shares and could impair our future ability to obtain capital, especially through an offering of equity securities. Assuming that the underwriters do not exercise their over-allotment option with respect to this offering and assuming no exercise of options outstanding following the offering, we will have an aggregate of _____ ordinary shares (consisting of _____ Class A ordinary shares and _____ Class B ordinary shares) outstanding upon completion of this offering. Of these shares, the _____ Class A ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by "affiliates" (as that term is defined under Rule 144 of the Securities Act), who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below.

The remaining _____ ordinary shares (constituting Class B ordinary shares, but which would convert into Class A ordinary shares upon sale) will be held by our existing shareholders and will be deemed to be "restricted securities" under Rule 144. Restricted securities may only be sold in the public market pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from registration under Rule 144, Rule 701 or Rule 904 under the Securities Act. These rules are summarized below.

Eligibility of restricted shares for sale in the public market

The following indicates approximately when the ordinary shares that are not being sold in this offering, but which will be outstanding (as Class B ordinary shares) at the time at which this offering is complete, will be eligible for sale (and which will convert into Class A ordinary shares upon sale) into the public market under the provisions of Rule 144 and Rule 701 (but subject to the further contractual restrictions arising under the lock-up agreements described below):

- upon the consummation of this offering, _____ Class B ordinary shares held by non-affiliates of our company that have been held for at least one year will be available for resale under Rule 144(b)(1)(ii);
- beginning 90 days after the consummation of this offering, up to approximately 20,245,008 Class B ordinary shares, constituting shares issuable upon exercise of outstanding options under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan that have vested as of, or within 60 days of, March 1, 2012, may be eligible for resale under Rule 701 and Rule 144, approximately _____ of which are held by our affiliates and would therefore be subject to volume, current public information, manner of sale and other limitations under Rule 144; and
- approximately _____ Class B ordinary shares will be eligible for resale pursuant to Rule 144 upon the expiration of various six month holding periods, so long as at least 90 days have elapsed after the completion of this offering, and subject to the current public information requirement under Rule 144 and, in the case of affiliates of our company, also subject to the volume, manner of sale and other limitations under Rule 144.

Lock-up agreements

We, all of our directors and executive officers and holders of substantially all of our outstanding shares have signed lock-up agreements pursuant to which, subject to certain exceptions, they have agreed not to sell or otherwise dispose of their ordinary shares (which will be Class B ordinary shares upon the reclassification and offering, but which would convert into Class A ordinary shares upon sale) or any securities convertible into or exchangeable for ordinary shares for a period of 180 days after the date of this prospectus without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co. In addition, holders of options to purchase our shares have entered into similar lock-up agreements. The lock-up agreements may be extended under certain circumstances described under "Underwriting—No sales of similar securities."

Rule 144

Shares held for six months

In general, under Rule 144 as currently in effect, and subject to the terms of any lock-up agreement, commencing 90 days after the consummation of this offering, a person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned our Class A or Class B ordinary shares for six months or more, including the holding period of any prior owner other than one of our affiliates (i.e., commencing when the shares were acquired from our company or from an affiliate of our company as restricted securities), is entitled to sell our shares, subject to the availability of current public information about us. In the case of an affiliate shareholder, the right to sell is also subject to the fulfillment of certain additional conditions, including manner of sale provisions and notice requirements, and to a volume limitation that limits the number of shares to be sold thereby, within any three-month period, to the greater of:

- one percent of the number of ordinary shares then outstanding, which will equal shares; or
- the average weekly trading volume of our Class A ordinary shares on the NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Rule 144 also provides that affiliates that sell our ordinary shares that are not restricted securities must nonetheless comply with the same restrictions applicable to restricted securities, other than the holding period requirement.

Shares held by non-affiliates for one year

Under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who is not considered to have been one of our affiliates at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates, is entitled to sell his, her or its shares under Rule 144 without complying with the provisions relating to the availability of current public information or with any other conditions under Rule 144. Therefore, unless subject to a lock-up agreement or otherwise restricted, such shares may be sold immediately upon the closing of this offering.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who received or purchased ordinary shares from us under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan or other written agreement before the closing of this offering is entitled to resell these shares.

The SEC has indicated that Rule 701 will apply to typical share options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of these options, including exercises after the consummation of this offering. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above (under "Lock-Up agreements"), may be sold beginning 90 days after the consummation of this offering in reliance on Rule 144 by:

- persons other than affiliates, without restriction; and
- affiliates, subject to the manner-of-sale, current public information and filing requirements of Rule 144,

in each case, without compliance with the six-month holding period requirement of Rule 144.

As of March 1, 2012, after giving effect to the reclassification of our outstanding ordinary shares and preferred shares, options to purchase a total of 27,185,664 Class B ordinary shares would have been issued and outstanding under our 2004 Plan, of which 19,831,820 Class B ordinary shares would have vested. Other than options to purchase 7,933,539 Class B ordinary shares (representing options to purchase preferred shares prior to the reclassification), none of the vested or unvested options under that incentive plan would have been exercisable as of that date, as the ability to exercise vested options is conditioned (except for the foregoing 7,933,539 options, which were granted prior to our adoption of the condition) upon the closing of our initial public offering, or the consummation of a merger or other transaction in which our company is acquired. See "Management—Share incentive plan—Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan" elsewhere in this prospectus. All of our Class B ordinary shares issuable under these options are subject to contractual lock-up agreements with us or the underwriters.

Form S-8 registration statements

Following the completion of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register up to Class A and Class B ordinary shares, in the aggregate, issued or reserved for issuance under the 2004 Plan and 2011 Plan. The registration statement on Form S-8 will become effective automatically upon filing. Class A or Class B ordinary shares issued upon exercise of a share option and registered under the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to the 180-day lock-up or, if subject to the lock-up, immediately after the 180-day lock-up period expires.

Registration rights

After the offering, the holders of Class B ordinary shares will be entitled to registration rights. For more information on these registration rights, see "Certain relationships and related party transactions—Registration rights."

Taxation

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

Israeli tax considerations

The following is a summary of the material Israeli tax laws applicable to us. The following also contains a discussion of the Israeli government programs benefiting us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our Class A ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion.

General corporate tax structure in Israel

Israeli companies were generally subject to a corporate tax at the rate of 24% of their taxable income in 2011 (25% in 2010). Under previous legislation, the corporate tax rate was scheduled to decline to 23% in 2012, 22% in 2013, 21% in 2014, 20% in 2015 and 18% in 2016 and thereafter. However, recently, the Law for Change in the Tax Burden (Legislative Amendments) (Taxes), 2011, or the Tax Burdens Law, was approved by the Israeli Knesset. The Tax Burdens Law canceled the scheduled reduction of the corporate tax rate and instead fixed the corporate tax rate at 25% for 2012 and onwards. Regardless of the standard corporate tax rates, the effective tax rate payable by a company that derives income from an Approved Enterprise, a Benefited Enterprise or a Preferred Enterprise, as discussed further below, may be considerably less. See "Tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959" below.

Israeli companies are subject to regular corporate tax rate for their capital gains.

Besides being subject to the general corporate tax rules in Israel, we have also, from time to time, applied for and received certain grants and tax benefits from, and participate in, programs sponsored by the Government of Israel, described below.

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

Under the Law for the Encouragement of Industry (Taxes), 5729-1969, or the Industry Encouragement Law, an "Industrial Company" is a company resident in Israel that derives 90% or more of its income in any tax year (other than from government loans) from an "Industrial Enterprise" that it owns. An "Industrial Enterprise" is defined as an enterprise whose major activity, in a given tax year, is industrial production.

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Under the Industry Encouragement Law, Industrial Companies are entitled to certain tax benefits, including:

- a deduction of the cost of purchases of patents or the right to use a patent or know how used for the development or promotion of the Industrial Enterprise, over an eight-year period, commencing on the year in which such rights were first exercised;
- a straight-line deduction of expenses related to a public offering over a three-year period;
- the right to elect, under specified conditions, to file a consolidated tax return with other related Israeli industrial companies; and
- accelerated depreciation rates on equipment and buildings.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon the approval of any governmental authority.

We believe that we currently qualify as an "Industrial Company" within the definition under the Industry Encouragement Law. We cannot assure you that we will continue to qualify as an Industrial Company or that the benefits described above will be available to us in the future.

Tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

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

The following discussion is a summary of the Investment Law prior to its amendments as well as the relevant changes contained in the new legislation.

Tax benefits prior to the 2005 Amendment

An investment program that is implemented in accordance with the provisions of the Investment Law prior to the 2005 Amendment, referred to as an "Approved Enterprise," is entitled to certain benefits. A company that wished to receive benefits had to receive an approval from the Investment Center of the Israeli Ministry of Industry, Trade and Labor, or the Investment Center. Each certificate of approval for an Approved Enterprise relates to a specific investment program in the Approved Enterprise, delineated both by the financial scope of the investment and by the physical characteristics of the facility or the asset.

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An Approved Enterprise was entitled to receive a grant from the Government of Israel or an alternative package of tax benefits, which we refer to as alternative benefits. We elected to forego the entitlement to grants and applied for the alternative benefits, under which undistributed income that we generate from our Approved Enterprise will be completely tax-exempt for two years commencing from the first year of taxable income under the subject program and will be subject to a tax rate of 10% for an additional 8 years, since the level of foreign investment in our company is 90% or even more. The benefits period under Approved Enterprise status is limited to 12 years from commencement of production, or 14 years from the date of approval of the Approved Enterprise status, whichever ends earlier. If a company has more than one Approved Enterprise program or if only a portion of its capital investments are approved, its effective tax rate reflects a weighted combination of the applicable rates. The tax benefits from any certificate of approval relate only to taxable profits attributable to the specific Approved Enterprise. Income derived from activity that is not integral to the activity of the Approved Enterprise will not enjoy tax benefits. Our entitlement to the above benefits is subject to fulfillment of certain conditions, according to the law and related regulations.

The tax benefits under the Investment Law also apply to income generated by a company from the grant of a right of use with respect to know-how developed by the Approved Enterprise, income generated from royalties, and income derived from a service which is ancillary to such right of use or royalties, provided that such income is generated within the Approved Enterprise's ordinary course of business. The tax benefits under the Investment Law are not, generally, available with respect to income derived from products manufactured outside of Israel.

A company that has an Approved Enterprise program is eligible for further tax benefits if it qualifies as a Foreign Investors' Company, or FIC, which is a company with a level of foreign investment, as defined in the Investment Law, of more than 25%. The level of foreign investment is measured as the percentage of rights in the company (in terms of shares, rights to profits, voting and appointment of directors), and of combined share and loan capital, that are owned, directly or indirectly, by persons who are not residents of Israel. The determination as to whether or not a company qualifies as an FIC is made on an annual basis. An FIC that has an Approved Enterprise program will be eligible for an extension of the period during which it is entitled to tax benefits under its Approved Enterprise status (so that the benefit periods may be up to ten years) and for further tax benefits if the level of foreign investment exceeds 49%.

The tax rates and related levels of foreign investments with respect to an FIC that has an Approved Enterprise program are set forth in the following table:

Percentage of non-Israeli ownership	Tax rate
Over 25% but less than 49%	25%
49% or more but less than 74%	20%
74% or more but less than 90%	15%
90% or more	10%

A company that has elected the alternative package of benefits that subsequently pays a dividend out of income derived from the portion of its facilities that have been granted Approved Enterprise status during the tax exemption period will be required to recapture the deferred corporate income tax applicable to the amount distributed (grossed up to reflect such

tax) at the rate which would have been applicable to such income had such income not been exempted from tax under the alternative route. This rate generally ranges from 10% to 25%, depending on the extent of non-Israeli shareholdings in the company.

In October 2001 we were granted Approved Enterprise status under the Investment Law for our first investment program, and we elected the alternative benefits track. This program was activated in 2003. Under such benefits track, we will be subject to pay corporate tax at the rate of 10% to 25%, depending on the extent of foreign investment in the company, in respect of the gross amount of any dividend that we may distribute out of profits which were exempt from corporate tax in accordance with the provisions of this track. If we are also deemed to be an FIC, and if the FIC is at least 49% owned by non-Israeli residents, the corporate tax rate paid by us in respect of a dividend that we may distribute from income derived by our Approved Enterprise during the tax exemption period may be taxed at a lower rate.

Because we have elected the alternative benefits package, we are not obligated to attribute any part of dividends that we may distribute to exempt profits, and we may decide from which year's profits to declare dividends. We currently intend to reinvest any income that we may in the future derive from our Approved Enterprise program and not to distribute the income as a dividend.

The Investment Law also provides that an Approved Enterprise is entitled to accelerated depreciation on its property and equipment that are included in an Approved Enterprise program during the first five years in which the equipment is used. This benefit is an incentive granted by the Israeli government regardless of whether the alternative benefits program is elected.

The benefits available to an Approved Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations and the criteria in the specific certificate of approval, as described above. If a company does not meet these conditions, it would be required to refund the amount of tax benefits, as adjusted by the CPI and interest.

Tax benefits subsequent to the 2005 Amendment

The 2005 Amendment applies to new investment programs and investment programs commencing after 2004, and does not apply to investment programs approved prior to December 31, 2004. The 2005 Amendment provides that terms and benefits included in any certificate of approval that was granted before the 2005 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval. Pursuant to the 2005 Amendment, the Investment Center will continue to grant Approved Enterprise status to qualifying investments. The 2005 Amendment, however, limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as an Approved Enterprise, such as provisions generally requiring that at least 25% of the Approved Enterprise's income be derived from export.

The 2005 Amendment provides that Approved Enterprise status will only be necessary for receiving cash grants. As a result, it is no longer necessary for a company to acquire Approved Enterprise status in order to receive the tax benefits previously available under the alternative benefits provisions. Rather, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set

out by the amendment. Companies are entitled to approach the Israeli Tax Authority for a pre-ruling regarding their eligibility for benefits under the amended Investment Law.

Tax benefits are available under the 2005 Amendment to production facilities (or other eligible facilities), which are generally required to derive more than 25% of their business income from export to specific markets with a population of at least 12 million. In order to receive the tax benefits, the amendment states that the company must make an investment which meets all of the conditions that are set out in the amendment for tax benefits and which exceeds a minimum amount specified in the Investment Law. Such investment allows the company to receive a Benefited Enterprise status, and may be made over a period of no more than three years ending at the end of the year in which the company requested to have the tax benefits apply to the Benefited Enterprise. Where the company requests to have the tax benefits apply to an expansion of existing facilities, only the expansion will be considered to be a Benefited Enterprise, and the company's effective tax rate will be the weighted average of the applicable rates. In this case, the minimum investment required in order to qualify as a Benefited Enterprise is required to exceed a certain percentage of the value of the company's production assets before the expansion.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Benefited Enterprise are determined, among other things, by the geographic location of the Benefited Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Benefited Enterprise within Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefit period, depending on the level of foreign investment in the company in each year, as explained above. A company qualifying for tax benefits under the 2005 Amendment which pays a dividend out of income derived by its Benefited Enterprise during the tax exemption period will be subject to corporate tax in respect of the gross amount of the dividend at the otherwise applicable rate of 25%, or lower in the case of a qualified FIC which is owned at least 49% by non-Israeli residents.

The benefits available to a Benefited Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet these conditions, it may be required to refund the amount of tax benefits, together with CPI linkage adjustment and interest, or other monetary penalty.

As of December 31, 2006, we elected the status of Benefited Enterprise, under the 2005 Amendment, for our second investment program. The tax benefits attributable to our current Approved and Benefited Enterprises are scheduled to expire in 2015 and 2016, respectively.

As a result of the 2005 Amendment, tax-exempt income generated under the provisions of the new law will subject us to taxes upon distribution of the tax-exempt income to shareholders or liquidation of the company, and we may be required to record a deferred tax liability with respect to such tax-exempt income.

Out of our retained earnings as of December 31, 2011, \$38,994,509 was attributable to our Approved Enterprise and Benefited Enterprise programs and tax-exempt. If such tax-exempt income is distributed other than in connection with the complete liquidation of our company, that income would be taxed at the reduced corporate tax rate of 10%, and an income tax

liability of up to \$3,899,451 would be incurred as of December 31, 2011. Our Board of Directors has determined, however, that we will not distribute any portion of our undistributed tax-exempt income as a dividend. Accordingly, no deferred income taxes have been provided for income attributable to our Approved Enterprise and Benefited Enterprise programs, as the tax exemption on such income is essentially permanent in duration.

Tax benefits under the 2011 Amendment

The 2011 Amendment canceled the availability of the benefits granted to industrial companies in accordance with the provisions of the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its Preferred Enterprise (as such term is defined in the Investment Law) effective as of January 1, 2011 and onward. The definition of a Preferred Company includes a company incorporated in Israel and not fully owned by a governmental entity that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 15% with respect to its preferred income derived by its Preferred Enterprise in 2011-2012, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 10%. Such corporate tax rate will be reduced to 12.5% and 7%, respectively, in 2013-2014 and to 12% and 6% in 2015 and thereafter, respectively. Income derived by a Preferred Company from a 'Special Preferred Enterprise' (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or to 5% if the Special Preferred Enterprise is located in a certain development zone.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax will be withheld.

The 2011 Amendment also provided transitional provisions to address companies already enjoying current benefits. These transitional provisions provide, among other things, that: (i) terms and benefits included in any certificate of approval that was granted to an Approved Enterprise, which chose to receive grants, before the 2011 Amendment came into effect, will remain subject to the provisions of the Investment Law as in effect on the date of such approval, while, provided that certain conditions are met, the 25% tax rate applied to income derived by an Approved Enterprise during the benefit period will be replaced with the regular corporate income tax rate (24% in 2011 and 25% as of 2012), unless a request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011 (such request should have been made by way of an application to the Israeli Tax Authority by June 30, 2011 and may not be withdrawn); and (ii) terms and benefits included in any certificate of approval that was granted to an Approved Enterprise, which had participated in an alternative benefits program, before the 2011 Amendment came into effect will remain subject to the provisions of the Investment Law as in effect on the date of such approval, provided that certain conditions are met. However, a company that has such an Approved Enterprise can file a request with the Israeli Tax Authority, according to which its income derived as of January 1, 2011 will be subject to the provisions of the Investment Law, as amended in 2011; and (iii) a Benefited Enterprise can elect to continue to benefit from the benefits provided to it before the 2011 Amendment came into effect, provided that certain conditions are met, or file a request with the Israeli Tax Authority according to which its

income derived as of January 1, 2011 will be subject to the provisions of the Investment Law as amended in 2011. We have evaluated the likely effect of these provisions of the 2011 Amendment and, at this time, do not intend to file a request to apply the new benefits under the 2011 Amendment.

From time to time, the Israeli Government has discussed reducing the benefits available to companies under the Investment Law. The termination or substantial reduction of any of the benefits available under the Investment Law could materially impact the cost of our future investments.

Taxation of our non-Israeli shareholders

The following is a short summary of certain provisions of the tax environment to which our non-Israeli shareholders may be subject. This summary is based on the current provisions of tax law. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts.

The summary does not address all of the tax consequences that may be relevant to all purchasers of our Class A ordinary shares in light of each purchaser's particular circumstances and specific tax treatment. For example, the summary below does not address the tax treatment of residents of Israel and traders in securities who are subject to specific tax regimes. As individual circumstances may differ, holders of our Class A ordinary shares should consult their own tax adviser as to the United States, Israeli or other tax consequences of the purchase, ownership and disposition of Class A ordinary shares. The following is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations. Each individual should consult his or her own tax or legal adviser.

Capital gains taxes applicable to non-Israeli shareholders.

Shareholders that are not Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our Class A ordinary shares, provided that such shareholders did not acquire their shares prior to our initial public offering and such gains were not derived from a permanent establishment or business activity of such shareholders in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident (i) has a controlling interest of 25% or more in such non-Israeli corporation or (ii) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, a sale of securities may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the Convention Between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended (the "U.S.-Israel Tax Treaty"), the sale, exchange or disposition of our Class A ordinary shares by a shareholder who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) holding the Class A ordinary shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty (called a "Treaty U.S. Resident") is generally exempt from Israeli capital gains tax unless (i) such Treaty U.S. Resident is an individual and was present in Israel for more than 183 days during the relevant taxable year; (ii) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12 month period preceding such sale, exchange or

disposition, subject to certain conditions; or (iii) the capital gains arising from such sale, exchange or disposition are attributable to a permanent establishment of the Treaty U.S. Resident located in Israel. In any such case, the sale, exchange or disposition of Class A ordinary shares would be subject to Israeli tax, to the extent applicable.

In some instances where our shareholders may be liable for Israeli tax on the sale of their Class A ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at the source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

Taxation of non-Israeli shareholders on receipt of dividends.

Under the Ordinance, prior to 2012, non-Israeli residents (whether individuals or corporations) were generally subject to Israeli income tax on the receipt of dividends paid on our Class A ordinary shares (other than bonus shares or stock dividends) at the rate of 20% (or 25% if the dividend recipient was a substantial shareholder at the time of distribution or at any time during the preceding 12-month period), unless a reduced rate was provided under an applicable tax treaty. Pursuant to the Tax Burdens Law, as of 2012, such tax rate is 25% (or 30% if the dividend recipient is a substantial shareholder at the time of the distribution or at any time during the preceding 12-month period). However, such distribution of dividends is subject to withholding tax at source at a rate of 15% if the dividend is distributed from income attributed to an Approved Enterprise, Benefited Enterprise or Preferred Enterprise, unless a reduced tax rate is provided under an applicable tax treaty. For example, under the U.S.-Israel Tax Treaty, the maximum rate of tax withheld in Israel on dividends paid to a holder of our Class A ordinary shares who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) is 25%. However, under the U.S.-Israeli Tax Treaty, the maximum rate of withholding tax on dividends that are paid to a U.S. corporation that holds 10% or more of our Class A ordinary shares from the start of the tax year preceding the distribution of the dividend up until (and including) the distribution of the dividend generally is 12.5%, provided that not more than 25% of our gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to an Approved Enterprise, Benefited Enterprise or Preferred Enterprise are not entitled to such reduction under the tax treaty but are subject to a withholding tax rate of 15% for a shareholder that is a U.S. corporation, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. If the dividend is attributable partly to income derived from an Approved Enterprise, Benefited Enterprise or Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income.

A non-resident of Israel who receives dividends from which tax was withheld at source, is generally exempt from the duty to file tax returns in Israel in respect of such income, provided that such income was not derived from a business conducted in Israel by the taxpayer, and the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

U.S. federal income tax consequences

Except as specifically set forth below, the following discussion is limited to the material U.S. federal income tax consequences relating to the purchase, ownership and disposition of Class A ordinary shares by U.S. Holders (as defined below) that purchase Class A ordinary shares pursuant to the offering and hold such Class A ordinary shares as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. All statements as to matters of law and legal conclusions, but not as to factual matters, contained in this discussion, unless otherwise noted, are the opinions of Cooley LLP and are based on the accuracy of representations made by us. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, broker-dealers and traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold Class A ordinary shares as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or integrated investment, persons that have a "functional currency" other than the U.S. dollar, persons that own (or are deemed to own) 10% or more (by voting power or value) of our stock, corporations that accumulate earnings to avoid U.S. federal income tax, partnerships and other pass-through entities, and investors in such pass-through entities). Except as expressly set forth herein, this discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of the Class A ordinary shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Class A ordinary shares, the U.S. federal income tax consequences relating to an investment in the Class A ordinary shares will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the purchase, ownership and disposition of the Class A ordinary shares.

Persons considering an investment in the Class A ordinary shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the purchase,

ownership and disposition of the Class A ordinary shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Distributions

Subject to the discussion below under "Passive foreign investment company consequences," a U.S. Holder that receives a distribution with respect to an Class A ordinary share generally will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Israeli tax withheld from such distribution) when actually or constructively received to the extent of the U.S. Holder's pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's Class A ordinary shares. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's shares, the remainder will be taxed as capital gain. Because we do not account for our income in accordance with U.S. federal income tax purposes, U.S. Holders should expect all distributions to be reported to them as dividends.

The U.S. dollar value of any distribution on the Class A ordinary shares made in NIS generally should be calculated by reference to the exchange rate between the U.S. dollar and the NIS in effect on the date of receipt of such distribution by the U.S. Holder regardless of whether the NIS so received is in fact converted into U.S. dollars at that time. If the NIS so received is converted into U.S. dollars on the date of receipt, such U.S. Holder generally should not recognize currency gain or loss on such conversion. If the NIS so received is not converted into U.S. dollars on the date of receipt, such U.S. Holder generally will have a basis in such NIS equal to the U.S. dollar value of such NIS on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such NIS by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Distributions on the Class A ordinary shares that are treated as dividends generally will constitute income from sources outside the United States for foreign tax credit purposes. Such dividends will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations. Distributions treated as dividends that are received by non-corporate U.S. Holders before January 1, 2013 are expected to qualify for the 15% reduced maximum tax rate available for dividends received from "qualified foreign corporation" provided certain holding periods and other requirements are met. Absent a change in current law, dividends received by a U.S. Holder from us on or after January 1, 2013, will be taxed at regular ordinary income tax rates. We will not be treated as a qualifying foreign corporation, and therefore the reduced maximum tax rate in effect for 2012 described above will not apply, if we are a PFIC for the taxable year in which the dividend is paid or the preceding taxable year (see "Passive foreign investment company consequences," below).

Distributions may be subject to Israeli withholding tax—see—"Taxation—Israeli tax considerations—Taxation of our shareholders—Taxation of non-Israeli shareholders on receipt of dividends." Subject to certain conditions and limitations, Israeli taxes withheld from distributions by us may be credited against a U.S. Holder's U.S. federal income tax liability or,

alternatively, deducted to determine the U.S. Holder's taxable income. This election to deduct foreign income taxes is made on a year-by-year basis and applies to all foreign taxes paid by a U.S. Holder that year. Dividends paid on the Class A ordinary shares generally will constitute income from sources outside the United States and be categorized as "passive category income" for U.S. foreign tax credit purposes.

Sale, exchange or other disposition of the Class A ordinary shares

Subject to the discussion below under "Passive foreign investment company consequences," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of a Class A ordinary share in an amount equal to the difference, if any, between the amount realized (i.e., the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in the Class A ordinary share, both amounts determined in U.S. dollars. Such capital gain or loss generally will be long-term capital gain taxable at a reduced rate for non-corporate U.S. Holders (currently a maximum of 15% and increasing to a maximum of 20% after January 1, 2013) or loss if, on the date of sale, exchange or other disposition, the Class A ordinary share was held by the U.S. Holder for more than one year. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized from the sale or other disposition of our Class A ordinary shares will generally be gain or loss from sources within the United States for U.S. foreign tax credit purposes.

A U.S. Holder that receives NIS from the sale, exchange or other disposition of Class A ordinary shares will generally realize an amount equal to the U.S. dollar value of the NIS received at the spot rate on the date of sale (or, in the case of cash basis and electing accrual basis U.S. Holders, the settlement date). A U.S. Holder will recognize foreign currency gain or loss to the extent the U.S. dollar value of the amount received at the spot exchange rate on the settlement date differs from the amount realized. A U.S. Holder will have a tax basis in the NIS received equal to its U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the NIS will be U.S. source ordinary income or loss.

Passive foreign investment company consequences

In general, a corporation organized outside the United States will be treated as a PFIC in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from commodities transactions and from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income include cash, even if held as working capital or raised in a public offering, marketable securities and other assets that may produce passive income. The average percentage of a corporation's assets that produce or are held for the production of passive income generally is determined on the basis of the fair market value of the corporation's assets at the end of each quarter. This determination is based on the adjusted tax basis of the corporation's assets however, if the corporation is a "controlled foreign corporation", that is not a publicly traded corporation for the taxable year. In determining whether a foreign corporation is a PFIC, a proportionate share of the income and

assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based on the nature of our business, the projected composition of our income and the projected composition and estimated fair market values of our assets, we do not expect to be a PFIC in 2012 or a subsequent year. Nevertheless, because this determination is made annually after the close of each taxable year, because we hold and expect to continue to hold following this offering a substantial amount of cash and cash equivalents, and because the calculation of the value of our assets may be based in part on the value of our Class A ordinary shares, which may fluctuate after this offering and may fluctuate considerably given that market prices of technology companies historically often have been volatile, it is difficult to predict whether we will be a PFIC in any taxable year. Even if we determine that we are not a PFIC after the close of our taxable year, there can be no assurance that the Internal Revenue Service, or the IRS, will agree with our conclusion.

If we are a PFIC in any taxable year during which a U.S. Holder owns Class A ordinary shares, such U.S. Holder could be liable for additional taxes and interest charges upon (i) certain distributions by us (generally any distribution paid during a taxable year that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period for our Class A ordinary shares), and (ii) any gain recognized on a sale, exchange or other disposition, including a pledge, of the Class A ordinary shares, whether or not we continue to be a PFIC. In these circumstances, the tax will be determined by allocating such distributions or gain ratably over the U.S. Holder's holding period for the Class A ordinary shares. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations as appropriate applicable to ordinary income for each such taxable year, and an interest charge, generally that applicable to underpayments of tax, will be added to the tax. If we are a PFIC for any year during which a U.S. Holder holds our Class A ordinary shares, we will generally continue to be treated as a PFIC with respect to the holder for all succeeding years during which the U.S. Holder holds Class A ordinary shares even if we cease to meet the requirements for PFIC status.

The tax consequences that would apply if we were a PFIC would be different from those described above if a timely and valid "mark-to-market" election is made by a U.S. Holder for our Class A ordinary shares. An electing U.S. Holder generally would take into account as ordinary income each year, the excess of the fair market value of our Class A ordinary shares held at the end of the taxable year over the adjusted tax basis of such Class A ordinary shares. The U.S. Holder would also take into account, as an ordinary loss each year, the excess of the adjusted tax basis of such Class A ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's tax basis in our Class A ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. Any gain from a sale, exchange or other disposition of the Class A ordinary shares in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. If, after

having been a PFIC for a taxable year, we cease to be classified as a PFIC, the U.S. Holder would not be required to take into account any latent gain or loss in the manner described above and any realized gain or loss would be classified as a capital gain or loss.

A mark-to-market election is available to a U.S. Holder only if the Class A ordinary shares are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Our Class A ordinary shares will be marketable stock as long as they remain listed on the NASDAQ Global Market and are regularly traded. A mark-to-market election will not apply to our Class A ordinary shares for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any subsidiary that we own.

The tax consequences that would apply if we were a PFIC would also be different from those described above if a U.S. Holder were able to make a valid "qualified electing fund" ("QEF") election. As we do not expect to provide U.S. Holders with the information required in order to permit a QEF election, prospective investors should assume that a QEF election will not be available.

If we are a PFIC in any taxable year during which a U.S. Holder owns the Class A ordinary shares, such U.S. Holder may also suffer adverse tax consequences under the PFIC rules described above with respect to any lower-tier PFIC in which we have a direct or indirect equity interest.

Each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisers with respect to the purchase, ownership and disposition of Class A ordinary shares, the consequences to them of an investment in a PFIC, any elections available with respect to our Class A ordinary shares and the IRS information reporting obligations with respect to the purchase, ownership and disposition of Class A ordinary shares.

Certain reporting requirements with respect to payments of Offer Price

U.S. Holders paying more than U.S. \$100,000 for Class A ordinary shares generally will be required to file IRS Form 926 reporting the payment of the Offer Price for an Class A ordinary share to us. Substantial penalties may be imposed upon a U.S. Holder that fails to comply. Each U.S. Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

Information reporting and backup withholding

Dividends on and proceeds from the sale or other disposition of the Class A ordinary shares may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if (i) the holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption, or (ii) is described in certain other categories of persons. Backup withholding is not an additional tax.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

For taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals to report information relating to stock of a non-U.S. person, subject to certain exceptions (including an exception for stock held in custodial accounts maintained by a U.S. financial institution). U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of Class A ordinary shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN CLASS A ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

Underwriting

We are offering the Class A ordinary shares described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Goldman, Sachs & Co. are acting as book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of Class A ordinary shares listed next to its name in the following table:

Name	Number of Class A ordinary shares
J.P. Morgan Securities LLC	
Goldman, Sachs & Co.	
Needham & Company, LLC	
Total	

The underwriters are committed to purchase all the Class A ordinary shares offered if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the Class A ordinary shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of \$ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to \$ per share from the initial public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the Class A ordinary shares offered in this offering.

Over-allotment option

The underwriters have an option to buy up to additional shares of Class A ordinary shares from us to cover sales of Class A ordinary shares by the underwriters which exceed the number of Class A ordinary shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this over-allotment option. If any Class A ordinary shares are purchased with this over-allotment option, the underwriters will purchase Class A ordinary shares in approximately the same proportion as shown in the table above and will offer the additional Class A ordinary shares on the same terms as those on which the Class A ordinary shares are being offered.

Underwriting discounts and commissions

The underwriting fee is equal to the public offering price per share of Class A ordinary shares less the amount paid by the underwriters to us per Class A ordinary share. The underwriting fee is \$ per share. The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional Class A ordinary shares.

	No exercise	Full exercise
Per share	\$	\$
Total	\$	\$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

No sales of similar securities

We have agreed that we will not (i) offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any of our ordinary shares or securities convertible into or exchangeable or exercisable for any of our ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any of our ordinary shares (regardless of whether any of these transactions are to be settled by the delivery of our ordinary shares, or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co. for a period of 180 days after the date of this prospectus, other than (A) the shares to be sold hereunder and (B) any of our ordinary shares issued upon the exercise of options granted under our stock plans. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

We, our directors and executive officers, and substantially all of our shareholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which we and each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written

consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co., (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares (including, without limitation, ordinary shares or such other securities which may be deemed to be beneficially owned by such directors, executive officers, and such shareholders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of ordinary shares or such other securities of the company, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ordinary shares or such other securities of the company, in cash or otherwise or (3) make any demand for or exercise any right with respect to the registration of any ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co., in each case other than: (A) the Class A ordinary shares to be sold pursuant to the Underwriting Agreement; (B) the exercise of any options to acquire ordinary shares, conversion of any convertible security into ordinary shares or the transfer to us of ordinary shares withheld for tax purposes in connection with the vesting and distribution of ordinary shares; (C) transfers of ordinary shares or other securities of the company as a bona fide gift or gifts; (D) transactions relating to Class A ordinary shares acquired in open market transactions after the completion of the public offering contemplated hereunder, (E) transfers of ordinary shares or any security convertible into ordinary shares to a spouse, domestic partner, child or grandchild, other than to minors and persons incapacitated as a matter of law; (F) transfers of ordinary shares or any security convertible into ordinary shares to any of the family members described in clause (E) by will, bequeath or intestate succession or to a trust (in each case not for value), the beneficiaries of which are exclusively the transferring shareholder or members of the transferring shareholder's family described in clause (E); (G) transfers of ordinary shares without consideration to entities which control, are controlled by, or are under common control with the transferring shareholder; (H) distributions of ordinary shares to members, partners or shareholders to be locked-up without consideration; provided that in the case of any transfer or distribution pursuant to clause (C), (E), (F), (G) or (H) each donee or distributee shall execute and deliver to the representative a lock-up letter; and provided, further, that in the case of any transfer or distribution pursuant to clause (C), (D), (E), (F), (G) or (H), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act, or other public announcement, shall be made voluntarily in connection with such transfer or distribution; and (I) entry into a sales plan pursuant to Rule 10b5-1 under the Exchange Act on or after the date hereof; provided that (i) no sales or transfers may be made pursuant to such a sales plan during the lock-up period (and any extension thereof pursuant to the next succeeding paragraph), and (ii) no filing or public announcement under the Exchange Act or otherwise shall be made in connection with entering into such a sales plan during the lock-up period (and any extension thereof pursuant to the next succeeding paragraph). For purposes of the foregoing exceptions, an "entity" includes a corporation, company (including an LLC), partnership or trust.

Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to the company

occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We have applied to have our Class A ordinary shares approved for listing/quotation on NASDAQ under the symbol "OBJT."

Price stabilization and short positions

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling our Class A ordinary shares in the open market for the purpose of preventing or retarding a decline in the market price of the Class A ordinary shares while this offering is in progress. These stabilizing transactions may include making short sales of the Class A ordinary shares, which involves the sale by the underwriters of a greater number of Class A ordinary shares than they are required to purchase in this offering, and purchasing Class A ordinary shares on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A ordinary shares in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Class A ordinary shares, including the imposition of penalty bids. This means that if the representative of the underwriters purchase Class A ordinary shares in the open market in stabilizing transactions or to cover short sales, the representative can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the Class A ordinary shares or preventing or retarding a decline in the market price of the Class A ordinary shares, and, as a result, the price of the Class A ordinary shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NASDAQ Global Market, in the over-the-counter market or otherwise.

Initial public offering of ordinary shares

Prior to this offering, there has been no public market for our Class A ordinary shares. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representative;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our Class A ordinary shares, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Other relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for

their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling restrictions

European economic area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this Prospectus (the "Shares") may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

United Kingdom

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, and entities with shareholders' equity in excess of NIS 50 million, each as defined in the Addendum (as it may be amended from time to time, collectively referred to as institutional investors). Institutional investors may be required to submit written confirmation that they fall within the scope of the Addendum. In addition, we may distribute and direct this document in Israel, at our sole discretion, to certain other exempt investors or to investors who do not qualify as institutional or exempt investors, provided that the number of such non-qualified investors in Israel shall be no greater than 35 in any 12-month period.

Hong Kong

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

Singapore

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

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

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

The address of J.P. Morgan Securities LLC is 383 Madison Avenue, New York, New York 10179. The address of Goldman, Sachs & Co. is 200 West Street, New York, New York 10282. The address of Needham & Company, LLC is 445 Park Avenue, New York, New York 10022.

Expenses related to this offering

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the offer and sale of Class A ordinary shares in this offering. The underwriting discounts and commissions to be paid to the underwriters represent _____ of the total amount of the offering. All amounts listed below are estimates except the SEC registration fee and the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee.

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

Experts

The consolidated financial statements of Objet Ltd. and its subsidiaries as of December 31, 2011 and 2010, and for each of the three years in the period ended December 31, 2011, included in this prospectus have been so included in reliance on the report of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The offices of Kesselman & Kesselman are located at Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel.

Legal matters

The validity of the Class A ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Meitar Liquornik Geva & Leshem Brandwein, Ramat Gan, Israel. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Cooley LLP, Palo Alto, California. Cooley LLP, Broomfield, Colorado, has provided an opinion as to matters of U.S. federal income tax. Certain legal matters in connection with this offering will be passed upon for the underwriters by Yigal Arnon & Co., Jerusalem, Israel, with respect to Israeli law, and by Davis Polk & Wardwell LLP, Menlo Park, California, with respect to U.S. law. A trust for the benefit of partners in Meitar Liquornik Geva & Leshem Brandwein holds options to purchase 150,000 of our ordinary shares (which will be exercisable for an equivalent number of Class B ordinary shares upon the consummation of this offering).

Enforceability of civil liabilities

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in this registration statement, substantially all of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and substantially all of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

We have been informed by our legal counsel in Israel, Meitar Liquornik Geva & Leshem Brandwein, that it may be difficult to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, Israeli courts may enforce a United States judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of the Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that among other things:

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

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli

currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

Where you can find additional information

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of our Class A ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at <http://www.sec.gov>.

Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements will file reports with the SEC. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC, on Form 6-K, unaudited quarterly financial information.

We maintain a corporate website at www.objet.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

OBJET LTD.
(FORMERLY OBJET GEOMETRIES LTD.)
CONSOLIDATED FINANCIAL STATEMENTS

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Report of independent registered public accounting firm

To the shareholders of
OBJET LTD. (FORMERLY OBJET GEOMETRIES LTD.)

We have audited the consolidated balance sheets of Objet Ltd. (formerly Objet Geometries Ltd.) (the "Company") and its subsidiaries as of December 31, 2010 and 2011, and the related consolidated statements of income, change in convertible preferred shares and equity and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries at December 31, 2010 and 2011, and the results of their operations, changes in convertible preferred shares and equity and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member of PricewaterhouseCoopers International Limited

Tel-Aviv, Israel
March 22, 2012

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel, P.O Box 452 Tel-Aviv 61003
Telephone: +972-3-7954555, Fax:+972-3-7954556, www.pwc.co.il

OBJET Ltd.
(Formerly Objet Geometries Ltd.)

Consolidated balance sheets
(U.S dollars in thousands)

	December 31,	
	2010	2011
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$45,366	\$42,954
Short term deposits		14,500
Restricted deposits	823	781
Marketable securities	10,958	988
Accounts receivable:		
Trade	13,637	15,020
Other	1,790	7,353
Inventories	15,567	25,973
Prepaid expenses	659	2,842
Deferred income taxes	71	80
Total current assets	88,871	110,491
NON-CURRENT ASSETS		
Amounts funded in respect of employee rights upon retirement	1,943	2,171
Deferred income taxes	72	88
Long term prepaid expenses and receivable	196	70
PROPERTY, PLANT AND EQUIPMENT, net	10,128	11,718
Total assets	\$101,210	\$124,538

The accompanying notes are an integral part of these consolidated financial statements.

OBJET Ltd.
(Formerly Objet Geometries Ltd.)
Consolidated balance sheets (continued)
(U.S dollars in thousands)

	December 31,		(Pro forma equity as of December 31, 2011, unaudited, note 1d)
	2010	2011	
Liabilities, convertible preferred shares and equity			
CURRENT LIABILITIES			
Accounts payable	\$8,934	\$8,879	
Deferred revenues	5,503	8,222	
Accrued expenses	4,994	5,401	
Other current liabilities	6,739	11,737	
Total current liabilities	26,170	34,239	
LONG-TERM LIABILITIES			
Employee rights upon retirement	2,958	3,461	
Tax contingencies	599	975	
Total liabilities	29,727	38,675	
COMMITMENTS AND CONTINGENCIES (note 7)			
CONVERTIBLE PREFERRED SHARES:			
Preferred shares of NIS 0.01 par value:			
Authorized 250,000 shares at December 31, 2010 and December 31, 2011; issued and outstanding 130,993 at December 31, 2010 and December 31, 2011 and none at December 31, 2011 on a pro forma basis (unaudited)	38,231	38,231	
EQUITY			
Ordinary shares of NIS 0.01 par value:			
Authorized 250,000 shares at December 31, 2010 and December 31, 2011; issued and outstanding 3,237 at December 31, 2010 and December 31, 2011	8	8	
On a pro forma basis (unaudited):			
Authorized 67,827 ordinary A and 32,173 ordinary B; issued and outstanding: no ordinary A and 26,846 ordinary B			\$295
Additional paid in capital	744	744	38,688
Retained earnings	32,377	47,071	47,071
Accumulated other comprehensive income (loss)	123	(191)	(191)
Total Equity	33,252	47,632	\$85,863
Total liabilities, convertible preferred shares and equity	\$101,210	\$124,538	

/s/ E. Jaglom
E. Jaglom
Chairman of the Board

/s/ D. Reis
D. Reis
**Chief Executive Officer
and Director**

/s/ E. Simha
E. Simha
**Chief Financial Officer
and
Chief Operating Officer**

The accompanying notes are an integral part of these consolidated financial statements.

OBJET Ltd.
(Formerly Objet Geometries Ltd.)
Consolidated statements of income
(U.S dollars in thousands, except per share data)

	Year ended December 31,		
	2009	2010	2011
NET REVENUES:			
Products	\$56,993	\$76,556	\$105,759
Services	10,537	11,322	15,337
Total revenues	67,530	87,878	121,096
COST OF REVENUES:			
Cost of products	19,835	23,734	34,008
Cost of services	9,286	10,039	12,946
Total cost of revenues	29,121	33,773	46,954
GROSS PROFIT	38,409	54,105	74,142
OPERATING EXPENSES			
Research and development	9,297	11,980	14,569
Selling and marketing	12,791	19,979	28,366
General and administrative	7,988	10,009	13,696
Total operating expenses	30,076	41,968	56,631
OPERATING PROFIT	8,333	12,137	17,511
FINANCE INCOME (EXPENSE), NET	232	(365)	(1,228)
INCOME BEFORE INCOME TAXES	8,565	11,772	16,283
TAX ON INCOME	960	1,411	1,589
NET INCOME	\$7,605	\$10,361	\$14,694
Earnings per share attributable to ordinary shares:			
Basic and Diluted	\$0	\$0	\$0.07
Weighted average number of ordinary shares (in thousands):			
Basic and diluted	3,237	3,237	3,237
Pro forma net income per ordinary B share (unaudited) (Note 1d)			
Basic and diluted			\$0.55
Pro forma weighted average number of ordinary B shares (in thousands, unaudited) (Note 1d):			
Basic and diluted			26,846

The accompanying notes are an integral part of these consolidated financial statements.

OBJET Ltd.
(Formerly Objet Geometries Ltd.)
Consolidated statement of change in convertible preferred shares and equity
(U.S dollars in thousands)

	Convertible preferred shares		Ordinary shares		Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
	Number of shares	Amount	Number of shares	Amount				
BALANCE AT JANUARY 1, 2009	133,361	\$39,731	3,237	\$8	\$744	\$14,411	\$(296)	\$14,867
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2009:								
Comprehensive income:								
Net income for the year						7,605		7,605
Unrealized gain from marketable securities, net of deferred taxes							675	675
Total comprehensive income								8,280
Acquisition of shares from a shareholder and cancellation of such shares	(2,368)	(1,500)						
BALANCE AT DECEMBER 31, 2009	130,993	\$38,231	3,237	\$8	\$744	\$22,016	\$379	\$23,147
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2010:								
Comprehensive income (loss):								
Net income for the year						10,361		10,361
Currency translation adjustments							(45)	(45)
Unrealized loss from marketable securities, net of deferred taxes							(211)	(211)
Total comprehensive income								10,105
BALANCE AT DECEMBER 31, 2010	130,993	\$38,231	3,237	\$8	\$744	\$32,377	\$123	\$33,252
BALANCE AT DECEMBER 31, 2010	130,993	\$38,231	3,237	\$8	\$744	\$32,377	\$123	\$33,252
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2011:								
Comprehensive income (loss):								
Net income for the year						14,694		14,694
Unrealized loss from derivatives designated as hedging instruments							(115)	(115)
Currency translation adjustments							(35)	(35)
Unrealized loss from marketable securities, net of deferred taxes							(164)	(164)
Total comprehensive income								14,380
BALANCE AT DECEMBER 31, 2011	130,993	\$38,231	3,237	\$8	\$744	\$47,071	\$(191)	\$47,632

The accompanying notes are an integral part of these consolidated financial statements.

OBJET Ltd.
(Formerly Objet Geometries Ltd.)
Consolidated statements of cash flows
(U.S dollars in thousands)

	Year ended December 31,		
	2009	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$7,605	\$10,361	\$14,694
Adjustments required to reconcile net income to net cash provided by operating activities:			
Net amortization of discount related to marketable securities	(153)	(211)	(206)
Depreciation and amortization	1,485	2,019	2,579
Loss (gain) on sale of marketable securities	667	(138)	—
Increase in tax contingencies	119	198	376
Increase in liability for employee upon retirement	762	704	524
Losses (gains) on amounts funded in respect of employee rights upon retirement	(86)	(94)	130
Deferred income taxes—net	449	385	(25)
Changes in operating asset and liability:			
Decrease (increase) in accounts receivable:			
Trade	(3,906)	(1,650)	(1,360)
Other	534	(875)	(5,700)
Decrease (increase) in long term prepaid expenses and receivable	(90)	(106)	126
Decrease (increase) in inventories	3,113	(4,178)	(10,489)
Increase in prepaid expenses	(38)	(276)	(2,183)
Increase (decrease) in accounts payable	(1,556)	3,036	(80)
Increase (decrease) in deferred revenues	(2,798)	1,700	2,830
Increase in accrued expenses	780	119	407
Increase (decrease) in other current liabilities	(374)	2,893	4,891
Net cash provided by operating activities	6,513	13,887	6,514
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (Increase) in restricted deposits	4,016	(198)	40
Increase in short term deposits	—	—	(14,500)
Investment in marketable securities	(40,053)	—	—
Proceeds from redemption of marketable securities	35,106	11,258	10,000
Amounts funded in respect of employee rights upon retirement	(557)	(899)	(379)
Purchase of property, plant and equipment	(4,299)	(2,812)	(4,176)
Net cash provided by (used in) in investing activities	\$(5,787)	\$7,349	(9,015)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease in short term loans, net	\$(34)	—	—
Acquisition of shares from a shareholder and cancellation of such shares	(1,500)	—	—
Net cash used in financing activities	(1,534)	—	—
TRANSLATION DIFFERENCES ON CASH BALANCE OF CONSOLIDATED SUBSIDIARIES OPERATING INDEPENDENTLY	—	\$(164)	\$89
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(808)	21,072	(2,412)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,102	24,294	45,366
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	\$24,294	\$45,366	\$42,954
Supplemental disclosures of cash flow information:			
Interest paid	\$0	\$0	\$0
Income taxes paid	\$143	\$272	\$540

The accompanying notes are an integral part of these consolidated financial statements.

OBJET Ltd.

(Formerly Objet Geometries Ltd.)

Notes to consolidated financial statements

Note 1—Significant accounting policies

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

The significant accounting policies, applied on a consistent basis, are as follows:

a. General:

1) Nature of operations

Objet Ltd. (the "Company") is a leading global provider of three-dimensional, or 3D, printing solutions, offering a broad range of 3D printing systems, resin consumables and services. Its printers use its proprietary PolyJet inkjet-based technology, resin consumables and integrated software to create 3D models directly from computer data such as 3D computer-aided design, or CAD, files. Its printers build 3D objects by depositing multiple layers of resin one on top of another. The Company's printed models enhance the ability of designers, engineers and manufacturers to visualize, verify and communicate product designs, thereby improving the design process and reducing time-to-market. Headquartered in Israel, the Company was founded on March 3, 1998 and sold its first 3D printing systems in 2002.

The Company, together with its subsidiaries ("Objet" or the "Group"), has one reportable segment, which generates revenues via the sale of its 3D printing systems and resin consumables and by providing support services. The Group's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the presentation in the accompanying financial statements. Objet operates through offices in Israel, the United States, Germany, Japan, China and Hong Kong.

2) Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates using assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates, and such differences may have a material impact on the Company's financial statements.

As applicable to these consolidated financial statements, the most significant estimates relate to revenue recognition, allowance for doubtful accounts, inventories, valuation and assumptions underlying stock-based compensation, uncertain tax positions and contingent liabilities.

3) Amounts in the footnotes in the financial statements

All Dollar, Euro and NIS amounts in the footnotes of the consolidated financial statements are in thousands except per share data.

b. Principles of consolidation and presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances are eliminated in consolidation; profits from intercompany sales, not yet realized outside the Group, are also eliminated.

c. Functional currency and foreign currency transactions

A major part of the Group's operations is carried out by the Company and its U.S. subsidiary. The functional currency of these entities is the U.S. dollar ("dollar" or \$). The functional currency of the remaining subsidiaries is their relevant local currency. The financial statements of those companies are included in consolidation, based on translation into U.S. dollars. Assets and liabilities are translated at year-end exchange rates, while revenues and expenses are translated at actual exchange rates during the year. Differences resulting from translation are presented in equity, under accumulated other comprehensive income. Gains and losses on foreign currency transactions and exchange gains and losses denominated in non-functional currencies are reflected in finance income (expense), net, in the Consolidated Statements of Income when they arise.

d. Unaudited pro forma information

The unaudited pro forma equity as of December 31, 2011, and the unaudited earnings per share, basic and diluted, for the year ended December 31, 2011, give effect to a 1-for-5 reverse stock split prior to the effectiveness of the Company's registration statement on Form F-1 for the Company's Initial Public Offering (IPO), followed by, upon the completion of the IPO, the conversion of all of the Company's issued and outstanding convertible preferred shares into ordinary shares, and the conversion of all issued and outstanding shares into Class B ordinary shares. See Note 1(x).

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The table below sets forth the computation of the Company's unaudited pro forma basic and diluted net income per share attributable to its ordinary shares.

	Year ended December 31, 2011 (unaudited)
Numerator:	
Net income used in computing basic net income per share (Note 1(x))	\$213
Participation of convertible preferred shares	14,481
Numerator for basic and diluted pro forma net income per share of ordinary B share	\$14,694
Denominator:	
Weighted average shares used in computing basic net income per share (Note 1(x))	3,237
Adjustments to reflect the effect of convertible preferred shares	130,993
Adjustments to reflect reverse stock split 1-for-5	(107,384)
Denominator for basic and diluted calculation, weighted average shares	26,846
Pro forma net income per share (unaudited):	
Pro forma basic and diluted net income per share	\$0.55

e. Cash and cash equivalents

All highly liquid investments, which include short-term bank deposits, that are not restricted as to withdrawal or use, and short-term debentures, the period to maturity of which did not exceed three months at the time of investment, are considered to be cash equivalents.

f. Restricted deposits

Restricted deposits primarily consist of cash deposits for real estate taxes and rent as required by certain mortgage notes payable.

g. Allowance for doubtful accounts

The Group maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. This allowance is based on specific customer account reviews. The Group performs ongoing credit evaluations of its customers and usually does not require collateral.

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The following table summarizes the changes in the allowance for doubtful accounts:

	Allowance for doubtful accounts
Balance, January 1, 2009	\$ 426
Additions charged to operations	290
Deductions from reserves, net	(72)
Balance, December 31, 2009	644
Additions charged to operations	132
Deductions from reserves, net	(36)
Balance, December 31, 2010	740
Additions charged to operations	131
Deductions from reserves, net	(64)
Balance, December 31, 2011	\$ 807

h. Marketable securities

Marketable securities consist of corporate debt securities classified as available-for-sale and are recorded at fair value. Changes in fair value, net of taxes, are reflected in other comprehensive income (loss). Realized gains and losses on sales of the securities, as well as premium or discount amortization, are included in the consolidated statement of income as financial income or expenses.

Factors considered in determining whether a loss is temporary include the extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee based on its credit rating and the Company's intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. If an other-than-temporary impairment exists for debt securities, the Group separates the other-than-temporary impairment into the portion of the loss related to credit factors, or the credit loss portion, and the portion of the loss that is not related to credit factors, or the non-credit loss portion. The credit loss portion is the difference between the amortized cost of the security and management's best estimate of the present value of the cash flows expected to be collected from the debt security. The non-credit loss portion is the residual amount of the other-than-temporary impairment. The credit loss portion is recorded as a charge to earnings, and the non-credit loss portion is recorded as a separate component of other comprehensive income (loss).

i. Derivative instruments and hedge accounting

All derivatives are recognized on the balance sheet at their fair value. On the date that the Company enters into a derivative contract, it designates the derivative, for accounting purposes, as a: (1) hedging instrument (commencing from the 2011 financial statements), or (2) non-hedging instrument.

As part of the Company's risk management strategy, it uses forward contracts derivative financial instruments to cash-flow hedge against certain foreign currency exposures. The Company recognizes all derivatives as either assets or liabilities in the consolidated balance sheets at their fair value on a trade date basis. Derivatives in a gain position are reported in "Accounts receivable—other" in the consolidated balance sheets and derivatives in a loss position are recorded in "Other current liabilities", as applicable, in the consolidated balance sheets.

In order to qualify for hedge accounting, the Company formally documents at the inception of each hedging relationship the hedging instrument, the hedged item, the risk management objective and strategy for undertaking each hedging relationship, and the method used to assess hedge effectiveness.

When derivative financial instruments qualify for cash flow hedge accounting, the Company records the effective portion of changes in fair value as part of "Other comprehensive income" in the consolidated statements of equity. When the hedged item is recognized in the consolidated statements of income, the related derivative gain or loss is reclassified from "Accumulated other comprehensive income" in the consolidated statements of equity to the consolidated statements of income within the line item in which the hedged item is recorded. The cash flows from a derivative financial instrument qualifying for cash flow hedge accounting are classified in the consolidated statements of cash flows in the same category as the cash flows from the hedged item.

If a derivative financial instrument does not qualify for hedge accounting, the Company records the changes in fair value of derivative instruments in "finance income (expense), net" in the consolidated statements of income.

j. Inventories

Inventories are valued at the lower of cost or market. Cost of raw materials and consumables is determined mainly on a "moving average" basis. Cost of finished products and products in process is determined as follows: the raw materials component—on a "moving average" basis and the labor and overhead component—on an actual manufacturing costs basis.

Provisions are made for the estimated effect of obsolete and slow moving inventories using a methodology based upon financial formulas that take into account quantities, costs, the age of the inventory on hand and historical sales.

k. Property, plant and equipment

Property, plant and equipment are presented at cost at the date of acquisition. Depreciation and amortization are calculated based on the straight-line method over the estimated useful lives of the depreciable assets, or in the case of leasehold improvements, the shorter of the

lease term or the estimated useful life of the asset. Improvements are capitalized while repairs and maintenance are charged to operations as incurred.

Annual rates of depreciation are as follows:

	%
Computers and electronic equipment	20-33 (mainly 33%)
Office furniture and equipment	6-15 (mainly 15%)
Machinery and equipment	10-33 (mainly 33%)
Buildings	4
Land	—

Equipment manufactured by the Group and used for internal research and development and marketing purposes is depreciated on a straight-line basis over three years.

I. Impairment in value of property, plant and equipment

Property, plant and equipment held and used by the Group are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest charges) from property, plant and equipment is less than the carrying amount of such assets, an impairment loss would be recognized, and the assets would be written down to their estimated fair values.

m. Contingent liabilities

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Group but which will only be resolved when one or more future events occur or fail to occur. The Group's management assesses such contingent liabilities and estimated legal fees, if any. Such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Group or unasserted claims that may result in such proceedings, the Group's management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

Management applies the guidance in ASC 450-20-25 when assessing losses resulting from contingencies. If the assessment of a contingency indicates that it is probable that loss has been incurred and the amount of the liability can be estimated, then the Group would record an accrued expense in the Group's financial statements. The estimated liability if the assessment indicates that a potential loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable, is disclosed.

Loss contingencies considered to be remote by management are generally not disclosed unless material or they involve guarantees, in which case the guarantee would be disclosed.

n. Tax contingencies

The Group accrues for uncertain tax positions which are recorded to the extent that the Group concludes that a tax position is not sustainable under a "more-likely-than-not" standard. In addition, the Group classifies interest and penalties recognized in the financial statements relating to uncertain tax positions under the provision for income taxes.

o. Convertible preferred shares

The Company presents convertible preferred shares (see Note 8) as temporary equity in the mezzanine section of the consolidated balance sheets in accordance with "Distinguishing Liabilities from Equity" accounting standard. The convertible preferred shares are classified as such since the holders thereof are entitled in the event of distribution of dividends to receive an amount per share equal to the applicable purchase price of such share based upon its original issue price. The holders of the preferred shares own the majority of the voting rights. These convertible preferred shares automatically converted into ordinary shares upon the consummation of an initial public offering, including the IPO.

p. Other comprehensive income (loss)

Other comprehensive income (loss), net of related taxes where applicable, includes, in addition to net income: (i) currency translation adjustments; (ii) unrealized holding gains and losses on available-for-sale securities; and (iii) Unrealized loss from derivatives designated as hedging instruments.

The components of the Group's accumulated comprehensive income (loss) for the years presented are as follows:

	December 31,		
	2009	2010	2011
Currency translation adjustment	\$ 0	\$ (45)	\$ (80)
Unrealized gain from available-for-sale securities	421	180	4
Unrealized loss from derivatives designated as hedging instruments	—	—	(115)
Deferred income taxes	(42)	(12)	—
Total	\$ 379	\$ 123	\$ (191)

q. Stock-based compensation

The Group measures compensation cost at the grant date based on the fair value of the award and recognizes compensation cost upon probable attainment of specified performance conditions and over a service period. The Group uses the Black-Scholes option valuation model to estimate the grant date fair value. In estimating this fair value, there are certain assumptions that the Group uses, as disclosed in note 9(b), to determine the amount of share-based compensation, consisting of the expected life of the option, risk-free interest rate, dividend yield, and volatility. The use of a different estimate for any one of these components could have a material impact on the amount of calculated compensation expense.

As discussed in note 9(b), the awards granted under the stock-based employee compensation plan are only exercisable upon a liquidity event (e.g., an initial public offering or change in control). Accordingly, the Group treated the awards as performance based awards and given that the performance condition (a liquidity event) was outside the control of the Group, concluded that such performance condition was not probable until it actually occurs. As a result, no share-based compensation expense was recognized as of December 31, 2011.

r. Revenue recognition

The Group recognizes revenue from the sale of its products, which consist of 3D printing systems and resin consumables and services, when persuasive evidence of sales arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. The Group generally does not provide for a right of return. From time to time, upon release of a new system (Beta system), the Group provides for a right of return on such a Beta system for a limited period of time. Revenues for these systems are recognized only when such right of return elapses and the client enters into a binding purchase arrangement.

Generally, revenue from sales of systems to end user clients is recognized after installation is complete, when a Certificate of Installation is received from the end user client, since the Group views installation with end user clients to be essential to the functionality of system and a critical part of performance of the delivery obligation. Revenues from sales to distributors are generally recognized upon shipment (according to the shipping terms agreed with each distributor). When products are sold to a distributor, the distributor is responsible for the installation of the system with the end user client.

The Company's systems include embedded software. The software is considered incidental to the system as a whole and in accordance with applicable accounting standards, that standard is not applicable because the software is not a significant focus of the marketing effort and is not sold separately. The software only works with the system and the system only works with software. Objet does not provide post contract customer support specific to the software. The Group enables all of its clients to freely download all software updates and upgrades, whether they are under a service contract or not. The R&D efforts to develop the software are not significant in comparison to the total system R&D and production costs.

For each of the two years in the period ended December 31, 2010, pursuant to the previous guidance of revenue arrangements with multiple deliverables, for a sales arrangement with multiple elements, such as 3D printings systems, including license, consumables, installation and services, the Group allocates revenue to the different elements in the arrangement under the "residual method" based on Vendor Specific Objective Evidence ("VSOE") of fair value for the undelivered element (the services, which is similar to service contracts sold separately by the Group). Under the residual method, at the outset of the arrangement, the Group defers revenue for the fair value of its undelivered element and recognizes revenue for the remainder of the arrangement fee attributable to the elements initially delivered, when the basic criteria have been met. Any discount in the arrangement is allocated to the delivered elements. The VSOE of fair value of the service is determined based on the price charged for service contract when sold separately.

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Service revenue (maintenance and support contracts) is recognized ratably over the term of the contract, typically one year. Consumable revenue is recognized upon shipment when sold separately. The Group recognizes revenues net of value added taxes.

Shipping and handling costs billed to customers for system sales and sales of consumable are included in product revenue in the consolidated statements of operations.

Costs incurred by the Group associated with these shipping and handling are included in selling and marketing expenses in the consolidated statements of operations. Shipping and handling costs recorded in the years ended on December 31, 2009, 2010 and 2011 were \$656, \$1,358 and \$1,901, respectively.

Objet assesses collectability as part of the revenue recognition process. This assessment includes a number of factors such as an evaluation of the creditworthiness of the customer, past payment history, and current economic conditions. If it is determined that collectability cannot be reasonably assured, the Group will decline shipment, request a down payment, or defer recognition of revenue until ultimate collectability is reasonably assured.

Beginning January 1, 2011, the Company adopted Accounting Standard Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements" ("ASU 2009-13") for new and materially modified deals originating after January 1, 2011. The new standard changed the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable to be based on the relative selling price.

For fiscal 2011 and future periods, pursuant to the guidance of ASU 2009-13, when a sales arrangement contains multiple elements, such as 3D printings systems, including license, consumables, installation and services, The Group allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its VSOE, if available, third party evidence ("TPE") if VSOE is not available, or best estimate of the selling price ("ESP") if neither VSOE nor TPE is available.

The Group establishes VSOE of selling price using the price charged for a deliverable when sold separately. The best estimate of selling price is established considering internal factors such as margin objectives and pricing. The adoption of these new standards did not have a material impact on the Company's financial statements.

s. Product warranty

A small number of the Group's systems are covered by a warranty with a three month period from the date of sale to a certain distributor. A liability is recorded for future warranty costs in the same period in which related revenue is recognized. The liability is based on anticipated parts and labor costs utilizing historical experience. The Group periodically assesses the adequacy of the warranty reserves based on changes in these factors and records any necessary adjustments if actual experience indicates that adjustments are necessary. Future claims experience could be materially different from prior results because of the introduction of new, more complex products, a change in the warranty policy in response to industry trends, competition or other external forces, or manufacturing changes that could impact product quality. In the event that the Group determines that its current or future product repair and replacement costs exceed estimates, an adjustment to these reserves would be charged to

earnings in the period such a determination is made. Product warranty is included in accrued expenses.

t. Research and development costs

Research and development expenses are charged to income as incurred.

u. Advertising expenses

Advertising expenses are charged to income as incurred. Advertising expenses for the years ended December 31, 2009, 2010 and 2011 were \$1,431, \$1,365 and \$2,470, respectively, and were included in selling and marketing expenses.

v. Income taxes

Deferred taxes are determined utilizing the "asset and liability" method based on the estimated future tax effects of temporary differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws, and on effective tax rates in effect when the deferred taxes are expected to be paid or realized. Valuation allowance is provided if, based upon the weight of available evidence, it is "more likely than not" that a portion of the deferred tax assets will not be realized.

Deferred tax liabilities and assets are classified as current or non-current based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences where appropriate.

Deferred tax has not been provided on the following items:

- (1) Taxes that would apply in the event of disposal of investments in foreign subsidiaries, as it is generally the Group's intention to hold these investments, not to realize them.
- (2) Amounts of tax-exempt income generated from the Group's current approved enterprises (see note 10b) as the Group intends to permanently reinvest these profits and does not intend to distribute dividends from such income. If these dividends were to be paid, the Company would have to pay additional taxes at a rate up to 10% on the distribution, and the amount would be recorded as an income tax expense in the period the dividend is declared.
- (3) Dividends distributable from the income of foreign companies in the Group, as the Group does not expect these companies to distribute dividends in the foreseeable future. If these dividends were to be paid, the Group would have to pay additional taxes at a rate of up to 25% on the distribution, and the amount would be recorded as an income tax expense in the period the dividend is declared.

w. Concentration of credit risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables and marketable securities. The majority of the Group's cash and cash equivalents and marketable securities are invested in dollar and Euro instruments with major banks in Israel. Management believes that the credit risk with respect to the financial institutions that hold the Group's investments is low. The Company's marketable securities consist of corporate bonds.

x. Earnings per share attributable to ordinary shareholders

Basic earnings per share are computed on the basis of the weighted average number of ordinary shares outstanding during the period. As described in note 8, in the event of distribution of dividends the preferred shareholders are entitled to receive an amount per share equal to the applicable original issue price of such shares. The holders of the preferred shares own the majority of the voting rights. Therefore, in computing earnings per share, the participation allocated to such preferred shares out of earnings is up to such cumulative amount.

Weighted average number of convertible preferred shares of 132,989 for the year ended December 31, 2009 and 130,993 for the years ended December 31, 2010 and 2011, are not included in the computation of diluted earnings per share, since their assumed conversion has an anti-dilutive effect. Stock options are not included in the computation of diluted earnings per share, since as described in note 1(q) above, they are exercisable only in the occurrence of a liquidity event.

The following table presents the computations of basic and diluted earnings per share for the years ended December 31, 2009, 2010 and 2011:

	Year ended December 31,		
	2009	2010	2011
	(U.S dollars in thousands, except per share data)		
Numerator:			
Net income as reported	\$7,605	\$10,361	\$14,694
Deduct: Participation of convertible preferred shares	7,605	10,361	14,481
Net income per share attributable to ordinary shareholders	\$0	\$0	\$213
Denominator:			
Weighted average number of ordinary shares outstanding	3,237	3,237	3,237
Basic and diluted net income per share	\$0	\$0	\$0.07

y. Fair value measurement

The Group measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2—Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3—Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

z. Recently issued accounting standards

1) In June 2011, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update No. 2011-05 ("ASU 2011-05") which amended the comprehensive income presentation guidance. The amendment requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. The guidance is effective for interim and annual periods beginning after December 15, 2011. The Company is currently evaluating the potential impact of ASU 2011-05 on its financial statements.

2) In May 2011, the FASB issued Accounting Standards Update No. 2011-04 ("ASU 2011-04") for Fair Value Measurements and Disclosures (Topic 820). The amendment clarifies the existing guidance and adds new disclosure requirements. The guidance is effective for interim and annual periods beginning after December 15, 2011. The Company is currently evaluating the potential impact of ASU 2011-04 on its financial statement.

Note 2—Financial instruments and risk management

a. During the years ended December 31, 2010 and 2011, the Company entered into a series of short-term foreign currency forward contracts to manage risk exposures related to foreign currency forecasted cash flow.

Starting in November 2011, the Company implemented hedge accounting to limit its exposure to variability in exchange rates between the U.S dollar (the "USD") and the New Israeli Shekel ("NIS") and to hedge probable cash flow exposure from expected future payroll and payroll related expenses, given that such expenses are incurred by the Company in NIS but translated to USD for purposes of the Group's consolidated statement of income.

The Company's derivatives outstanding as of December 31, 2011 were short-term in nature and generally had maturities of no longer than twelve months, although several contracts extended beyond twelve months, settling through January 2013.

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The following table summarizes the Company's classification of gains and losses on matured and outstanding derivative instruments for the year ended December 31, 2011:

Type of Derivative	December 31, 2011		
	Recognize in Other Comprehensive Income (loss)	Reclassified from Accumulated Other Comprehensive Income (loss) into operating expense in the statement of income	Loss from matured and outstanding foreign exchange forward recognized in Finance income (expense), net
Foreign exchange forward not designated as hedging instruments	—	—	\$(1,185)
Foreign exchange forward designated as hedging instruments	\$(115)	\$(3)	—
Total	\$(115)	\$(3)	\$(1,185)

Total accumulated other comprehensive income (loss) related to cash flow hedging amounted to \$(115) as of December 31, 2011. Out of that amount, amount of \$ (110) and \$ (5) will be reclassified to operating expense in the consolidated statement of income during the years ended December 31, 2012 and 2013, respectively.

b. Fair value financial instruments:

The following table presents the Group's assets and liabilities that are measured at fair value on a recurring basis, segregated by classes:

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities—Available for sale*	\$10,958			\$10,958
Foreign exchange forward contracts not designated as hedging instrument **		187		187
Liabilities:				
Foreign exchange forward contracts not designated as hedging instrument **		\$145		\$145

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities—Available for sale*	\$988			\$988
Foreign exchange forward contracts not designated as hedging instrument **		2,535		2,535
Liabilities:				
Foreign exchange forward contracts not designated as hedging instrument **		2,776		2,776
Foreign exchange forward contract designated as hedging instrument **		\$115		\$115

* Marketable securities consist mainly of debt securities classified as available-for-sale and are recorded at fair value. The fair value of quoted securities is based on current market value (Level 1 input); as of December 31, 2010 and 2011, the Company has no Level 3 securities).

** Level 2 are derivatives which are presented as other current liabilities and other receivables primarily represent foreign currency contracts which are valued primarily based on observable inputs, including interest rate curves and both forward and spot prices for currencies.

The financial instruments consist mainly of cash and cash equivalents, restricted deposits, marketable securities, current and non-current receivables, accounts payable and accruals. The fair value of the financial instruments included in working capital and non-current receivables approximates their carrying values.

c. Derivative instruments

Foreign exchange forward contracts in effect as of December 31, 2010 were for the conversion of:

Derivatives not designated as hedging instruments:

Euros 18,000 into NIS 85,052
U.S. dollars 10,000 into NIS 36,215

The terms of all of these currency derivatives are less than one year.

Foreign exchange forward contracts in effect as of December 31, 2011 were for the conversion of:

Derivatives not designated as hedging instruments:

Euros 21,000 into NIS 29,633
NIS 62,320 into U.S. dollars 16,400
U.S. dollars 36,000 into NIS 127,230

Derivatives designated as hedging instruments:

U.S. dollars 20,450 into NIS 77,730

Note 3—Marketable securities

At December 31, 2010 and 2011, the fair value, cost and gross unrealized holding gains of the corporate bonds owned by the Company were as follows:

	Fair value	Cost after amortization of premium and discount	Gross unrealized holding gains
December 31, 2010	\$10,958	\$10,778	\$180
December 31, 2011	\$988	\$984	\$4

The contractual maturities of debt securities are less than one year.

Note 4—Inventory

Inventory consisted of the following:

	December 31,	
	2010	2011
Raw materials	\$6,289	\$10,867
Work-in-process	1,255	367
Finished goods	8,023	14,739
Total	\$15,567	\$25,973

The following table summarizes the change of the Reserve for excess and obsolete inventory:

	Reserve for excess and obsolete inventory
Balance, January 1, 2009	\$519
Additions charged to operations	0
Deductions from reserves, net	(191)
Balance, December 31, 2009	328
Additions charged to operations	167
Deductions from reserves, net	0
Balance, December 31, 2010	495
Additions charged to operations	104
Deductions from reserves, net	0
Balance, December 31, 2011	\$599

Note 5—Property, plant and equipment

Property, plant and equipment, net, consisted of the following:

	December 31,	
	2010	2011
Computers and electronic equipment	\$5,688	\$7,188
Office furniture and equipment	1,394	1,471
Machinery and equipment	3,900	4,924
Leasehold improvements	1,481	1,602
Land	728	728
Buildings	3,371	4,591
Total property, plant and equipment	16,562	20,504
Less: accumulated depreciation and amortization	(6,434)	(8,786)
Total property, plant and equipment, net	\$10,128	\$11,718

Depreciation expenses totaled \$1,485, \$2,019 and \$2,579 for the years ended December 31, 2009, 2010 and 2011, respectively.

Note 6—Employee rights upon retirement

The Company is required to make severance payments upon dismissal of an employee or upon termination of employment in certain circumstances. The severance payment liability to employees (based upon length of service and the latest monthly salary—one month's salary for each year employed) is recorded on the Company's balance sheets under "Employee rights upon retirement." The liability is recorded as if it were payable at each balance sheet date on an undiscounted basis.

The liability is funded in part from the purchase of insurance policies or by the establishment of pension funds with dedicated deposits in the funds. The amounts used to fund these liabilities are included in the balance sheets under "Amount funded in respect of employee rights upon retirement." These policies are the Company's assets. However, under employment agreements and subject to certain limitations, any policy may be transferred to the ownership of the individual employee for whose benefit the funds were deposited. In the years ended December 31, 2009, 2010 and 2011, the Company deposited \$557, \$899 and \$379, respectively, with insurance companies in connection with its severance payment obligations.

In accordance with its current employment agreements with certain employees, the Company makes regular deposits with certain insurance companies for accounts controlled by each applicable employee in order to secure the employee's rights upon retirement. The Company is fully relieved from any severance pay liability with respect to each such employee after it makes the payments on behalf of the employee. The liability accrued in respect of these employees and the amounts funded, as of the respective agreement dates, are not reflected in the Company's balance sheets, as the amounts funded are not under the control and management of the Company and the pension or severance pay risks have been irrevocably transferred to the applicable insurance companies (the "Contribution Plans").

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The amounts of severance payment expenses were \$1,124, \$1,210 and \$1,666 for the years ended December 31, 2009, 2010 and 2011, respectively, of which \$362, \$506 and \$914 in the years ended December 31, 2009, 2010 and 2011, respectively, were in respect of a Contribution Plan.

Gain (loss) on amounts funded in respect of employee rights upon retirement totaled \$86, \$94 and \$(130) for the years ended December 31, 2009, 2010 and 2011, respectively.

The Company expects to contribute approximately \$1,111 in the year ending December 31, 2012 to insurance companies in connection with its severance liabilities for its operations for that year, \$756 of which will be contributed to one or more Contribution Plans.

The Company expects to pay \$749 in future benefits to its employees from 2012 to 2021 upon their normal retirement age. The amounts of such future benefits were determined based on the employees' current salary rates and the number of service years that will be accumulated upon their retirement. These amounts do not include amounts that might be paid to employees that will cease working for the Company before their normal retirement age.

	(U.S. dollars in thousands)
2012	72
2013	—
2014	—
2015	40
2016	—
Thereafter (through 2021)	637

Note 7—Commitments and contingent liabilities

a. Commitments

1) Lease agreements

As of December 31, 2011, minimum future rentals under operating leases of buildings for periods in excess of one year were as follows: 2012-\$1,720; 2013-\$1,634; 2014-\$1,553; 2015-\$1,513; 2016-\$1,300.

The rental payments for the premises in Israel are payable in Israeli currency linked to the Israeli consumer price index (the Israeli "CPI"). The lease rental expense in the years ended December 31, 2009, 2010 and 2011 was \$1,811, \$1,925 and \$2,161, respectively.

2) Royalty commitments

Until the first quarter of 2011, the Company was committed to pay royalties of 4.25% on sales of consumables to one of its suppliers, as defined in the agreement between the parties. Starting in the second quarter of 2011, the royalty rate was revised to 4%, and will decrease further under agreement to 3.5% for 2012 and to 3% for 2013 and thereafter.

b. Contingent liabilities:

1) In May 2004, a former employee of the Company sued the Company and one of its directors demanding that the Company issue to him an option to purchase 1.75% of its outstanding shares and compensate him in an amount equal to NIS 315 (approximately \$ 82, based on the exchange rate as of December 31, 2011). The cause of action is an alleged breach of certain undertakings made by the Company to the former employee. Additionally, he claimed that the Company failed to pay his salary and certain social benefits with a respect to a certain period of time. The Company has filed a statement of defense in which it denied any wrongdoing in this action. In May 2011, the court ruled in favor of the Company, denying all of the former employee's claims. The former employee appealed the decision to the Israeli national labor court, where the proceedings currently await submission by the former employee of his main arguments and the court's ruling on the former employee's motion to amend his appeal. Management estimates and provisions have not materially changed as a result of this development.

The Company recorded a provision in 2008 for probable losses (an immaterial amount mainly for expected legal expenses), which are reasonably estimable, arising from this claim, as estimated by management.

It is reasonably possible that the loss arising from this claim will be greater than the amount accrued, up to the entire amount claimed.

2) In October 2007, a former supplier of the Company brought an action against the Company and the former directors of its European subsidiary (one of whom is a current director of the Company) in a Brussels commercial court, claiming damages of 566 Euros (approximately \$726, based on the exchange rate as of December 31, 2011), plus interest and related legal and litigation costs. On April 26, 2010, the court ordered the Company and the subsidiary's former directors jointly and severally liable for the full amount claimed. The Company and its subsidiary's former directors filed an appeal against the judgment in May 2010, with respect to which the final judgment is not expected to be handed down before the end of 2012. In keeping with required procedure related to the litigation, in July 2011, the Company deposited the full amount of the original judgment in favor of the former supplier, plus interest and litigation costs in the total amount of 690 Euros (approximately \$885, based on the exchange rate as of December 31, 2011) into a blocked state owned account in the company's name, to be held pending the outcome of our appeal. Management estimates and provisions have not materially changed as a result of this development.

The Company recorded a provision in 2007 and 2008 for probable losses, which are reasonably estimable, arising from this claim, as estimated by management.

Management believes that there is no material exposure to loss in excess of the amount accrued.

3) In December 2008, another employee, whose employment with the Company has since been terminated, filed a claim against the Company demanding that, based on an alleged undertaking the Company had made, the Company issue him an option that would allow him to maintain an equity interest of 1.45% in the Company, as well as reimburse salary reductions he had suffered in an aggregate sum of NIS 552 (approximately \$144 based on the exchange rate as of December 31, 2011). In July 2009, the Company filed its statement of defense,

rejecting the allegations raised by the former employee. Together with the former employee, the Company initiated mediation of the dispute, but did not reach any settlement on the matter. In January 2011, the former employee demanded, in addition to his initial pleading, to seek an additional NIS 441 (approximately \$115 based on the exchange rate as of December 31, 2011) on account of alleged wrongful termination by the company. The action is currently ongoing and is being litigated in an Israeli labor court. Management estimates and provisions have not materially changed as a result of this development.

The Company recorded a provision in 2008 for probable losses, which are reasonably estimable, arising from this claim, as estimated by management.

It is reasonably possible that the loss arising from this claim will be greater than the amount accrued, up to the entire amount claimed.

4) In April 2011, a former employee of the Company filed a statement of claim against the Company in an Israeli labor court, claiming monetary compensation in the amount of NIS 813 (approx. \$213, based on the exchange rate as of December 31, 2011) and 30,000 options to purchase the Company's ordinary shares at an exercise price of \$0.254 per share, which he claims were originally promised to him under his employment agreement with the Company, entered into in the year 2000, and which he claims should be exercisable until the end of a 3 year period commencing on the later of the date on which they are to be granted to him or the date of an liquidity event. The Company submitted its statement of defense to this claim on June 15, 2011 and the Company and the plaintiff are scheduled to submit affidavits. Evidentiary hearings have been scheduled for March and May 2013. Management does not believe that this claim can result in a material loss to the Company.

It is reasonably possible that the loss arising from this contingency will be greater than the amount accrued, up to the entire amount claimed.

5) In August 2011, the Company filed an appeal to a municipal tax assessment received earlier in 2011, from the municipality of Rehovot, Israel, where the Company's headquarters are located. The assessment was for a total amount of NIS 1,671 (approximately \$437, based on the exchange rate as of December 31, 2011) for the Company's facilities, for the year 2011, as well as retroactively covering the period from 2005 through 2010. The Company's administrative petition to the court for municipal matters challenges the legality of the change in the municipality taxes rate and the retroactive increase. A definitive date for the hearing on the tax appeal at the appeals commission has not yet been set, while the hearing for the administrative petition at the municipal court is set for March 2012. Management does not believe that this claim can result in a material loss to the Company.

It is reasonably possible that the loss arising from this contingency will be greater than the amount accrued, up to the entire amount claimed.

Note 8—Convertible preferred shares

The Company's preferred shares confer upon their holders all of the rights conferred by the Company's ordinary shares; in addition, each preferred share has the rights and preferences outlined below:

Conversion

Each preferred share is convertible, at any time, at its holder's discretion, into one fully paid and non-assessable ordinary share. The preferred shares shall be automatically converted into ordinary shares upon the earliest to occur of the following: (i) if the holders of at least 66% (sixty-six percent) of the issued and outstanding preferred shares so agree; (ii) upon the sale of more than 66% (sixty-six percent) of the issued and outstanding share capital of the Company to a third party, upon the request of that third party; (iii) upon the consummation of an initial public offering; or (iv) for preferred shares held by each preferred shareholder, upon distribution of the full preference amount to which such preferred shareholder is entitled under the Company's articles of association.

Dividends

In the event of distribution of dividends, the holders of the preferred shares shall be entitled to receive in preference to the holders of the ordinary shares, on a one-time basis, an amount per share equal to the applicable original issue price of such share (i.e., the price at which such share was purchased), and shall furthermore participate in any remaining dividends on a pro rata basis with the holders of the ordinary shares. As of December 31, 2011 no dividends were declared or distributed to any shareholders.

Liquidation preferences

In the event of any liquidation, dissolution or winding up, bankruptcy or insolvency proceedings by or against the Company, or upon payment of any dividends by the Company, whether voluntary or involuntary, or in the event of a Deemed Liquidation (as defined in the Company's articles of association), the holders of the preferred shares shall be entitled to receive, on a one-time basis, prior to and in preference to all other equity holders of the Company, upon the distribution of any of the assets or surplus funds of the Company, an amount equal to the applicable original issue price per share, for each preferred share held by them (the "Preference Amount"). In the event that the assets available for distribution are not sufficient to pay the full Preference Amount, the assets shall be distributed pro rata among the holders of preferred shares in proportion to the aggregate Preference Amount that each such holder would otherwise be entitled to receive.

After payment to the holders of the preferred shares of the respective Preference Amounts, the entire remaining assets and funds of the Company legally available for distribution, if any, shall be distributed ratably to the holders of all ordinary shares and preferred shares, in each case in proportion to the nominal value of the shares then held by them.

Voting

Each holder of ordinary shares and preferred shares is entitled to one (1) vote per ordinary share or ordinary share into which such preferred share is convertible at the time of voting.

Balance as of December 31, 2009, 2010 and 2011:

	December 31,		
	2009	2010	2011
	Number of shares		
Authorized:			
Preferred shares of NIS 0.01 par value	250,000	250,000	250,000
Issued and fully paid up:			
Preferred shares of NIS 0.01 par value	130,993	130,993	130,993

The shareholders of the Company, through their prior approval of the Company's articles of association, have in effect approved any requisite reclassification of authorized preferred shares into authorized ordinary shares as may be necessary to enable conversion of the preferred shares. Therefore, the Company is not required to receive an additional shareholder approval to increase the number of authorized ordinary shares for such purpose.

In November 2009, the Company repurchased and subsequently cancelled 2,368 preferred shares from a certain shareholder for a total sum of \$1,500.

Note 9—Equity

a. Ordinary shares:

- 1) Rights attaching to each ordinary share

Each ordinary share is entitled to one vote. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available and when and if declared by the shareholders upon the recommendation of the board of directors, subject to the payment of the Preference Amount to the holders of the outstanding preferred shares.

- 2) Balance as of December 31, 2009, 2010 and 2011:

	December 31,		
	2009	2010	2011
	Number of shares		
Authorized:			
Ordinary shares of NIS 0.01 par value	250,000	250,000	250,000
Issued and fully paid up:			
Ordinary shares of NIS 0.01 par value	3,237	3,237	3,237

- 3) On June 9, 2011 the shareholders adopted a resolution according to which, upon the Company's IPO and upon mandatory conversion of the preferred shares into ordinary shares, the share capital of the Company shall be reclassified such that it shall be divided into two classes of shares—Class A ordinary shares, of a nominal value of NIS 0.01 each (the "Class A ordinary shares"), and Class B ordinary shares, of a nominal value of NIS 0.01 each (the "Class B ordinary shares"). Except as provided below, Class A ordinary shares and Class B ordinary shares shall have the same rights and privileges and be identical in all respects as to all matters.

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At ordinary meetings or extraordinary general meetings of the Company, (i) every holder of a Class A ordinary share, shall have 1 (one) vote in respect of such Class A ordinary share held by him, and (ii) every holder of a Class B ordinary share shall have 5 (five) votes in respect of such Class B ordinary share held by him. Each Class B ordinary share is convertible into one Class A ordinary share, subject to the terms described in the Company's articles of association. All issued and outstanding shares of the Company shall be converted, upon the IPO, into Class B ordinary shares. All options granted up until the IPO shall also be exercisable for Class B ordinary shares.

In addition, the shareholders approved, both on June 9, 2011 and again, with a revised timing for effectiveness, on November 30, 2011, a reverse stock split of all authorized, issued and outstanding shares of the Company (including all authorized, issued and outstanding preferred shares and ordinary shares) at a ratio of 1-for-5, and an accompanying reinstatement of the par value per share to NIS 0.01 (and a related reduction of the authorized share capital), all of which will be effective prior to the effectiveness of the Company's registration statement on Form F-1. Following the effectiveness of the reverse split and reinstatement of par value (and related reduction of authorized share capital), and upon the consummation of the IPO and the accompanying mandatory conversion of all preferred shares into ordinary shares and reclassification of the Company's authorized shares as Class A and Class B ordinary shares (as described above), the authorized share capital of the Company shall be NIS 1,000 and shall be comprised of 67,827 Ordinary A Shares of NIS 0.01 par value each, and 32,173 Ordinary B Shares of NIS 0.01 par value each. All shares and option amounts provided in these financial statements (other than where explicitly stated) do not give retroactive effect to the reverse stock split and the reclassification as described above, since these are linked to the consummation of an IPO (and will occur either prior to the effectiveness of the Company's registration statement on Form F-1 for the IPO, in the case of the reverse stock split, reinstatement of par value and reduction of authorized share capital, or immediately upon the consummation of the IPO, in the case of the mandatory conversion of preferred shares and share reclassification).

b. Stock based compensation:

1) The Company's amended and restated 2004 omnibus stock option and restricted stock incentive plan (the "Amended 2004 Plan") provides for the grant to officers, directors, consultants and other key employees, of options to purchase ordinary and preferred shares, par value NIS 0.01, or to receive restricted stock or other awards pursuant to the Amended 2004 Plan. Each option for an ordinary or preferred share is exercisable for one ordinary or preferred share of the Company. The options vest over a four year period, commencing on the date of grant such that 25% vest after one year and an additional 6.25% vest at the end of each subsequent three-month period over the course of the following 36 months. Most options expire within four to eight years from the date of grant (June 2014). Even after it vests, each option is only exercisable upon consummation of a liquidity event (as defined in the Amended 2004 Plan).

On June 9, 2011, the Company amended the Amended 2004 Plan to provide that any unexercised options previously granted under the plan shall be exercisable until December 31, 2017.

On June 9, 2011 the Company adopted the 2011 Omnibus Stock Option and Restricted Stock Incentive Plan (the "2011 Plan"), which will become effective subject to and upon the consummation of the Company's IPO. The 2011 Plan shall allow the grant of up to 7,500 Class A ordinary shares, to the Group's employees, directors and consultants. The 2011 Plan provides a mechanism for automatic increase of the pool annually.

The value of the equity instruments is calculated under a fair value method of accounting, using the Black-Scholes option-pricing model. As the awards are only exercisable upon the consummation of a liquidity event, the Company treated the awards as performance based awards and given that the performance condition (a liquidity event) was outside of the control of the Company, concluded that such performance condition was not probable. As a result, no share-based compensation expense was recognized as of December 31, 2011.

2) In accordance with the Company's Amended 2004 Plan, as of December 31, 2011, a total of 26,634 options may be awarded to employees, consultants and directors. As of December 31, 2011, 25,795 options (17,862 exercisable for ordinary shares at a weighted average exercise price of \$0.697 and 7,933 exercisable for preferred shares at a weighted average exercise price of \$0.254) were granted and outstanding under the Amended 2004 Plan.

3) The Company granted 1,000 options, exercisable for ordinary shares, to employees who were related parties (directors) in the year ended December 31, 2011, under the Amendment 2004 Plan.

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A summary of the status of the Company's option plans as of December 31, 2009, 2010 and 2011, and changes during the years ended on those dates, is presented below (the number of options represents ordinary shares exercisable in respect thereof).

	Number of options	Weighted average exercise price
Outstanding at January 1, 2009	10,320*	\$0.441
Changes during the period:		
Granted	2,359	\$0.75
Exercised	—	
Forfeited	602	\$0.254
Outstanding at December 31, 2009	12,077	\$0.511
Changes during the period:		
Granted	2,930	\$0.810
Exercised	—	
Forfeited	609	\$0.410
Outstanding at December 31, 2010	14,398	\$0.576
Changes during the period :		
Granted	4,365	\$1.093
Exercised	—	
Forfeited	901	\$0.639
Outstanding at December 31, 2011	17,862	\$0.697

* Excludes 7,933 options exercisable for preferred shares at an exercise price of \$0.254 per share.

The weighted average grant-date fair value of the options granted during 2009, 2010 and 2011, amounted to \$0.28, \$0.5 and \$2.33 per option, respectively. The Company utilized the Black-Scholes option-pricing model to estimate fair value of awards for ordinary shares, utilizing the following assumptions for the respective years (all in weighted averages):

	December 31,		
	2009	2010	2011
Risk-free interest rate	1.38%–2.3%	0.6%–2%	0.7%–1.58%
Expected term of options, in years	3–5.3	3–4	3.3–5.2
Expected annual volatility	60%–68%	60%–75%	63.5%–74%
Expected dividend yield	—	—	—

The expected term of the options is the length of time until the expected date of exercising the options. The Company estimated volatility by considering competitors' historical stock volatility. The risk-free interest rates are based on the U.S. Treasury yields for a period consistent with the expected term. Additionally, the Company expects no dividends to be paid. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in determining the estimated fair value of the Company's stock options granted in the years ended December 31, 2009, 2010 and 2011. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

Assuming that a liquidity event rendering the options exercisable would have occurred on December 31, 2011, the Company would have recorded \$10,902 of stock-based compensation in the year then ended. Remaining stock-based compensation of \$5,410 would have been recorded in future periods based on the options granted at December 31, 2011.

Note 10—Income taxes

a. Basis of taxation:

Tax rates:

1) The income of the Company (other than income from "approved enterprises", see b. below) is taxed at regular rates; the regular corporate tax rates in Israel in 2009 and 2010 were 26% and 25%, respectively, and as per the legislation described below, in 2011, it was 24%.

On July 23, 2009, the Israel Economic Efficiency Law (Legislation Amendments for Applying the Economic Plan for 2009 and 2010), 2009 (hereinafter—the 2009 Amendment), became effective, stipulating, among other things, an additional gradual decrease in tax rates in 2011 and thereafter, as follows: 2011-24%, 2012-23%, 2013-22%, 2014-21%, 2015-20% and 2016 and thereafter-18%.

Despite the further gradual decreases in corporate tax rates scheduled under the 2009 Amendment, on December 6, 2011, the Law for Change in the Tax Burden (Legislative Amendments) (Taxes), (2011) was published in the official gazette, under which such previously scheduled further decreases in corporate tax rates were discontinued. Corporate tax rate will increase to 25% as from 2012.

The Company elected to compute its taxable income in accordance with Income Tax Regulations (Rules for Accounting for Foreign Investors Companies and Certain Partnerships and Setting their Taxable Income), 1986. Accordingly, the Company's taxable income or loss is calculated in U.S. dollars. Applying these regulations reduces the effect of foreign exchange rate fluctuations (of the NIS in relation to the U.S. dollar) on the Company's Israeli taxable income.

2) Subsidiaries outside Israel:

Subsidiaries that are incorporated outside of Israel are assessed for tax under the tax laws in their countries of residence. The enacted statutory tax rates applicable to the Company's subsidiaries outside of Israel are as follows:

Company incorporated in the U.S.—tax rate of 35%.
Company incorporated in Germany—tax rate of 27.9%.
Company incorporated in Hong Kong—tax rate of 16.5%.
Company incorporated in China—tax rate of 25%.

b. Tax benefits under the Law for Encouragement of Capital Investments, 1959 (the "Law"):

Various industrial projects of the Company have been granted "Approved Enterprise" and "Privileged Enterprise" status, which provides certain benefits, including tax exemptions for

undistributed income and reduced tax rates. Income not eligible for Approved Enterprise and Privileged Enterprise benefits is taxed at a regular rate, which was 25% in 2010.

The Company is a Foreign Investors Company, or FIC, as defined by the Israeli Investment Law. FICs are entitled to further reductions in the tax rate normally applicable to Approved Enterprises and Privileged Enterprise, depending on the level of foreign ownership. When foreign ownership exceeds 90%, the Approved Enterprise and Privileged Enterprise income is taxable at a tax rate not exceeding 10% for a 10 year period. The Company cannot assure that it will continue to qualify as a FIC in the future or that the benefits described herein will be granted in the future.

In the event of distribution of dividends from the said tax-exempt income, the amount distributed will be subject to corporate tax at the rate ordinarily applicable to the Approved Enterprise's income.

The entitlement to the above benefits is conditional upon the Company's fulfilling the conditions stipulated by the Law and regulations published hereunder. Should the Company fail to meet such requirements in the future, income attributable to its Approved Enterprise and Privileged Enterprise programs could be subject to the statutory Israeli corporate tax rate and the Company could be required to refund a portion of the tax benefits already received with respect to such programs.

The Company does not intend to distribute any amounts of its undistributed tax exempt income as dividends, as it intends to reinvest its tax-exempt income within the Company. Accordingly, no deferred income taxes have been provided on income attributable to the Company's Approved or Privileged Enterprise programs, as the undistributed tax exempt income is essentially permanent in duration.

As of December 31, 2011, tax-exempt income of approximately \$38,994 is attributable to the Company's various Approved and Privileged Enterprise programs. If such tax exempt income is distributed, it would be taxed at the reduced corporate tax rate applicable to such income, and approximately \$3,899 would be incurred as of December 31, 2011.

The Group does not expect that foreign companies in the Group will distribute dividends from their income in the foreseeable future.

The Law was amended as part of the Economic Policy Law for the years 2011-2012, which was passed in the Israeli Parliament on December 27, 2010 (hereafter, the Amendment). The Amendment became effective as of January 1, 2011.

The Amendment sets alternative benefit tracks to the ones currently in place under the provisions of the Law, as follows: an investment grants track designed for enterprises located in national development zone A and two new tax benefits tracks ("Preferred Enterprise" and "Special Preferred Enterprise"), which provide for application of a unified tax rate to all preferred income of the company, as defined in the Law.

The tax rates at Company level, under the amended law:

Years	Development Zone A	Other Areas in Israel
Preferred Enterprise		
2011-2012	10%	15%
2013-2014	7%	12.5%
2015 and thereafter	6%	12%
Special Preferred Enterprise commencing 2011	5%	8%

The benefits granted to the Preferred Enterprises will be unlimited in time, unlike the benefits granted to Special Preferred Enterprises, which will be limited to a period of 10 years. The benefits are granted to companies that qualify under criteria set by the Law; for the most part, those criteria are similar to the criteria that were included in the Law prior to the Amendment.

Under the transitional provisions of the Law, a company will be allowed to continue and enjoy the tax benefits available under the Law prior to its amendment until the end of the period of benefits, as defined in the Law. The Company will be allowed to set the "year of election" no later than tax year 2012, provided that the minimum qualifying investment was made not later than the end of 2012. In each year during the period of benefits, the Company will be able to opt for application of the Amendment, thereby making available to itself the tax rates as above. The Company's opting for application of the Amendment is irrevocable. The Company has not yet opt for the amendment.

c. Tax benefits under the Israeli Law for the Encouragement of Industry (Taxation), 1969:

The Company is an "Industrial Company" as defined by the Israeli Law for the Encouragement of Industry (Taxation), 1969, and, as such, is entitled to certain tax benefits including accelerated depreciation, deduction of public offering expenses in three equal annual installments and amortization of other intangible property rights for tax purposes.

d. Tax assessments:

The Company files income tax returns in various jurisdictions with varying statutes of limitations. The Company has received final tax assessments through tax year 2006. The Company's subsidiaries have not yet been assessed for income tax purposes since their incorporation.

e. Income before income taxes is composed of the following:

	Year ended December 31,		
	2009	2010	2011
In Israel	\$7,470	\$10,046	\$14,966
Subsidiaries outside Israel	1,095	1,726	1,317
	\$8,565	\$11,772	\$16,283

f. Tax expense:

	Year ended December 31,		
	2009	2010	2011
In Israel	\$601	\$895	\$718
Subsidiaries outside Israel	359	516	871
	960	1,411	1,589
Current	511	1,026	1,614
Deferred	449	385	(25)
	\$960	\$1,411	\$1,589

g. Reconciliation of the theoretical tax expenses to actual tax expenses:

	Year ended December 31,		
	2009	2010	2011
Theoretical tax expenses at the statutory rate (26%, 25% and 24% for the years 2009, 2010 and 2011, respectively)	\$2,227	\$2,943	\$3,908
Decrease in taxes resulting from Approved Enterprise and Privileged Enterprise benefits	(1,211)	(1,659)	(2,865)
Different effective tax rates applicable to subsidiaries	(97)	(43)	122
Increase in uncertain tax positions	119	198	376
Permanent differences and others	(78)	(28)	48
	\$960	\$1,411	\$1,589

h. Deferred income taxes:

	December 31,	
	2010	2011
Short-term deferred tax assets—net:		
Allowance for doubtful accounts	\$30	\$30
Provision for vacation	41	50
Unrealized holding gains on available for sale marketable securities	(12)	—
	59	80
Long-term deferred tax assets—net:		
Provisions for employee rights	72	88
	72	88
	\$131	\$168

The deferred income taxes are reflected in the balance sheets among:

	December 31,	
	2010	2011
Current assets—deferred income taxes	\$71	\$80
Current liabilities—other current liabilities	12	—
Non-current assets—deferred income taxes	\$72	\$88

i. Uncertain tax positions:

The following table summarizes changes related to our unrecognized tax benefits:

	Year ended December 31,		
	2009	2010	2011
Balance at the beginning of the year	\$282	\$401	\$599
Increase related to current period tax positions	119	198	376
Balance at the end of the period	\$401	\$599	\$975

Unrecognized tax benefits, mainly of a long-term nature, at December 31, 2009, 2010 and 2011, amounted to \$401, \$599 and \$975, respectively, and included accrued potential penalties and interest of \$47, \$50 and \$55, respectively. All of the above amounts of unrecognized tax benefits would affect the effective tax rate if recognized. The Group does not expect unrecognized tax benefits to change significantly over the next 12 months.

Note 11—Financial income (expenses)—net

	Year ended December 31,		
	2009	2010	2011
Bank charges	\$(96)	\$(345)	\$(350)
Interest income	357	380	356
Gain (loss) on sale of marketable securities	(667)	138	—
Net amortization of discount related to marketable securities	153	211	206
Forward Contract Income (loss)—net	—	42	(1,185)
Foreign exchange gain (losses)—net	485	(791)	(255)
Total financial income (expenses)	\$232	\$(365)	\$(1,228)

Note 12—Entity-wide disclosure

a. Net revenue—by geographic area were as follows:

	Year ended December 31,		
	2009	2010	2011
North America	\$28,291	\$36,859	\$52,558
Europe	25,103	29,846	40,173
Far East	11,636	16,149	23,354
Other	2,500	5,024	5,011
	\$67,530	\$87,878	\$121,096

b. Property, plant and equipment—by geographical location were as follows:

	December 31,		
	2009	2010	2011
Israel	\$8,984	\$9,570	\$10,959
North America	119	168	234
Europe	114	150	177
Far East	129	240	348
	\$9,346	\$10,128	\$11,718

c. Major customers

No single customer accounted for 10% or more of Group's total net revenue in any fiscal year presented.

Note 13—Related parties

- The Company recorded consulting and other fees to directors of \$840, \$637 and \$857 for the years ended December 31, 2009, 2010 and 2011, respectively, which are included in general and administrative expenses.
- See Note 8 for information related to the repurchase of preferred shares from related parties.
- See Note 9(b) for information related to options and stock awards to related parties.

Note 14—Supplementary financial statement information

a. Accounts receivable—other:

	December 31,	
	2010	2011
Advances to suppliers	\$351	\$904
Government institutions	972	2,761
Foreign exchange forward contracts	187	2,535
Escrow account	—	885
Other	280	268
	<u>\$1,790</u>	<u>\$7,353</u>

b. Other current liabilities:

	December 31,	
	2010	2011
Employees and employees institutions	\$4,407	\$6,020
Taxes payable	760	1,209
Advances from customers	767	588
Deferred tax	12	—
Related Parties	635	997
Foreign exchange forward contracts	145	2,891
Other	13	32
	<u>\$6,739</u>	<u>\$11,737</u>

Note 15—Subsequent events

On January 1, 2012, the board of directors of Objet adopted the following resolutions:

1. Approval of the grant by the Company, subject to the terms and conditions of the Company's 2004 Plan, of options to purchase 1,485 of the Company's Ordinary Shares, NIS 0.01 per share, at an exercise price per share of \$1.8 subject to four year vesting.
2. Amendment of the Amended 2004 Plan to increase the number of shares reserved for issuance upon exercise of options granted under such plan to 27,700 representing an increase of 1,066.

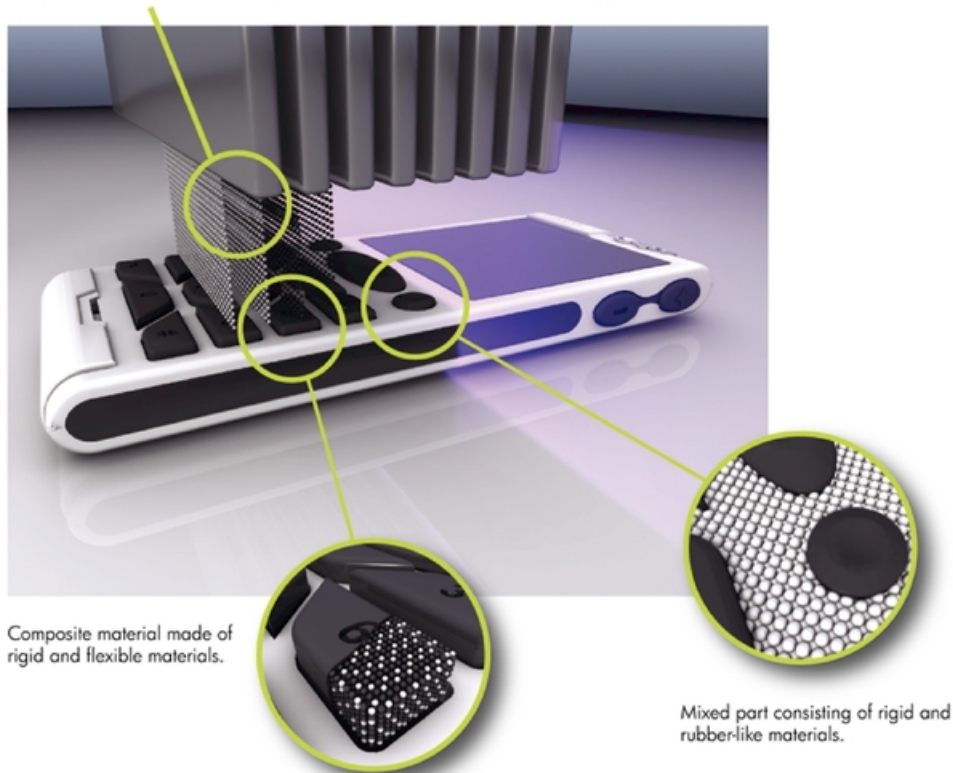
Objet PolyJet and PolyJet Matrix Technology:

Objet's PolyJet™ inkjet technology works by jetting photopolymer materials in ultra-thin layers (16μ) onto a build tray, layer by layer until the part is completed. The intuitive Objet Studio™ software manages the process.

Each photopolymer layer is cured by UV light after it is jetted, producing fully cured models that can be handled and used, without post-curing.

Our PolyJet Matrix™ technology is the only available technology that enables users to jet two materials simultaneously thereby enabling users, in a single build process, to print parts made of two materials that each retain their distinct mechanical and physical properties. For example, users can print objects with both rigid and flexible portions in a single build. Objet PolyJet Matrix technology also enables on-demand mixing of a variety of Objet resins to create a wide range of pre-defined Digital Materials, which are composite materials with modified physical or mechanical properties.

2 model materials and 1 support material jetted simultaneously.
Materials are cured by UV light.



Class A ordinary shares



Objet Ltd.

Prospectus

, 2012

Part II

Information not required in prospectus

Item 6. Indemnification of directors, officers and employees

An Israeli company may indemnify an office holder in respect of certain liabilities either in advance of an event or following an event provided that a provision authorizing such indemnification is inserted in its articles of association. Our amended and restated articles of association contain such a provision. An undertaking provided in advance by an Israeli company to indemnify an office holder with respect to a financial liability imposed on him or her in favor of another person pursuant to a judgment, settlement or arbitrator's award approved by a court must be limited to events which in the opinion of the board of directors can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or a criteria determined by the board of directors as reasonable under the circumstances, and such undertaking must detail the abovementioned events and amount or criteria.

In addition, a company may indemnify an office holder against the following liabilities incurred for acts performed as an office holder:

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for a crime that does not require proof of criminal intent.

An Israeli company may insure a director or officer against the following liabilities incurred for acts performed as a director or officer:

- a breach of duty of care to the company or to a third party, including a breach arising out of the negligent conduct of an office holder;
- a breach of duty of loyalty to the company, provided the director or officer acted in good faith and had a reasonable basis to believe that the act would not prejudice the interests of the company; and
- financial liabilities imposed on the office holder for the benefit of a third party.

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An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine levied against the office holder.

Under the Israeli Companies Law, indemnification and insurance of office holders must be approved by our audit committee and our Board of Directors and, in respect of our directors, by our shareholders. Our directors and officers are currently covered by a directors and officers' liability insurance policy with respect to specified claims. To date, no claims for liability have been filed under this policy. The extent of the coverage under this policy will be expanded prior to the consummation of this offering, in light of the greater exposure to which our directors and officers will be subject once we are a public company listed in the United States. In addition, prior to the consummation of this offering, we intend to enter into indemnification agreements with each of our directors and officers and the directors and officers of our subsidiaries providing them with indemnification for liabilities or expenses incurred as a result of acts performed by them in their capacity as our, or our subsidiaries', directors and officers. This indemnification is limited both in terms of amount and coverage. In the opinion of the SEC, however, indemnification of directors and office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable.

Item 7. Recent sales of unregistered securities

Set forth below are the sales of all securities of the registrant sold by the registrant within the past three years (i.e., since the start of 2009, up to the date of this registration statement) which were not registered under the Securities Act:

- We granted share options to employees, directors and consultants under our Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan covering an aggregate of 16,136,500 ordinary shares, with exercise prices ranging from \$0.254 to \$1.80 per share. As of the date of this registration statement, 2,317,376 of these options have been forfeited and cancelled without being exercised.

We claimed exemption from registration under the Securities Act for the option grants described above under Regulation S under the Securities Act or under Rule 701 of the Securities Act as transactions pursuant to written compensatory plans or pursuant to a written contract relating to compensation.

No underwriters were employed in connection with the securities issuances set forth in this Item 7.

Item 8. Exhibits and financial statement schedules

(a) Exhibits

Exhibit no.	Description of exhibit
1.1	Form of Underwriting Agreement by and among Objet Ltd. and the underwriters named therein*
3.1	Amended and Restated Articles of Association of Objet Ltd., to be effective upon completion of this offering#
3.2	Memorandum of Association of Objet Ltd.*
4.1	Specimen Class A ordinary share certificate#
4.2	Specimen Class B ordinary share certificate#
5.1	Opinion of Meitar Liquornik Geva & Leshem Brandwein as to the validity of the Class A ordinary shares (including consent)#
8.1	Tax opinion of Cooley LLP#
10.1	Objet Ltd. (formerly known as Objet Geometries Ltd.) Amended and Restated 2004 Omnibus Stock Option and Restricted Stock Incentive Plan*
10.2	Objet Ltd. 2011 Omnibus Stock Option and Restricted Stock Incentive Plan*
10.3	Form of indemnification agreement by and between Objet Ltd. and each of its directors and executive officers*
10.4	Form of registration rights agreement to be entered into by and between Objet Ltd. and each of its shareholders prior to the offering*
10.5	Employment Agreement, dated September 15, 2008, by and between Objet Ltd. (formerly known as Objet Geometries Ltd.) and David Reis*
10.6	Employment Agreement, dated June 27, 2011, by and between Objet Ltd. and Ilan Levin*
10.7	OEM Purchase and License Agreement, effective as of May 5, 2011, by and between Objet Ltd. (formerly known as Objet Geometries Ltd.) and Ricoh Printing Systems America, Inc.*†
21.1	List of subsidiaries*
23.1	Consent of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm*
23.2	Consent of Meitar Liquornik Geva & Leshem Brandwein (contained in Exhibit 5.1)#
23.3	Consent of Cooley LLP (contained in Exhibit 8.2)#
23.4	Consent of Wohlers Associates, Inc.*
24.1	Power of Attorney (included in signature pages of Registration Statement)*
99.1	Consent of Neri Oxman, nominee for director*
99.2	Consent of Adina Shorr, nominee for director*
99.3	Consent of Eyal Desheh, nominee for director*
99.4	Consent of Dov Ofer, nominee for director*

* Filed herewith.

To be filed by amendment.

† Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a confidential treatment request.

(b) Financial Statement Schedules

All financial statement schedules have been omitted because either they are not required, are not applicable or the information required therein is otherwise set forth in the Registrant's consolidated financial statements and related notes thereto.

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the several underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the several underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 hereof, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the

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securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) The undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(5) To provide the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(6) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(7) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rehovot, State of Israel on this 22nd day of March, 2012.

OBJET LTD.

By: /s/ DAVID REIS

David Reis
Chief Executive Officer

Power of attorney

KNOW ALL MEN BY THESE PRESENTED, that each director and officer of OBJET LTD. whose signature appears below hereby appoints Ilan Levin and Erez Simha, and each of them severally, acting alone and without the other, his/her true and lawful attorney-in-fact with full power of substitution or re-substitution, for such person and in such person's name, place and stead, in any and all capacities, to sign on such person's behalf, individually and in each capacity stated below, any and all amendments, including post-effective amendments to this Registration Statement, and to sign any and all additional registration statements relating to the same offering of securities of the Registration Statement that are filed pursuant to Rule 462(b) of the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DAVID REIS</u> David Reis	Chief Executive Officer and Director (principal executive officer)	March 22, 2012
<u>/s/ EREZ SIMHA</u> Erez Simha	Chief Operations Officer and Chief Financial Officer (principal financial officer and principal accounting officer)	March 22, 2012
<u>/s/ ELCHANAN JAGLOM</u> Elchanan Jaglom	Chairman of the Board	March 22, 2012

<u>Name</u>	<u>Title</u>	<u>Date</u>
<div>/s/ ILAN LEVIN</div> <div>Ilan Levin</div>	President and Vice Chairman of the Board	March 22, 2012
<div>/s/ TAL DILIAN</div> <div>Tal Dilian</div>	Director	March 22, 2012

Authorized U.S. Representative:

Objet Inc.

By:

/s/ FRANK MARANGELL

Name: Frank Marangell
Title: President
Date: March 22, 2012

OBJET LTD.

[·] Class A ordinary shares

Underwriting Agreement

[·], 2012

J.P. Morgan Securities LLC
 Goldman, Sachs & Co.
 As Representatives of the
 several Underwriters listed
 in Schedule 1 hereto

c/o J.P. Morgan Securities LLC
 383 Madison Avenue
 New York, New York 10179

c/o Goldman, Sachs & Co.
 200 West Street
 New York, New York 10282

Ladies and Gentlemen:

Objet Ltd., a company organized under the laws of Israel (the “Company”), proposes to issue and sell to the several Underwriters listed in Schedule 1 hereto (the “Underwriters”), for whom you are acting as representatives (the “Representatives”), an aggregate of [·] Class A ordinary shares (the “Underwritten Shares”), par value NIS 0.01, per share, of the Company (the “Ordinary A Shares”). In addition, the Company proposes to issue and sell, at the option of the Underwriters, up to an additional [·] Ordinary A Shares (the “Option Shares”). The Underwritten Shares and the Option Shares are herein referred to as the “Offered Shares”. The Ordinary A Shares and the Class B ordinary shares, par value NIS 0.01 per share, of the Company to be outstanding after giving effect to the sale of the Offered Shares are referred to herein as the “Shares”.

The Company hereby confirms its agreement with the several Underwriters concerning the purchase and sale of the Offered Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Securities Act”), a registration statement (File No. 333-[·]), including a prospectus, relating to the Offered Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness (“Rule 430 Information”), is referred to herein as the “Registration Statement”; and as used herein, the term “Preliminary Prospectus”

means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of its effectiveness that omits Rule 430 Information, and the term “Prospectus” means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Offered Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “Rule 462 Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462 Registration Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex B, the “Pricing Disclosure Package”): a Preliminary Prospectus dated [·], 2011 and each “free-writing prospectus” (as defined pursuant to Rule 405 under the Securities Act) listed on Annex B hereto.

“Applicable Time” means [·] [A/P].M., New York City time, on [·], 2011.

2. Purchase of the Offered Shares by the Underwriters. (a) The Company agrees to issue and sell the Underwritten Shares to the several Underwriters as provided in this Agreement, and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase at a price per share (the “Purchase Price”) of \$[·] from the Company the respective number of Underwritten Shares set forth opposite such Underwriter’s name in Schedule 1 hereto.

In addition, the Company agrees to issue and sell the Option Shares to the several Underwriters as provided in this Agreement, and the Underwriters, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, shall have the option to purchase, severally and not jointly, from the Company the Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared by the Company and payable on the Underwritten Shares but not payable on the Option Shares. If any Option Shares are to be purchased, the number of Option Shares to be purchased by each Underwriter shall be the number of Option Shares which bears the same ratio to the aggregate number of Option Shares being purchased as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule 1 hereto (or such number increased as set forth in Section 10 hereof) bears to the aggregate number of Underwritten Shares being purchased from the Company by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make.

The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Representatives to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless

(b) The Company understands that the Underwriters intend to make a public offering of the Offered Shares as soon after the effectiveness of this Agreement as in the judgment of the Representatives is advisable, and initially to offer the Offered Shares on the terms set forth in the Prospectus. The Company acknowledges and agrees that the Underwriters may offer and sell Offered Shares to or through any affiliate of an Underwriter.

(c) Payment for the Offered Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives, in the case of the Underwritten Shares, at the offices of Davis Polk & Wardwell LLP at 10:00 A.M., New York City time, on [·], 2011, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "Closing Date", and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the "Additional Closing Date".

Payment for the Offered Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Offered Shares to be purchased on such date registered in such names and in such denominations as the Representatives shall request in writing not later than two full business days prior to the Closing Date or the Additional Closing Date, as the case may be, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Company. Delivery of the Offered Shares shall be made through the facilities of The Depository Trust Company ("DTC") unless the Representatives shall otherwise instruct. The certificates for the Offered Shares will be made available for inspection and packaging by the Representatives at the office of DTC or its designated custodian not later than 1:00 P.M., New York City time, on the business day prior to the Closing Date or the Additional Closing Date, as the case may be.

(d) The Company acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Offered Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, neither the Representatives nor any other Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters shall have no responsibility or liability to the Company with respect thereto. Any review by the Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

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3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus.* No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(b) *Pricing Disclosure Package.* The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(c) *Issuer Free Writing Prospectus.* Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, used, authorized, approved or referred to and will not prepare, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Offered Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an "Issuer Free Writing Prospectus") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or (ii) the documents listed on Annex B hereto, each electronic road show and any other written communications approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus (i) does not conflict with the information contained in the Registration Statement, the Preliminary Prospectus, as modified or superseded, or the Prospectus, (ii) complied in all material respects with the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the

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Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(d) *Registration Statement and Prospectus.* The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Offered Shares has been initiated or, to the Company's knowledge, threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply in all material respects with the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(e) *Financial Statements.* The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) applied on a consistent basis throughout the periods covered thereby, except in the case of unaudited financial statements, which are subject to normal year-end adjustments and do not contain footnotes as permitted by the applicable rules of the Commission, and any supporting schedules included in the Registration Statement present fairly in all material

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respects the information required to be stated therein; and the other financial information included in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby.

(f) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any change in the share capital (other than the issuance of ordinary shares upon exercise of options and warrants described as outstanding in, and the grant of options and awards under existing equity incentive plans and any issuance of shares upon the conversion of outstanding preferred shares or the conversion of convertible securities described in, the Registration Statement, the Pricing Disclosure Package and the Prospectus), short-term debt or long-term debt of the Company or any of its subsidiaries, nor has any dividend, bonus share issuance or other distribution of any kind been declared, set aside for payment, paid or made by the Company on any class of shares, nor has any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, shareholders’ equity or results of operations of the Company and its subsidiaries taken as a whole occurred; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(g) *Organization and Good Standing.* The Company and each of its subsidiaries have been duly organized and are validly existing and in good standing (where such concept is recognized in the relevant jurisdiction) under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, management, financial position, shareholders’ equity, results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a “Material Adverse Effect”). The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21.1 to the Registration Statement (or any other entities (if any) not listed therein which, considered in the aggregate, do not constitute a “significant subsidiary,” as defined in Rule 1-02(w) of Regulation S-X).

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(h) *Capitalization.* The Company has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Capitalization”; all the outstanding shares of the Company have been duly and validly authorized and issued, and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any shares of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the share capital of the Company conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable except as otherwise described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(i) *Share Options.* With respect to the share options (the “Share Options”) granted pursuant to the share-based compensation plans of the Company and its subsidiaries (the “Company Share Plans”), (i) each Share Option purported to be issued pursuant to Section 102 of the Income Tax Ordinance [New Version] — 1961 (the “Israel Tax Ordinance”) qualifies for treatment under that section and for treatment under either the capital gains track or the employment income track, as was indicated with respect to each such Share Option at the date that such Share Option was granted, (ii) each Share Option intended to qualify as an “incentive stock option” under Section 422 of the United States Internal Revenue Code of 1986, as amended (the “Code”), so qualifies, (iii) each grant of a Share Option was duly authorized no later than the date on which the grant of such Share Option was by its terms to be effective (the “Grant Date”) by all necessary corporate action including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required shareholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iv) each such grant was made in accordance with the terms of the Company Share Plans and applicable laws and regulatory rules or requirements, and (v) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company.

(j) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

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(k) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(l) *The Offered Shares.* The Offered Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform in all material respects to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Offered Shares is not subject to any preemptive or similar rights under applicable law or the articles of association or memorandum of association of the Company.

(m) [Intentionally omitted]

(n) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its articles or memorandum of association, charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Offered Shares by the Company, and the consummation by the Company of the transactions contemplated by this Agreement will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the articles or memorandum of association, charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect.

(p) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this

Agreement, the issuance and sale of the Offered Shares and the consummation of the transactions contemplated by this Agreement, except for (i) the registration of the Offered Shares under the Securities Act, (ii) the listing for quotation of the Offered Shares on the NASDAQ Global Market ("NASDAQ"), (iii) such consents, approvals, authorizations, orders and registrations or qualifications as may be required by the Financial Industry Regulatory Authority, Inc. ("FINRA") and under applicable state securities laws in connection with the purchase and distribution of the Offered Shares by the Underwriters and (iv) such consents, approvals and authorizations as may be required from the Investment Center of the Israeli Ministry of Industry, Trade and Labor Investment Center with respect to the Company's "Approved Enterprise" program. Subject to the Underwriters' compliance with their obligations under Section 5 hereof, the Company is not required to publish a prospectus under the laws of the State of Israel with respect to the offer and sale of the Offered Shares.

(q) *Legal Proceedings.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its subsidiaries is or, to the knowledge of the Company, may reasonably be expected to become a party or to which any property of the Company or any of its subsidiaries is or may reasonably be expected to become subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; to the knowledge of the Company, no such investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory actions, suits or proceedings that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(r) *Independent Accountants.* Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, who have certified certain financial statements of the Company and its subsidiaries, and Chaikin, Cohen, Rubin & Co. are each an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(s) *Title to Real and Personal Property.* The Company and its subsidiaries have good and marketable title in fee simple (in the case of real property) to, or have valid rights to lease or otherwise use, all items of real and personal property and assets that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except

those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(t) *Title to Intellectual Property.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its subsidiaries own or possess adequate rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) (collectively, "Intellectual Property Rights") necessary for the conduct of the Company's and its subsidiaries' business, taken as a whole, as currently conducted, except where the failure to so own or possess would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus (A) to the Company's knowledge, no third party possesses any right to any of the Intellectual Property Rights owned by the Company or its subsidiaries (other than Intellectual Property Rights licensed by the Company or its subsidiaries in the ordinary course of their respective businesses); (B) there is no infringement, misappropriation, breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, (x) by the Company or its subsidiaries of any of the Intellectual Property Rights of others or (y) to the Company's knowledge, by third parties of any of the Intellectual Property Rights of the Company or its subsidiaries (other than Intellectual Property Rights licensed to the Company or its subsidiaries in the ordinary course of their respective businesses from third parties); (C) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's or any of its subsidiaries' rights in, to or under, or the violation of any of the terms of, any of their Intellectual Property Rights; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property Rights owned by the Company or its subsidiaries; (E) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any of its subsidiaries' infringed, misappropriated or otherwise violated or conflicted with any Intellectual Property Rights or other proprietary rights of others; and (F) none of the Intellectual Property Rights used by the Company or its subsidiaries in their businesses has been obtained or is being used by the Company or its subsidiaries in violation of any contractual obligation binding on the Company or any of its subsidiaries, except in each case covered by clauses (A) — (F) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(u) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, shareholders, customers or suppliers of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in the Registration Statement and the Prospectus and that is not so described in such documents and in the Pricing Disclosure Package.

(v) *Foreign Private Issuer.* The Company is a “foreign private issuer” within the meaning of Rule 405 under the Securities Act.

(w) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Offered Shares and the application of the proceeds thereof received by the Company as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(x) *PFIC Status.* Based on the nature of the Company’s business, the projected composition of its income and the projected composition and estimated fair market values of the Company’s assets, the Company does not expect to be a passive foreign investment company (a “PFIC”) within the meaning of Section 1297 of the Code or the regulations promulgated thereunder in 2011 or a subsequent year.

(y) *Taxes.* The Company and its subsidiaries have paid all Israeli and United States federal, state, local and other foreign taxes, other than those being contested in good faith and for which adequate reserves have been provided, and filed all tax returns, reports and other related information required to be paid or filed through the date hereof; and except as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been, or would reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets, except where the failure to pay or file or where such deficiency would not, individually or in the aggregate, have a Material Adverse Effect.

(z) *Licenses and Permits.* The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate Israeli and United States federal, state, local or other foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, except for any such revocation, modification or failure to renew as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(aa) *No Labor Disputes.* No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries’ principal

suppliers, contractors or customers, except as would not reasonably be expected to have a Material Adverse Effect.

(bb) *Compliance with and Liability under Environmental Laws.* (i) The Company and its subsidiaries (a) are, and at all prior times subsequent to January 1, 2008 were, in compliance with any and all applicable Israeli and United States federal, state, local and other foreign laws, rules, regulations, requirements, decisions, judgments, decrees, orders and the common law relating to pollution or the protection of the environment, natural resources or human health or safety, including those relating to the generation, storage, treatment, use, handling, transportation, Release or threat of Release of Hazardous Materials (collectively, “Environmental Laws”), (b) have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses, (c) have not received notice of any actual or potential liability under or relating to, or actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any Release or threat of Release of Hazardous Materials, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, (d) are not conducting or paying for, in whole or in part, any investigation, remediation or other corrective action pursuant to any Environmental Law at any location, and (e) are not a party to any order, decree or agreement that imposes any obligation or liability under any Environmental Law, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries, except in the case of each of (i) and (ii) above, for any such matter, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) there are no proceedings that are pending, or that are known by the Company to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (b) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws, including the Release or threat of Release of Hazardous Materials, that would reasonably be expected to have a Material Adverse Effect, and (c) none of the Company and its subsidiaries anticipates capital expenditures relating to any Environmental Laws that would be material to the Company and its subsidiaries taken as a whole.

(cc) *Hazardous Materials.* There has been no storage, generation, transportation, use, handling, treatment, Release or threat of Release of Hazardous Materials by, relating to or caused by the Company or any of its subsidiaries (or, to the knowledge of the Company and its subsidiaries, any other entity (including any predecessor) for whose acts or omissions the Company or any of its subsidiaries is or would reasonably be expected to be liable) at, on, under or from any property or facility now or previously owned, operated or leased by the Company or any of its subsidiaries, or, to the knowledge of the Company, at, on, under or from any other property or facility, in violation of any Environmental Laws or in a manner or amount or to a location that would reasonably be expected to result in any liability to the Company or its subsidiaries under any Environmental

Law, except for any violation or liability which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. “Hazardous Materials” means any material, chemical, substance, waste, pollutant, contaminant, compound, mixture, or constituent thereof, in any form or amount, including petroleum (including crude oil or any fraction thereof) and petroleum products, natural gas liquids, asbestos and asbestos containing materials, naturally occurring radioactive materials, brine, and drilling mud, regulated or which can give rise to liability under any Environmental Law. “Release” means any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, or migrating in, into or through the environment, or in, into, from or through any building or structure.

(dd) *Disclosure Controls.* The Company and its subsidiaries maintain an effective system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure.

(ee) *Accounting Controls.* The Company and its subsidiaries maintain systems of “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no material weaknesses in the Company’s internal controls. The Company’s auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and (ii) to the Company’s knowledge, any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting.

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(ff) *Insurance.* The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks the Company reasonably believes are adequate to protect the Company and its subsidiaries in the respective businesses in which they are engaged; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business, except in the case of clauses (i) and (ii) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(gg) *No Unlawful Payments.* Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of Section 291A of the Israeli Penal Law — 1977; (iv) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or (v) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(hh) *Compliance with Money Laundering Laws.* The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the Israeli Prohibition on Money Laundering Law — 2000, the money laundering statutes of all other jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ii) *Compliance with OFAC.* None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”); and the Company will not, directly or indirectly, use the proceeds of the offering of the Offered Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

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(jj) *No Restrictions on Subsidiaries.* No subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary’s capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary’s properties or assets to the Company or any other subsidiary of the Company.

(kk) *No Broker’s Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of its subsidiaries or any Underwriter for a brokerage commission, finder’s fee or like payment in connection with the offering and sale of the Offered Shares.

(ll) *No Registration Rights.* No person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission, the issuance and sale of the Offered Shares by the Company hereunder other than such rights that have been duly and validly waived or complied with.

(mm) *No Stabilization.* The Company has not taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Offered Shares.

(nn) *Margin Rules.* The application of the proceeds received by the Company from the issuance, sale and delivery of the Offered Shares as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus will not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(oo) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(pp) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company’s directors or officers, in their capacities as such, to comply in all material respects with any applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the “Sarbanes-Oxley Act”), applicable as of the effective date of the Registration Statement, including Section 402 related to loans.

(qq) *Status under the Securities Act.* At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Offered Shares and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405 under the Securities

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Act. The Company has paid the registration fee for this offering pursuant to Rule 456(a) under the Securities Act or will pay such fee within the time period required by such rule (without giving effect to the proviso therein) and in any event prior to the Closing Date.

(rr) *No Immunity.* Neither the Company nor any of its subsidiaries organized under the laws of the State of Israel nor any of their properties or assets has any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise) under the laws of the State of Israel.

(ss) *Israeli Tax Benefits.* (i) The Company is in compliance with all conditions and requirements stipulated by the instruments of approval granted to it with respect to an “Approved Enterprise”, “Privileged Enterprise” or “Benefited Enterprise” status of any of the facilities of the Company as well as with respect to the other tax benefits received by the Company as set forth under the caption “Israeli Tax Considerations—Tax Benefits Under the Law for the Encouragement of Capital Investments, 5719-1959” in the Prospectus and by Israeli laws and regulations relating to such “Approved Enterprise”, “Privileged Enterprise” or “Benefited Enterprise” status and the aforementioned other tax benefits received by the Company; (ii) all information supplied by the Company with respect to applications relating to such “Approved Enterprise”, “Privileged Enterprise” or “Benefited Enterprise” status was true, correct and complete when supplied to the appropriate authorities; and (iii) the Company has not received any notice of any proceeding or investigation relating to revocation or modification of any “Approved Enterprise”, “Privileged Enterprise” or “Benefited Enterprise” status granted with respect to any of the Company’s facilities, in each case except for any failure to comply, inaccuracy or notice (as appropriate) that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(tt) *Office of the Chief Scientist.* The Company has repaid in full the principal amount of those funds and grants that it has received from Israel’s Office of the Chief Scientist of the Ministry of Industry, Trade and Labor, together with any interest owed with respect thereto.

4. Further Agreements of the Company. The Company covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement in such quantities as the Representatives may reasonably request.

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(b) *Delivery of Copies.* The Company will deliver, without charge, (i) to the Representatives, four signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith; and (ii) to each Underwriter (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and each Issuer Free Writing Prospectus) as the Representatives may reasonably request. As used herein, the term “Prospectus Delivery Period” means such period of time after the first date of the public offering of the Offered Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Offered Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Offered Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement or the Prospectus, the Company will furnish to the Representatives and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representatives reasonably objects within a reasonable time period.

(d) *Notice to the Representatives.* The Company will advise the Representatives promptly, (i) when the Registration Statement has become effective; (ii) when any amendment to the Registration Statement has been filed with the Commission or becomes effective; (iii) when any supplement to the Prospectus or any Issuer Free Writing Prospectus or any amendment to the Prospectus has been filed with the Commission; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information; (v) of the issuance by the Commission of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or the initiation or, to the knowledge of the Company, threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event within the Prospectus Delivery Period as a result of which the Prospectus, the Pricing Disclosure Package or any Issuer Free Writing Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package or any such Issuer Free Writing Prospectus is delivered to a purchaser, not misleading; and (vii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Offered Shares for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the

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Pricing Disclosure Package or the Prospectus or suspending any such qualification of the Offered Shares and, if any such order is issued, will use its reasonable best efforts to obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance.* (1) If during the Prospectus Delivery Period (i) any event shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law and (2) if at any time prior to the Closing Date (i) any event shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representatives may designate, such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with law.

(f) *Blue Sky Compliance.* The Company will qualify the Offered Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Offered Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earning Statement.* The Company will make generally available to its security holders and the Representatives as soon as practicable an earning statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158) of the Registration Statement.

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(h) *Clear Market.* For a period of 180 days after the date of the Prospectus, the Company will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the Commission a registration statement under the Securities Act relating to, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co., other than (a) the Offered Shares to be sold hereunder, (b) any shares of the Company issued upon the exercise of options granted under Company Share Plans, (c) the grant or issuance by the Company of employee, consultant, or director stock options or restricted stock in the ordinary course of business under Company Share Plans, (d) the issuance of shares in connection with the acquisition by the Company or any of its subsidiaries of the securities, businesses, property or other assets of another person or entity or pursuant to any employee benefit plan assumed by the Company in connection with any such acquisition, (e) the issuance of securities in connection with joint ventures, commercial relationships, or other strategic transactions; provided that (x) in the case of clauses (d) and (e), the aggregate number of shares issued in all such acquisitions and transactions does not exceed 5% of the Company’s outstanding Shares following the offering of the Offered Shares, and (y) prior to any issuance the Company shall cause each recipient of such shares to execute and deliver to J.P. Morgan Securities LLC and Goldman, Sachs & Co. a lock-up agreement substantially in the form of agreement delivered pursuant to Section 8(q) hereof. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions imposed by this Agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

If J.P. Morgan Securities LLC and Goldman, Sachs & Co., in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 6(o) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver, except where the release or waiver is effected solely to permit a transfer of securities that is not for consideration and where the transferee has agreed in writing to be bound by the same lock-up agreement terms in place for the transferor.

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(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Offered Shares as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Use of Proceeds”.

(j) *No Stabilization.* The Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(k) *Exchange Listing.* The Company will use its reasonable best efforts to list for quotation the Offered Shares on NASDAQ.

(l) *Reports.* Until the fifth anniversary of the date hereof, the Company will furnish to the Representatives, as soon as they are available, copies of all reports or other communications (financial or other) furnished to holders of the Offered Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided the Company will be deemed to have furnished such reports and financial statements to the Representatives to the extent they are filed or furnished on the Commission’s Electronic Data Gathering, Analysis, and Retrieval system.

(m) *Record Retention.* The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

(n) *Filings.* The Company will file with the Commission such reports as may be required by Rule 463 under the Securities Act.

5. Certain Agreements of the Underwriters. Each Underwriter hereby represents and agrees that:

(a) It has not used, authorized use of, referred to or participated in the planning for use of, and will not use, authorize use of, refer to or participate in the planning for use of, any “free writing prospectus”, as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex B or prepared pursuant to Section 3(c) or Section 4(c) above (including any electronic road show), or (iii) any free writing prospectus prepared by such underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an “Underwriter Free Writing Prospectus”).

(b) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the Offered Shares unless such terms have previously been included in a free writing prospectus filed with the Commission; provided that Underwriters may use a term sheet substantially in the form

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of Annex C hereto without the consent of the Company; provided further that any Underwriter using such term sheet shall notify the Company, and provide a copy of such term sheet to the Company, prior to, or substantially concurrently with, the first use of such term sheet.

(c) Other than as set forth in this paragraph, it has not offered and will not offer any Offered Shares to offerees in Israel, other than Israeli investors of

the types listed in the First Addendum to the Israeli Securities Law ("Addendum" and such investors, "Institutional Investors"), and only subject to the prior written consent of the Company. The Company acknowledges, understand and agree that Offered Shares may be sold in Israel only by the Underwriters and only to such Institutional Investors and to certain other investors who are not Institutional Investors in such number as shall be exempt from prospectus requirements under the Israeli Securities Law; all of whom are to be specifically identified and approved by the Underwriters, and provided further that as a prerequisite to sale of Offered Shares by the Underwriters to such Israeli investors, each of them shall be required to submit written confirmation to the Underwriters and the Company that such investor (i) falls within the scope of the Addendum; and (ii) is acquiring the Offered Shares being offered to it for investment for its own account or, if applicable, for investment for clients who are institutional investors and in any event not as a nominee, market maker or agent and not with a view to, or for the resale in connection with, any distribution thereof.

(d) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section 4(a) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representatives.

(b) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

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(c) *No Downgrade.* Subsequent to the earlier of (A) the Applicable Time and (B) the execution and delivery of this Agreement, if there are any debt securities or preferred stock of or guaranteed by the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization", as such term is defined by the Commission in Rule 15c3-1(c)(2)(vi)(F) of the Exchange Act, (i) no downgrading shall have occurred in the rating accorded any such debt securities or preferred stock and (ii) no such organization shall have publicly announced that it has under surveillance or review, or has changed its outlook with respect to, its rating of any such debt securities or preferred stock (other than an announcement with positive implications of a possible upgrading).

(d) *No Material Adverse Change.* No event or condition of a type described in Section 3(f) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Offered Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(e) *Officer's Certificate.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, (x) a certificate of the chief financial officer or chief accounting officer of the Company and one additional senior executive officer of the Company who is reasonably satisfactory to the Representatives in their respective capacities as such officers, (i) confirming that such officers have carefully reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations of the Company set forth in Sections 3(b) and 3(d) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs (a), (c) and (d) above.

(f) *Comfort Letters.* On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, Kesselman & Kesselman and Chaikin, Cohen, Rubin & Co. shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided, that the letter delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a "cut-off" date no more than three business days prior to such Closing Date or such Additional Closing Date, as the case may be.

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(g) *Opinion and 10b-5 Statement of Israeli Counsel for the Company.* Meitar Liguornik Geva & Leshem Brandwein, Israeli counsel for the Company, shall have furnished to the Representatives, at the request of the Company, its written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Annex A-1 hereto.

(h) *Opinion and 10b-5 Statement of U.S. Counsel for the Company.* Cooley LLP, U.S. counsel for the Company, shall have furnished to the Representatives, at the request of the Company, its written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Annex A-2 hereto.

(i) *Opinion of Israeli Counsel for the Underwriters.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion of Yigal Arnon & Co. Law Firm, Israeli counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as it may reasonably request to enable it to pass upon such matters.

(j) *Opinion and 10b-5 Statement of U.S. Counsel for the Underwriters.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion and 10b-5 statement of Davis Polk & Wardwell LLP, U.S. counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as it may reasonably request to enable it to pass upon such matters.

(k) *Opinion of Intellectual Property Counsel for the Company.* Each of Ehrlich & Fenster and Pearl Cohen Zedek Latzer, counsel for the Company, shall have furnished to the Representatives, at the request of the Company, its written opinion, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives.

(l) *No Legal Impediment to Issuance and/or Sale.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted,

adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Offered Shares by the Company ; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Offered Shares by the Company.

(m) *Good Standing.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing of the Company and its significant subsidiaries (as defined in Rule 1-02 of Regulation S-X) in their respective jurisdictions of organization (provided such

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concept is recognized in the relevant jurisdiction) and their good standing as foreign entities in such other jurisdictions as the Representatives may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(n) *Exchange Listing.* The Offered Shares to be delivered on the Closing Date or Additional Closing Date, as the case may be, shall have been approved for listing on the NASDAQ, subject to official notice of issuance.

(o) *Lock-up Agreements.* The “lock-up” agreements, each substantially in the form of Exhibit A hereto, between you and certain shareholders, officers and directors of the Company relating to sales and certain other dispositions of Shares or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date or Additional Closing Date, as the case may be.

(p) *Additional Documents.* On or prior to the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

7. Indemnification and Contribution.

(a) *Indemnification of the Underwriters by the Company.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other reasonable expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus, any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly

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for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

(b) *Indemnification of the Company.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus or any Pricing Disclosure Package, it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the third paragraph under the caption “Underwriting”, the information concerning short sales, stabilizing transactions and other information appearing in the thirteenth paragraph under the caption “Underwriting” and the information concerning penalty bids and other information appearing in the fourteenth paragraph under the caption “Underwriting.”

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 7, such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnification may be sought (the “Indemnifying Person”) in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceedings

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in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control persons of

such Underwriter shall be designated in writing by the Representatives, any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in this Section 7 is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters on the other, from the offering of the Offered Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriters on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand, and the Underwriters on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Offered Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Offered Shares. The relative fault of the Company, on the one hand, and the Underwriters on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

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(e) *Limitation on Liability.* The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any reasonable legal fees or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Offered Shares exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7 are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

8. Effectiveness of Agreement. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

9. Termination.

(a) *Termination, General.* This Agreement may be terminated in the absolute discretion of the Representatives, by notice to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange, the American Stock Exchange, The Nasdaq Stock Market, the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States shall have occurred; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside of Israel or the United States, that, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Offered Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

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(b) *Lock-up Agreement Termination.* If this Agreement is terminated, prior to payment for the Underwritten Shares, for any reason, the lock-up agreements referred to in Section 6(o) shall be automatically terminated contemporaneously with the termination hereof.

10. Defaulting Underwriter.

(a) If, on the Closing Date or the Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Offered Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Offered Shares by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the non-defaulting Underwriters do not arrange for the purchase of such Offered Shares, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Offered Shares on such terms. If other persons become obligated or agree to purchase the Offered Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 10, purchases Offered Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Offered Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters, the Company as provided in paragraph (a) above, the aggregate number of Offered Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Offered Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Offered Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Offered Shares that such Underwriter agreed to purchase on such date) of the Offered Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Offered Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters, the Company as provided in paragraph (a) above, the aggregate number of Offered Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Offered Shares to be purchased on such date, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Offered Shares on the Additional Closing Date, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, except that the Company will continue to be liable

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for the payment of expenses as set forth in Section 11 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company or any non-defaulting Underwriter for damages caused by its default.

11. Payment of Expenses

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Offered Shares and any taxes payable by the Company in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (v) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Offered Shares under the state or foreign securities or blue sky laws of such jurisdictions as the Representatives may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the reasonable related fees and expenses of counsel for the Underwriters not to exceed \$5,000); (vi) the cost of preparing stock certificates; (vii) the costs and charges of any transfer agent and any registrar; (viii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA, including without limitation, reasonable fees and expenses of counsel to the Underwriters in connection with clearance of the offering by FINRA not to exceed \$30,000; (ix) all expenses incurred by the Company in connection with any "road show" presentation to potential investors; provided, however, the Underwriters agree with the Company that the Underwriters will reimburse amounts previously paid by the Company for up to fifty percent (50%) of the actual costs and expenses incurred in connection with the use of a private aircraft from one or more charter airplane providers reasonably satisfactory to the Representatives and used in connection with any such "road show" presentation; and (x) all expenses and application fees related to the listing of the Offered Shares on NASDAQ. It is understood, however, that except as provided in this Section 11 and Section 7 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, and all travel, lodging and other expenses of the Underwriters or any of their employees incurred by them in connection with the "road show."

(b) If (i) this Agreement is terminated pursuant to Section 9, (ii) the Company for any reason fails to tender the Offered Shares for delivery to the Underwriters or (iii) the Underwriters decline to purchase the Offered Shares for any reason permitted under this Agreement, the Company agrees to reimburse the Underwriters for all out-of-pocket costs and expenses (including the reasonable fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to in Section 7 hereof. Nothing in this Agreement

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is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Offered Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriters contained in this Agreement or made by or on behalf of the Company or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Offered Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Underwriters.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act; (b) the term "business day" means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act.

15. Miscellaneous

(a) Authority of J.P. Morgan Securities LLC and Goldman, Sachs & Co. Any action by the Underwriters hereunder may be taken by J.P. Morgan Securities LLC and Goldman, Sachs & Co. on behalf of the Underwriters, and any such action taken by J.P. Morgan Securities LLC and Goldman, Sachs & Co. shall be binding upon the Underwriters.

(b) Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

(c) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representatives c/o J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention: Equity Syndicate Desk and c/o Goldman, Sachs & Co. and to Goldman, Sachs & Co., 200 West Street, New York, New York 10282, Attention: Registration Department. Notices to the Company shall be given to it at 2 Holtzman Street, Science Park, P.O. Box 2496, Rehovot 76124, Israel, (fax: +972 (8) 931-4315); Attention: Ilan Levin.

(d) Governing Law. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in such state.

(e) Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Company hereby irrevocably designates and appoints Objet Geometries Inc. as the authorized agent of the Company upon whom process may be served in any suit, proceeding or other action against the Company instituted by any Underwriter or by any person controlling an Underwriter

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as to which such Underwriter or any such controlling person is a party and based upon this Agreement, or in any other action against the Company in any federal or state court sitting in the County of New York, arising out of the offering made by the Prospectus or any purchase or sale of Offered Shares in connection therewith. The Company expressly accepts jurisdiction of any such court in respect of any such suit, proceeding or other action and, without limiting other methods of obtaining jurisdiction, expressly submits to nonexclusive personal jurisdiction of any such court in respect of any such suit, proceeding or other action. Such designation and appointment shall be irrevocable, unless and until a successor authorized agent in the County and State of New York reasonably acceptable to the Representatives shall have been appointed by the Company, such successor shall have accepted such appointment and written notice thereof shall have been given to the Underwriters. The Company further agrees that service of process upon their authorized agent or successor shall be deemed in every respect personal service of process upon the Company in any such suit, proceeding or other action. In the event that service of any process or notice of motion or other application to any such court in connection with any such motion in connection with any such action or proceeding cannot be made in the manner described above, such service may be made in the manner set forth in conformance with the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents on Civil and Commercial Matters or any successor convention or treaty. The Company hereby irrevocably waives any objection that it may have or hereafter have to the laying of venue of any such action or proceeding arising out of or based on the Offered Shares, or this Agreement or otherwise relating to the offering, issuance and sale of the Offered Shares in any Federal or state court sitting in the County of New York and hereby further irrevocably waives any claim that any such action or proceeding in any such court has been brought in an inconvenient forum. The Company agrees that any final judgment after exhaustion of all appeals or the expiration of time to appeal in any such action or proceeding arising out of the sale of the Offered Shares or this Agreement rendered by any such Federal court or state court shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Nothing contained in this Agreement shall affect or limit the right of the Underwriters to serve any process or notice of motion or other application in any other manner permitted by law or limit or affect the right of the Underwriters to bring any action or proceeding against the Company or any of its property in the courts of any other jurisdiction. The Company further agrees to take any and all action, including the execution and filing of all such instruments and documents, as may be necessary to continue such designations and appointments or such substitute designations and appointments in full force and effect. The Company hereby agrees with the Underwriters to the nonexclusive jurisdiction of the courts of the State of New York, or the Federal courts sitting in the County of New York in connection with any action or proceeding arising from the sale of the Offered Shares or this Agreement brought by the Company or the Underwriters.

(f) *Judgment Currency.* The obligation of the Company in respect of any sum due to any Underwriter under this Agreement shall, notwithstanding any judgment in a currency other than U.S. dollars or any other applicable currency (the "Judgment Currency"), not be discharged until the first business day, following receipt by such Underwriter of any sum adjudged to be so due in the Judgment Currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase U.S. dollars or any other applicable currency with the Judgment Currency; if the U.S. dollars or other applicable currency so purchased are less than the sum originally due to such Underwriter hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such

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Underwriter against such loss. If the U.S. dollars or other applicable currency so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company an amount equal to the excess of the U.S. dollars or other applicable currency so purchased over the sum originally due to such Underwriter hereunder.

(g) *Counterparts.* This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(h) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(i) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

[Signature page follows]

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If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

OBJET LTD.

By: _____

Title: _____

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Accepted: [·], 2012

J.P. MORGAN SECURITIES LLC
GOLDMAN, SACHS & CO.

For itself and on behalf of the
several Underwriters listed
in Schedule I hereto.

J.P. MORGAN SECURITIES LLC

By: _____

Authorized Signatory

GOLDMAN, SACHS & CO.

By: _____
Goldman, Sachs & Co.

Schedule 1

Underwriter	Number of Shares
J.P. Morgan Securities LLC	
Goldman, Sachs & Co.	
Needham & Company, LLC	
Total	

Sch. 1-1

Annex A-1

Form of Opinion of Meitar Liquornik Geva & Leshem Brandwein, Israeli Counsel for the Company

Annex A-2

Form of Opinion of Cooley, LLP, U.S. Counsel for the Company

Annex B

- a. Free Writing Prospectuses included in Pricing Disclosure Package
- b. Pricing Information Provided Orally by Underwriters

Shares offered: [] shares by the Company
Over-allotment option: [] shares by the company
Price per share to the public: \$[]

Annex C

Term Sheet

Exhibit A

Form of Lock-Up Agreement

, 2012

J.P. Morgan Securities LLC
Goldman, Sachs & Co.
As Representatives of
the several Underwriters listed in
Schedule 1 to the Underwriting
Agreement referred to below

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

c/o Goldman, Sachs & Co.
200 West Street
New York, New York 10282

Re: Objet Ltd. — Public Offering

Ladies and Gentlemen:

The undersigned understands that you, as Representatives of the several Underwriters, propose to enter into an Underwriting Agreement (the "Underwriting

Agreement) with Objet Ltd., a company organized under the laws of Israel (the **"Company"**), providing for the public offering (the **"Public Offering"**) by the several Underwriters named in Schedule 1 to the Underwriting Agreement (the **"Underwriters"**), of Class A ordinary shares, par value NIS 0.01 per share, of the Company (the **"Securities"**). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co., the undersigned will not, during the period ending 180 days after the date of the prospectus relating to the Public Offering, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares (whether Class A or Class B), NIS 0.01 per share par value, of the Company (the **"Ordinary Shares"**) or any securities convertible into or exercisable or exchangeable for Ordinary Shares (including without limitation, Ordinary Shares or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the

rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares or such other securities of the Company, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares or such other securities of the Company, in cash or otherwise or (3) make any demand for or exercise any right with respect to the registration of any Ordinary Shares or any security convertible into or exercisable or exchangeable for Ordinary Shares without the prior written consent of J.P. Morgan Securities LLC and Goldman, Sachs & Co., in each case other than (A) the Securities to be sold by the undersigned pursuant to the Underwriting Agreement; (B) the exercise of any options to acquire Ordinary Shares, conversion of any convertible security into Ordinary Shares or the transfer to the Company of Ordinary Shares withheld for tax purposes in connection with the vesting and distribution to the undersigned of Ordinary Shares; (C) transfers of Ordinary Shares or other securities of the Company as a bona fide gift or gifts; (D) transactions relating to Securities acquired in open market transactions after the completion of the Public Offering; (E) transfers of Ordinary Shares or any security convertible into Ordinary Shares to the undersigned's spouse, domestic partner, child or grandchild, other than to minors and persons incapacitated as a matter of law; (F) transfers of Ordinary Shares or any security convertible into Ordinary Shares to any of the family members described in clause (E) by will, bequest or intestate succession or to a trust (in each case not for value), the beneficiaries of which are exclusively the undersigned or members of the undersigned's family described in clause (E); (G) transfers of Ordinary Shares without consideration to entities which control, are controlled by, or are under common control with the undersigned; and (H) distributions of Ordinary Shares to members, partners or shareholders of the undersigned without consideration; provided that in the case of any transfer or distribution pursuant to clause (C), (E), (F), (G) or (H) each donee, transferee or distributee shall execute and deliver to the Representatives a lock-up letter in the form of this paragraph; and provided, further, that in the case of any transfer or distribution pursuant to clause (C), (D), (E), (F), (G) or (H), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act, or other public announcement shall be required or voluntarily made in connection with such transfer or distribution. For purposes of the foregoing, an "entity" shall include a corporation, company (including a limited liability company), partnership or trust.

In addition, the restrictions set forth herein shall not prevent the undersigned from entering into a sales plan pursuant to Rule 10b5-1 under the Exchange Act on or after the date hereof; provided that (i) no sales or transfers may be made pursuant to such a sales plan during the period ending 180 days after the date of the Prospectus (and any extension thereof pursuant to the next succeeding paragraph), and (ii) no filing or public announcement under the Exchange Act or otherwise shall be made by the undersigned or the Company in connection with entering into such a sales plan during the period ending 180 (and any extension thereof pursuant to the next succeeding paragraph) days after the date of the Prospectus. If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any Company-directed Securities the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) the Representatives on behalf of the Underwriters agree that, at least three business days before the effective date of any

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release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representatives on behalf of the Underwriters will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives on behalf of the Underwriters hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions imposed by this Lock-up Agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-up Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

Notwithstanding anything to the contrary contained herein, if (a) the Underwriting Agreement does not become effective by December 31, 2012, (b) after becoming effective, the Underwriting Agreement (other than the provisions thereof that survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder or (c) the Company notifies the Underwriters in writing prior to the time that it executes an Underwriting Agreement that it does not intend to proceed with the Public Offering with either of you (the "Former Representative"), then the undersigned shall be released from all obligations under this Lock-up Agreement with respect only to the Former Representative. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Lock-up Agreement.

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This Lock-up Agreement and any claim, controversy or dispute arising under or related to this Lock-up Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

Very truly yours,

[NAME OF SHAREHOLDER]

By: _____
Name:
Title:

Exhibit B

Form of Press Release

THE COMPANIES ORDINANCE
LIMITED PRIVATE COMPANY
MEMORANDUM OF ASSOCIATION OF
OBJET LTD. (THE “COMPANY”)

1. Company Name: Objet Ltd., or as otherwise shall be set forth in the Company’s Articles of Association, as amended from time to time (the “**Articles**”)
2. The Company was incorporated for purposes set forth in the Articles.
3. The liability of the Company’s members shall be as set forth in the Articles.
4. The Company’s share capital shall be as set forth in the Articles.
5. The majority vote required for any amendment to the provisions of this Memorandum of Association shall be the same majority vote as the majority vote that would have been required for such resolution according to the Articles if the resolution had been presented before a general meeting of the Company’s shareholders.

**OBJET LTD. (FORMERLY OBJET GEOMETRIES LTD.)
AMENDED AND RESTATED 2004 OMNIBUS STOCK OPTION
AND RESTRICTED STOCK INCENTIVE PLAN**

APPROVED BY BOARD OF DIRECTORS ON AUGUST 15, 2004

AMENDED AND RESTATED BY BOARD OF DIRECTORS ON JULY 9, 2007

1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION

Purpose.

The purpose of the Objet Ltd. Stock Option and Restricted Stock Incentive Plan (the “**Plan**”) is to afford an incentive to employees, directors, Office Holders, consultants and any other person or entity whose services the Board of Directors shall decide are considered valuable (collectively “**Service Providers**”) to Objet Ltd., an Israeli company (the “**Company**”), or any Subsidiary or Affiliate of the Company which now exists or hereafter is organized or acquired by the Company, to acquire a proprietary interest in the Company, to continue as employees, directors, Office Holders, consultants or suppliers, to increase their efforts on behalf of the Company or any Subsidiary or Affiliate and to promote the success of the Company’s business by providing such individuals (“**Grantees**”) with opportunities to receive Options to purchase Ordinary Shares, of the Company or to receive Restricted Stock or other Awards pursuant to the Plan.

Types of Awards.

The Plan is intended to enable the Company to issue Awards under varying tax regimes, including, without limitation:

- (i) as “incentive stock options” (“**Incentive Stock Options**”) to Service Providers who are deemed to be residents of the U.S for purposes of taxation may be granted (a) Incentive Stock Options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), or the corresponding provision of any subsequently enacted United States federal tax statute, as amended from time to time; (b) “Nonqualified Stock Options” as defined below; or (c) shares of restricted stock awarded under the Plan and subject to restrictions and a risk of forfeiture (“**Restricted Stock**”);
 - (ii) pursuant and subject to the provisions of Section 102 of the Israeli Income Tax Ordinance (New Version) 1961, as amended from time to time (the “**Ordinance**”) and any regulations, rules, orders or procedures promulgated thereunder, including without limitation the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003) (the “**Rules**”) by the Income Tax Authorities (the “**ITA**”) and shall be held by a Trustee for the benefit of the Grantees (such Awards, “**102 Stock Options**”), it being clarified that Awards to Service Providers, including Office Holders and excluding Controlling Shareholders as defined below, in Israel will be 102 Stock Options;
-
- (iii) pursuant to Section 3(9) of the Ordinance (such Awards, “**3(9) Stock Options**”); and
 - (iv) other stock-based Awards pursuant to Section 12 hereof. Apart from issuance under the relevant tax regimes in the United States of America and the State of Israel, the Plan contemplates issuances to Grantees (as defined below) in other jurisdictions with respect to which the Committee (as defined below) is empowered to make the requisite adjustments in the Plan and set forth the relevant conditions in the Company’s agreement with the Grantee in order to comply with the requirements of the tax regimes in any such jurisdictions.

The Plan contemplates the issuance of Awards by the Company, both as a private company and as a publicly traded company.

Construction. To the extent any provision herein conflicts with the conditions of any relevant tax law or regulation which are relied upon for tax relief in respect of a particular Option or Stock granted to a Grantee, the provisions of such law or regulation shall prevail over those of the Plan and the Committee is empowered hereunder to interpret and enforce the said prevailing provisions.

2. DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings indicated:

- 2.1. “Affiliate” shall mean an affiliate of, or person affiliated with, a specified person or company or other trade or business that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person within the meaning of Rule 405 of Regulation C under the Securities Act of 1933, as amended (the “**Securities Act**”), including, without limitation, any Subsidiary and for the purpose of Options granted pursuant to Section 102 shall mean an “employing company” within the meaning of Section 102(a) of the Ordinance.
- 2.2. “Award” shall mean any share of stock, Option, share of Restricted Stock or any other Share-based award, granted to a Grantee under the Plan and any share issued pursuant to the exercise of an Option.
- 2.3. “Board” shall mean the Board of Directors of the Company.
- 2.4. “Committee” shall mean a committee established by the Board to administer the Plan.
- 2.5. “Companies Law” shall mean the Israel Companies Law-1999, as amended.
- 2.6. “Controlling Shareholder”, as defined under Section 32(9) of the Ordinance.
- 2.7. “Disability” shall mean (i) the inability of a Grantee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as determined by a medical doctor satisfactory to the Committee or (ii) as “permanent and total disability” is defined in Section 22(e)(3) of the Code, as amended from time to time.

- 2.8. "Employee" means a person who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding Controlling Shareholder.
- 2.9. "Exercise Period" shall mean the period in which the Option shall be exercisable.
- 2.10. "Exercise Price" shall mean the exercise price for each Share of Stock covered by an Option.
- 2.11. "Fair Market Value" per share as of a particular date shall mean (i) the closing sales price per Share on the securities exchange on which the Stock is principally traded for the last preceding date on which there was a sale of such Stock on such exchange; or (ii) if the Stock is listed on the Nasdaq National Market, the last reported price per Share on the Nasdaq National Market on the last preceding date on which there was a sale of such Stock on the Nasdaq National Market; or (iii) if the Stock is then traded in an over-the-counter market, the average of the closing bid and asked prices for the Stock in such over-the-counter market for the last preceding date on which there was a sale of such Stock in such market; or (iv) if the Stock is listed on the Toronto Stock Exchange, the last reported price per share on the Toronto Stock Exchange on the last preceding date on which there was a sale of such Stock on the Toronto Stock Exchange; or (v) if the Stock is not then listed on a securities exchange or market or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine 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, and the Committee may maintain a written record of its method of determining such value. If the Stock is listed or quoted on more than one established stock exchange or national market system, the Committee shall determine the appropriate exchange or system.
- 2.12. "Grantee" shall mean a person who receives a grant of Options, Restricted Stock or Shares under the Plan, who at the time of grant is an employee, director, Office Holder, supplier or consultant of the Company.
- 2.13. "Initial Public Offering" shall mean the underwritten initial public offering of Shares and the listing of such shares for trading on any recognized stock exchange or market (including AIM) or over-the-counter or computerized securities trading system.
- 2.14. "Non-Employee" means a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee.
- 2.15. "Nonqualified Stock Option" shall mean any Option granted to a U.S. resident or Canadian resident, as the case may be, which Option is not designated as, or does not meet the conditions for an Incentive Stock Option.
- 2.16. "Office Holder" shall mean any office holder ("nose misra") as defined in the Companies Law.
- 2.17. "Options" shall mean all options to purchase Shares granted as 102 Stock Options, 3(9) Stock Options, Incentive Stock Options and Non-Qualified Stock Options, as well as options issued under other tax regimes collectively.
- 2.18. "Ordinance" shall mean the Israeli Income Tax Ordinance (New Version) 1961, and the regulations promulgated thereunder, all as amended from time to time.

- 2.19. "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) as defined in Section 424(e) of the Code.
- 2.20. "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.
- 2.21. "Shares" shall mean the shares of the Company of such class as shall be designated by the Board in respect of the relevant Award.
- 2.22. "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) as defined in Section 424(f) of the Code.
- 2.23. "Ten Percent Shareholder" shall mean a Grantee who, at the time an Incentive Stock Option is granted, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.
- 2.24. "Trustee" shall mean the trustee appointed by the Committee or the Board, as the case may be, to hold the respective Options, Restricted Stock and/or shares of Stock, (and, in relation with 102 Stock Options, approved by the Israeli tax authorities), if so appointed.

3. ADMINISTRATION.

To the extent permitted under law and the Articles of Association and bylaws of the Company, the Plan shall be administered by the Committee. However, in the event that the Board does not create a committee to administer the Plan, the Plan shall be administered by the Board in its entirety. Furthermore, in the event that an action necessary for the administration of the Plan is required under law to be taken by the Board, including, but not limited to the decision to grant Options to any director or officer of the Company, as defined under the Companies Law, or to another party, in each case, that under the Companies Law requires additional corporate approvals by the Company, then such action shall be so taken by the Board. In any of the above events, all references herein to the Committee shall be construed as references to the Board.

The Committee shall consist of two or more directors of the Company, the final number to be fixed by the Board of Directors. The Board of Directors 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.

The Committee shall 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.

any time, to determine any of the following, or to recommend to the Board of Directors any of the following if it is not authorized to take such action according to applicable law: (i) eligible Grantees, (ii) determine the terms and provisions of the Option Agreement including, but not limited to, the number of Shares to be covered by each Option, (iii) the time or times at which the same shall be granted, (iv) the schedule and conditions on which such Options may be exercised and on which such Shares shall be paid for, and (v) any other matter which is necessary or desirable for, or incidental to, the administration of the Plan. The Board shall determine the Fair Market Value (as defined below) of the Shares and it may from time to time adopt such rules and regulations for carrying out the Plan as it may deem appropriate. Grants of Options shall be made pursuant to written notification to Grantees setting out the terms of the grant. The Committee shall be authorized to grant Options to the Grantees under the Plan (other than to Officers and any other party to whom the grant of Options requires additional corporate approvals under the Companies Law or other applicable law, regulation or rules), and shall be entitled to recommend to the Board of Directors the grant of Options to Grantees who are Officers or any other party to whom the grant of Options requires additional corporate approvals under the Companies Law or other applicable law, regulation or rules. Subject to the Companies Law, the Committee shall be authorized to issue Shares underlying Options which have been granted and duly exercised pursuant to the provisions hereof, in accordance the Companies Law and the grant of any Option by the Committee shall be deemed to include an authorization of the issuance of Shares upon the due exercise thereof.

Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside the United States in recognition of the differences in local law, tax policy, or custom. The Committee shall have the authority to grant in its discretion to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having an exercise price lower than provided in the Option so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan or to set a new exercise price for the same Option lower than that previously provided in the Option.

All decisions, determination and interpretations of the Committee shall be final and binding on all Grantees of any Awards under this Plan, unless otherwise determined by the Board of Directors. No member of the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

Each member of the Board and the Committee shall be indemnified and held harmless by the Company against any cost or expense (including fees of counsel) reasonably incurred by him, or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the member may have as director, Office Holder or otherwise under the articles of association of the Company, any agreement, any vote of share or disinterested directors, or otherwise.

4. **ELIGIBILITY**

Options, Restricted Stock and Share may be granted to employees, directors, Office Holders, consultants and suppliers of the Company and any Subsidiary or Affiliate, provided, however, that Incentive Stock Options and 102 Stock Options may be granted only to employees of the Company or a Subsidiary, and 102 Stock Options may be also granted to Office Holders of the Company or a Subsidiary or Affiliate (and who are not "Controlling Shareholders", as defined in Section 32(9) of the Ordinance). A person who has been granted an Option, Restricted Stock or Share hereunder may be granted additional Options, Restricted Stock or Share, if the Committee shall so determine, subject to the limitations herein. In determining the persons to whom Awards shall be granted and the number of shares to be covered by each Award, the Committee shall take into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

Subject to applicable law, 102 Trustee Options may only be granted to Employees and Office Holders of the Company or of any Affiliate thereof, who are Israeli residents ("**Eligible 102 Grantees**"). Eligible 102 Grantees may receive only 102 Trustee Grants or Non-Trustee Grants. Subject to applicable law, Non-Employees who are Israeli residents who are not Eligible 102 Grantees may only be granted only 3(i) Options under this Plan. Each Option shall be designated in the Option Agreement or other document evidencing the Options granted or Shares issued pursuant to this Plan as one of the following: (a) a 102 Trustee Option (either as a 102 Capital Gains Track Option or a 102 Ordinary Income Track Option), (b) a 102 Non-Trustee Option, (c) a 3(i) Option, (d) Incentive Stock Options, (e) Nonqualified Stock Options, or (f) Restricted Share.

Unless otherwise permitted by the Ordinance and the Rules, no 102 Trustee Options may be granted until, thirty (30) days at least after the requisite filings required by the Ordinance and the Rules have been appropriately made with the ITA.

5. **SHARES**

The initial number of Shares reserved for the grant of Awards under the Plan shall be 17,933,539 Shares. The class of said Shares shall be designated by the Board with respect to each Award and the Notice of grant shall reflect such designation. Any option granted hereunder which should have been expired, cancelled or terminated or forfeited for any reason without having been exercised and therefore returned to the "pool" of reserved Shares thereunder, shall automatically, and without any further action on the part of the Company or any Grantee, be transferred to, and enlarge, the "pool" of reserved Shares under this Plan (the "**Added Pool**") and shall again be available for grant for the purposes of this Plan (unless this Plan shall have been terminated) or unless the Board determines otherwise. The Board may increase or decrease the number of Shares to be reserved under the Plan. Such Shares may, in whole or in part, be authorized but unissued Shares, or Shares that shall have been or may be reacquired by the Company (to the extent permitted pursuant to the Companies Law) or by a trustee appointed by the Board under the relevant provisions of the Ordinance, the Companies Law or any equivalent provision. Any of such Shares which may remain unsold and which are not subject to outstanding options at the termination of the Plan shall cease to be reserved for the purpose of the Plan, but until termination of the Plan, the Company shall at all times reserve a sufficient number of Shares to meet the requirements of the Plan.

If any outstanding Award under the Plan (including the Added Pool) should, for any reason, expire, be canceled or be forfeited without having been exercised in full, the Shares allocable to the unexercised, canceled or terminated portion of such Award shall (unless the Plan shall have been terminated) become available for subsequent grants of Awards under the Plan.

6. **TERMS AND CONDITIONS OF OPTIONS**

Each Option granted pursuant to the Plan shall be evidenced by a written agreement between the Company and the Grantee (the "**Option Agreement**"), in such form and containing such terms and conditions as the Committee shall from time to time approve, which Option Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Option Agreement. For purposes of interpreting this Section 6, a director's service as a member of the Board or the services of an Office Holder, as the case may be, shall be deemed to be employment with the Company or its Subsidiary or Affiliate.

- 6.1. NUMBER OF SHARES. Each Option Agreement shall state the number of Shares to which the Option relates.
- 6.2. TYPE OF OPTION. Each Option Agreement shall specifically state the type of Option granted thereunder and whether it constitutes a Incentive Stock Option, Nonqualified Stock Option, 102 Stock Option and the relevant track, 3(9) Stock Option, Incentive Stock Options or otherwise, and in the absence of such specification such options shall be deemed Nonqualified Stock Options.
- 6.3. EXERCISE PRICE. Each Option Agreement shall state the Exercise Price, which, in the case of an Incentive Stock Option, shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Stock covered by the Option on the date of grant or such other amount as may be required pursuant to the Code. In the case of a Nonqualified Stock Option granted to any Grantee, the per share exercise price shall be equal to the amount determined by the Committee or the Board, as the case may be. In the case of a grant of Options to a Canadian employee, the per share exercise price shall, in any event, not be less than the Fair Market Value. In the case of an Incentive Stock Option granted to any

Ten-Percent Shareholder, the Exercise Price shall be no less than 110% of the Fair Market Value of the shares of Stock covered by the Option on the date of grant. In no event shall the Exercise Price of an Option be less than the par value of the shares for which such Option is exercisable. Subject to Section 3 and to the foregoing, the Committee may reduce the Exercise Price of any outstanding Nonqualified Stock Option. The Exercise Price shall also be subject to adjustment as provided in Section 13 hereof.

To the extent applicable, the Board and the Committee, as the case may be, shall consider and apply any of the requirements of Section 409A of the Code when determining per share exercise price for Awards.

- 6.4. MANNER OF EXERCISE. Subject to Section 6.6 below, an Option may be exercised, as to any or all shares of Stock as to which the Option has become exercisable, by written notice delivered in person or by mail to the Secretary of the Company, specifying the number of shares of Stock with respect to which the Option is being exercised, along with payment of the 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 cash or in such other manner as the Committee shall determine.
- 6.5. TERM AND VESTING OF OPTIONS. Each Option Agreement shall provide the vesting schedule for the Option as determined by the Committee, provided that (to the extent permitted under law) the Committee shall have the authority to accelerate the vesting of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Option Agreement, and subject to Sections 6.6, 6.7 and 6.11 hereof and the last sentence of this Section 6.5, Options shall vest and become exercisable under the following schedule: twenty-five percent (25%) of the shares of Stock covered by the Option on the first anniversary of the date on which such Option is granted, provided that the Grantee remains continuously employed by or in the service of the Company or its Subsidiary or Affiliate for that one year, and six and one-quarter percent (6.25%) of the shares of Stock covered by the Option at the end of each subsequent quarter, provided that the Grantee remains continuously employed by or in the service of the Company or its Subsidiary or Affiliate for that quarter, over the course of the following three (3) years of continued employment by or service for the Company or its Subsidiary or Affiliate; provided, however, that (to the extent permitted under law) the Committee, in its absolute discretion, may, on such terms and conditions as it may determine to be appropriate, accelerate or otherwise change the time at which such Option or any portion thereof may be exercised. The Option Agreement may contain performance goals and measurements, and the provisions with respect to any Option need not be the same as the provisions with respect to any other Option. The Exercise Period of an Option will be ten (10) years from the date of the Grant of the Option unless otherwise determined by the Committee (to the extent permitted under law); provided, however, that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, such Exercise Period shall not exceed five (5) years from the date of grant of such Option. After such Exercise Period, all Awards not exercised shall be deemed null and void. The Exercise Period shall be subject to earlier termination as provided in Sections 6.6, 6.7 and 6.11 hereof.
- 6.6. TERMINATION.
- Except as provided in this Section 6.6 and in Sections 6.7 and 6.11 hereof, an Option may not be exercised unless the Grantee is then in the employ of or maintaining a director, Office Holder or consultant or supplier relationship with the Company or a Subsidiary or Affiliate thereof or, in the case of an Incentive Stock Option, a company or a parent or subsidiary company of such company issuing or assuming the Option in a transaction to which

to which Section 424(a) of the Code applies, and unless the Grantee has remained continuously so employed or in the director, Office Holder, supplier, or consultant relationship since the date of grant of the Option. In the event that the employment or director, Office Holder or consultant or supplier relationship of a Grantee shall terminate (other than by reason of death, Disability or Retirement), then subject to Section 6.11, all Options of such Grantee that are vested and exercisable at the time of such termination may, unless earlier terminated in accordance with their terms, be exercised within the earliest to occur of (i) the thirtieth (30th) day following the Initial Public Offering consummated within twelve (12) months after the date of such termination, or (ii) the closing of a Merger/Sale consummated within twelve (12) months after the date of such termination, and (iii) the ninetieth (90th) day after the date of such termination, if at the time of such termination, the Company has already consummated its Initial Public Offering (or such different period as the Committee shall prescribe); provided, however, that if the Company (or the Subsidiary or Affiliate, when applicable) shall terminate the Grantee's employment or service for Cause (as defined below) or if following the Grantee's employment conditions arise or are discovered with respect to the Grantee that would have constituted Cause for termination of his or her employment, all Options theretofore granted to such Grantee (whether vested or not) shall, to the extent not theretofore exercised, terminate on the date of such termination or cessation unless otherwise determined by the Committee.

In the case of a Grantee whose principal employer 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 ceases to be a Subsidiary or Affiliate. 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 the Options held by any individual may continue to vest and be exercisable; provided, that such Options may lose their status as Incentive Stock Options under applicable law and be deemed Nonqualified Stock Options in the event that the period of vesting and/or exercisability of any option is extended beyond the later of: (i) one hundred and eighty (180) days after the date of cessation of employment or performance of services; or (ii) the applicable period under Section 6.7 below.

For purposes of this Plan, the term "Cause" shall mean any of the following resulting from an act or omission of Grantee: (a) fraud, embezzlement or felony or similar act; (b) failure to substantially perform duties as an employee, director, office holder or consultant or to abide by the general policies of the Company (or a Subsidiary or Affiliate, when applicable) applicable to such person (including, without limitation, policies relating to confidentiality, non competition, non solicitation and reasonable workplace conduct); (c) an act of moral turpitude, or any similar act, to the extent that such act causes injury to the reputation, business or business relationship of the Company (or a Subsidiary or Affiliate, when applicable); (d) any other act or omission which in the reasonable opinion of the Company or a Subsidiary or Affiliate could be financially injurious to the Company or a Subsidiary or Affiliate or injurious to the business reputation of the Company or a Subsidiary or Affiliate; (e) any material breach by the Grantee of

under the Grantee's employment or consulting agreement with the Company or Subsidiary or Affiliate, to the extent applicable.

- 6.7. **DEATH, DISABILITY OR RETIREMENT OF GRANTEE.** If a Grantee shall die while employed by, or performing service for, the Company or a Subsidiary, or within the three (3) months period 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 shall terminate by reason of Disability, all Options theretofore granted to such Grantee (to the extent otherwise vested and exercisable) may, 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 right to exercise such Options by bequest or inheritance or otherwise by result of death or Disability of the Grantee, at any time within one (1) year after the death or Disability of the Grantee (or such different period as the Committee shall prescribe). In the event that an Option granted hereunder shall be exercised by the legal representatives of a deceased or former Grantee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative to exercise such Option. In the event that the employment or service of a Grantee shall terminate on account of such Grantee's Retirement, all Options 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 Board of Directors or the Committee provides otherwise, vesting of Options granted hereunder shall be suspended during any unpaid leave of absence. Notwithstanding the above, a Service Provider shall not cease to be considered as such in the case of any (a) leave of absence which was pre-approved by the Company, or (b) transfers between locations of the Company or between the Company, any parent or subsidiary, or any successor.
- 6.9. **VOTING PROXY.** The right to vote any Shares acquired hereunder pursuant to an Award of Options, Restricted Stock or Share shall be given by the Grantee or the Grantee's transferee, pursuant to an irrevocable proxy, to the person or persons designated by the Board. All Awards granted hereunder shall be conditioned upon the execution of such irrevocable proxy. So long as any such shares are held by a Trustee, such shares shall be voted by the Trustee, unless the Trustee is directed otherwise by the Board in the same proportion as the result of the shareholder vote in respect of which the votes held by the Trustee are being cast. Notwithstanding the foregoing, the provisions of this Section 6.9 or of any irrevocable proxy granted pursuant hereto shall be of no force or effect immediately after the consummation of the Company's Initial Public Offering or the consummation of a Merger/Sale (as defined below).
- 6.10. **OTHER PROVISIONS.** The Option Agreements evidencing Awards under the Plan shall contain such other terms and conditions not inconsistent with the Plan as the Committee may determine, including without limitation, provisions in connection with the restrictions on transferring the Awards, and the Grantee's consent to adhere to lock-up arrangements between the Company and an underwriter involved in a public offering of the Company's shares.
- 6.11. **NO VESTING OR EXERCISE PRIOR TO IPO OR MERGER/SALE.** Notwithstanding anything to the contrary herein or in the Plan (including this Section 6 of this Plan), the vesting and exercisability of the Options granted hereunder with respect to the purchase of Ordinary Shares is, in addition to all other terms and conditions, subject to (a) the Company having consummated the Initial Public Offering (as defined in the Plan) during the

term which the Options would be otherwise vested and exercisable under this Plan and the particular Notice of Grant and Option Agreement or (b) the Company's consummation of a Merger/Sale (as defined in the Plan), during the term which the Options would be otherwise vested and exercisable under the Plan and Notice of Grant and Option Agreement, in which event of Merger/Sale the Grantee would be entitled to exercise the options that would be otherwise vested and exercisable under the Plan and Notice of Grant and Option Agreement. This Section 6.11 shall not apply after the Initial Public Offering.

7. **NONQUALIFIED STOCK OPTIONS**

Options 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 the Plan, except for said provisions of the Plan applying to Options under a different tax law or regulation.

8. **INCENTIVE STOCK OPTIONS**

Options granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be granted subject to both the following special terms and conditions and the general terms and conditions specified in Section 6 hereof and other provisions of the Plan, except for said provisions of the Plan applying to Options under a different tax law or regulation:

- 8.1. **VALUE OF SHARES.** The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Stock with respect to which all Incentive Stock Options granted under this Plan and all other option plans of any Subsidiary or Affiliate 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 of Stock with respect to which the Incentive Stock Options are exercisable for the first time by any Grantee during any calendar years 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, with the Fair Market Value of any share of Stock to be determined at the time of the grant of the Option. In the event the foregoing results in the portion of an Incentive Stock Option exceeding the one hundred thousand United States dollars (\$100,000) limitation, only such excess shall be treated as a Nonqualified Stock Option.
- 8.2. **TEN PERCENT SHAREHOLDER.** In the case of an Incentive Stock Option granted to a Ten Percent Shareholder, (i) the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of the shares of Stock on the date of grant of such Incentive Stock Option, and (ii) the Exercise Period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.
- 8.3. **INCENTIVE STOCK OPTION LOCK-UP PERIOD.** No disposition of Shares received pursuant to the exercise of Incentive Stock Options ("**ISO Shares**"), shall be made by the Grantee within 2 years from the date of grant nor within 1 year after the transfer of such ISO Shares to him. To the extent that the Grantee violates the aforementioned limitations, the Incentive Stock Options shall be deemed to be Nonqualified Stock Options.
- 8.4. **APPROVAL.** The status of any ISO Shares shall be subject to approval of the Plan by the Company's shareholders, such approval to be provided 12 months before or after the date of adoption of the Plan by the Board of Directors.
- 8.5. **EXERCISE FOLLOWING TERMINATION.** Notwithstanding anything else

else in this Plan to the contrary, Incentive Stock Options that are not exercised within ninety days following termination of Grantee's employment in the Company or its Affiliates and subsidiaries, or within one year in case of termination of Grantee's employment in the Company or its Affiliates and subsidiaries due to a disability (within the meaning of section 22(e)(3) of the Code), shall be deemed to be Nonqualified Stock Options.

8.6. **ADJUSTMENTS TO INCENTIVE STOCK OPTIONS.** Any Option Agreement providing for the grant of Incentive Stock Options shall indicate that adjustments made pursuant to the 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.

8.7. **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 ISO Shares. A "Disqualifying Disposition" is any disposition (including any sale) of such ISO Shares before the later of (a) two years after the date the Grantee was granted the Incentive Stock Option, or (b) one year after the date the Grantee acquired Shares by exercising the Incentive Stock Option. If the Grantee dies before such ISO Shares are sold, these holding period requirements do not apply and no disposition of the ISO Shares will be deemed a Disqualifying Disposition.

9. **102 STOCK OPTIONS.**

Options granted pursuant to Section 102 of the Ordinance shall be granted pursuant to either (a) Section 102(b)(2) thereof as capital gains track options ("**102 Capital Gains Track Options**"), or (b) Section 102(b)(1) thereof as ordinary income track options ("**102 Ordinary Income Track Options**"); together with 102 Capital Gains Track Options, "**102 Trustee Options**"). The Company may grant only one type of 102 Trustee Option at any given time to all Grantees who are to be granted 102 Trustee Options pursuant to this Plan, and shall file an election with the ITA regarding the type of 102 Trustee Option it chooses to grant before the date of grant of any 102 Trustee Options (the "**Election**"). Once the Company has filed such Election, it may change the type of 102 Trustee Option that it chooses to grant only after the passage of at least 12 months from the end of the year in which the first grant was made in accordance with the previous Election. Such Election shall also apply to any bonus shares received by any employee as a result of holding the options. For the avoidance of doubt, such Election shall not prevent the Company from granting Options, pursuant to Section 102(c) of the Ordinance without a Trustee ("**102 Non-Trustee Options**").

Each 102 Trustee Option will be deemed granted on the date stated in a written notice to be provided by the Company, provided that on or before such date (i) the Company has provided such notice to the Trustee and (ii) the Grantee has signed all documents required pursuant to this Section 5.

Each 102 Trustee Option granted to an Grantee and each certificate for Shares acquired pursuant to the exercise of any 102 Trustee Option thereof, and any rights granted thereunder, including, without limitation, bonus shares, shall be allocated or issued to and registered in the name of a Trustee and shall be held in trust for the benefit of the Grantee for a period set by the Board of Directors but which shall not be

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be less than the requisite period prescribed by the Ordinance and the Rules, i.e., as of the date of the adoption of the Plan, a period of twenty four (24) months for Options granted under the capital gains route and a period of twelve (12) months for Options granted under the ordinary income route, commencing at the date on which the 102 Trustee Options were issued and entrusted with the Trustee, or such other period as may be required by the ITA, during which Options granted or Shares issued by the Company must be held by the Trustee for the benefit of the person to whom they were granted or issued (the "**Required Holding Period**"). In the case the requirements for a 102 Trustee Option are not met, then the 102 Trustee Option may be treated as a 102 Non-Trustee Option, all in accordance with the provisions of Section 102 and the Rules. After termination of the Required Holding Period, the Trustee may release such 102 Trustee Option and any such Shares, provided that (i) the Trustee has received an acknowledgment from the ITA that the Grantee has paid any applicable tax due pursuant to the Ordinance or (ii) the Trustee and/or the Company and/or its Affiliate withholds any applicable tax due pursuant to the Ordinance arising from 102 Trustee Options which were granted to him and/or any Shares allocated or issued upon exercise of such Options. The Trustee shall not release any 102 Trustee Options or shares allocated or issued upon exercise of such Option prior to the payment in full of the Grantee's tax liabilities arising from 102 Trustee Options which were granted to him and/or any Shares allocated or issued upon exercise of such Options.

Each 102 Trustee Option (whether a 102 Capital Gains Track Option or a 102 Regular Income Track Option, as applicable) shall be subject to the relevant terms of Section 102 and the Ordinance, which shall be deemed an integral part of the 102 Trustee Option and which shall prevail over any term contained in the Plan or Option Agreement not consistent therewith. Any provision of the Ordinance and any approvals by the Income Tax Commissioner not expressly specified in this Plan or Option Agreement which are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Grantee. The Grantee granted a 102 Trustee Option shall comply with the Ordinance and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee. For avoidance of doubt, it is reiterated that compliance with the Ordinance specifically includes compliance with the Rules. Further, the Grantee agrees to execute any and all documents, which the Company and/or its Affiliates and/or the Trustee may reasonably determine to be necessary in order to comply with the Ordinance and, particularly, the Rules.

With respect to 102 Trustee Options during the Required Holding Period, the Grantee shall not release from trust or sell, assign, transfer or give as collateral, the Shares received upon the exercise of a 102 Trustee Option and/or any shares received subsequently following any realization of rights derived from Shares (including stock dividends) until the lapse of the Required Holding Period. Notwithstanding the above, if any such sale or release occurs during the Required Holding Period it will result in adverse tax ramifications to the Grantee under Section 102 of the Ordinance and the Rules and/or any other regulations or orders or procedures promulgated thereunder, 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, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such transfer: (i) payment has been rendered to the tax authorities of all taxes required to be paid upon the release and transfer of the shares, and confirmation of such payment has been received by the Trustee and (ii) the Trustee has received written confirmation from the Company that all requirement for such release and transfer have been fulfilled according to the terms of the Company's

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terms of the Company's corporate documents, the Plan, the Option Agreement and any applicable law.

In the event a stock dividend is declared on Shares which derive from Options granted as 102 Trustee Options, such dividend shall also be subject to the provisions of this Section and the Required Holding Period for such dividend shares shall be measured from the commencement of the Required Holding Period for the Shares with respect to which the dividend was declared.

If a 102 Trustee Option is exercised during the Required Holding Period, the Shares issued upon such exercise shall be issued in the name of the Trustee for the benefit of the Grantee. If such an Option is exercised after the Required Holding Period ends, the Shares issued upon such exercise shall, at the election of

the Grantee, either (i) be issued in the name of the Trustee, or (ii) be transferred to the Grantee directly, provided that the Grantee first complies with all applicable provisions of the Plan.

The foregoing provisions of this Section relating to 102 Trustee Options shall not apply with respect to 102 Non-Trustee Options, which shall, however, be subject to the relevant provisions of Section 102 and the Rules.

Upon receipt of a 102 Trustee Option, the Grantee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and executed in good faith in relation with the Plan, or any 102 Trustee Option or Share granted to him thereunder.

10. **3(9) STOCK OPTIONS.**

Options granted pursuant to this Section 10 are intended to constitute 3(9) Stock Options and shall be subject to the general terms and conditions specified in Section 6 hereof and other provisions of the Plan, except for said provisions of the Plan applying to Options under a different tax law or regulation.

To the extent required by the Ordinance or the Income Tax Commissioner of the State of Israel or otherwise deemed prudent or advisable by the Committee, the 3(9) Stock Options which shall be granted pursuant to the 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 Options in trust, until exercised by the Grantee, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will be entered into between the Company and the Trustee. If determined by the Board of Directors or the Committee, and subject to the trust agreement the Trustee shall be responsible for withholding any taxes to which an Grantee may become liable upon the exercise of Options.

11. **RESTRICTED STOCK**

The Committee may award shares of Restricted Stock to any eligible employee, director, Office Holder, consultant or supplier, including under Section 102 of the Ordinance. Each Award of Restricted Stock under the Plan shall be evidenced by a written agreement between the Company and the Grantee (the "**Restricted Stock Agreement**"), in such form as the Committee shall from time to time approve, which Restricted Stock Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:

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11.1. **NUMBER OF SHARES.** Each Restricted Stock Agreement shall state the number of shares of Restricted Stock to be subject to an Award.

11.2. **VESTING.** Each Restricted Stock Agreement shall provide the vesting schedule for the Restricted Stock as determined by the Committee, provided that (to the extent permitted under applicable law) the Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding share Restricted Stock at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Restricted Stock Agreement, Restricted Stock shall vest in the same vesting schedule as set forth in Section 6.5 hereof.

11.3. **RESTRICTIONS.** Shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee shall determine from the date on which the Award is granted (the "**Restricted Period**"). The Committee may also impose such additional or alternative restrictions and conditions on the shares of Restricted Stock as it deems appropriate including the satisfaction of performance criteria. 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. Certificates for shares issued pursuant to Restricted Stock Awards 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. During the Restricted Period, such certificates shall be held in escrow by an escrow agent appointed by the Committee, or, if a Restricted Stock Award is made pursuant to Section 102, 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 shares on successive anniversaries of the date of such Award. To the extent required by the Ordinance or the Income Tax Commissioner of the State of Israel, the Restricted Stock 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 Stock shall be held for the benefit of the Grantee for such period as may be required by the Ordinance.

11.4. **ADJUSTMENT OF PERFORMANCE GOALS.** The Committee may adjust performance goals 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. The Committee also may adjust the performance goals by reducing the amount to be received by any Grantee pursuant to an Award if and to the extent that the Committee deems it appropriate.

11.5. **FORFEITURE.** Subject to such exceptions as may be determined by the Committee, if the Grantee's continuous employment or director or Office Holder or consultant relationship with the Company or any Subsidiary or Affiliate shall terminate for any reason prior to the expiration of the Restricted Period of an Award, any shares remaining subject to restrictions (after taking into account the provisions of Section 11.7) shall thereupon be forfeited by the Grantee and transferred to, and reacquired by, or cancelled by, as the case may be, the Company or a Subsidiary at no cost to the Company or Subsidiary, subject to all applicable law. Upon forfeiture of Restricted Stock, the Grantee shall have no further rights with respect to such Grant.

11.6. **OWNERSHIP.** During the Restricted Period the Grantee shall possess all incidents of ownership of such shares of Stock, subject to Section 6.9 and Section 11.3, including the right to receive dividends with respect to such shares of Stock and to vote such

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shares of Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock 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.

11.7. **ACCELERATED LAPSE OF RESTRICTIONS.** Upon the occurrence of any of the events listed in Section 13.2 and subject to Section 13.3, all restrictions then outstanding with respect to shares of Restricted Stock awarded hereunder shall automatically expire and be of no further force and effect. The Committee shall have the authority (and the Agreement may so provide) to cancel all or any portion of any outstanding restrictions prior to the expiration of the Restricted Period with respect to any or all of the shares of Restricted Stock awarded with respect to any or all Grantee on such terms and conditions as the Committee shall deem appropriate.

12. **OTHER SHARE OR SHARE-BASED AWARDS**

The Committee may grant other Awards under the Plan pursuant to which shares of Stock (which may, but need not, be shares of Restricted Stock pursuant to Section 11 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 Committee may also grant stock appreciation rights without the grant of an accompanying

option, which rights shall permit the Grantees to receive, at the time of any exercise of such rights, cash equal to the amount by which the Fair Market Value of all shares of Stock in respect to which the right was granted exceeds the exercise price thereof. The Committee may and it is hereby deemed to be an Award under the terms of the Plan granted to Grantees (including employees) the opportunity to purchase shares of Stock of the Company in connection with any public offerings of the Company's securities. Such other Stock based Awards may be granted alone, in addition to, or in tandem with any Award of any type granted under the plan and must be consistent with the purposes of the Plan.

13. **EFFECT OF CERTAIN CHANGES**

13.1. GENERAL. In the event of a subdivision of the outstanding share capital of the Company, any payment of a stock dividend (distribution of bonus shares), a recapitalization, a reorganization (which may include a combination or exchange of shares), a consolidation, a stock split, a reverse stock split, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, the Committee shall, take the required measures in order to make the appropriate adjustments in one or more of (i) the number of shares of Stock available for Awards, (ii) the number of such shares of Stock covered by outstanding Awards, and (iii) the exercise price per share covered by the Option Awards; provided, however, that any fractional shares resulting from such adjustment shall be rounded down to the nearest whole share and that the Company shall have no obligation to make any cash or other payment with respect to such fractional shares.

13.2. **MERGER AND SALE OF COMPANY.**

13.2.1. In the event of (i) a sale of all or substantially all of the assets of the Company; or (ii) a sale (including an exchange) of all or substantially all of the shares of capital stock of the Company; (iii) a merger, consolidation, amalgamation or like transaction of the Company with or into another corporation, which effects a Change of Control; or (iv) a scheme of arrangement for the purpose of effecting such sale, merger or amalgamation which effects a Change of Control (all such transactions being herein referred to as a "**Merger/Sale**"), then, without the Grantee's consent and action, the Committee in its sole

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discretion may cause that any Award then outstanding be assumed or an equivalent Award shall be substituted by such successor corporation ("**Successor Corporation**") or, in such event that such Merger/Sale transaction is effected through a subsidiary, the parent of such successor corporation, under substantially the same terms as the Award; Change of Control shall mean that immediately subsequent to the event, the shareholders of the Company immediately prior thereto do not own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving successor entity in such merger, consolidation, amalgamation, scheme of arrangement or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving successor in such merger, consolidation, amalgamation, scheme of arrangement or similar transaction.

13.2.2. For the purposes of this Section 13.2, the Option shall be considered assumed if, following a Merger/Sale transaction, the option confers on the holder thereof the right to purchase or receive, for each Share underlying an Option immediately prior to the Merger/Sale transaction, the consideration (whether stock, cash, or other securities or property) distributed to or received by holders of Ordinary Shares of the Company in the Merger/Sale transaction for each Share held on the effective date of the Merger/Sale transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if the consideration received in the Merger/Sale transaction does not consist solely of ordinary shares (or their equivalent) of the Successor Corporation, the Board of Directors or the Committee may, with the consent of the Successor Corporation, provide for the per share consideration to be received upon the exercise of the Option to be solely ordinary shares (or their equivalent) of the Successor Corporation equal in Fair Market Value to the per share consideration received by holders of a majority of the outstanding Ordinary Shares in the Merger/Sale transaction, as determined by the Board of Directors or the Committee; and provided further that the Board of Directors or the Committee may determine, in its sole discretion, that in lieu of such assumption or substitution of Options for options of the successor company or its parent or any subsidiary thereof, such Options will be substituted for any other type of asset or property.

13.2.3. In such case that such successor corporation or other entity does not agree to assume the Award or to substitute an equivalent Award and, if the Award is an Option ("**Option Award**"), then the Committee shall, in lieu of such assumption or substitution of the Option Award and in its sole discretion, either (i) provide for the Grantee to have the right to exercise the Option Award as to all of the then vested shares of Stock or any part thereof, including shares of Stock covered by the Option Award which would not otherwise be exercisable, under such terms and conditions as the Committee shall determine; or (ii) provide for the cancellation of each outstanding Option Award at the closing of such Merger/Sale, against payment to the Grantee of an amount in cash equal to (a) the fair market value of each share of Stock covered by the Option Award as reflected under the terms of the Merger/Sale, minus (b) the Exercise Price of each share of Stock covered by the Option Award. Any unvested and outstanding Option Award remaining subsequent to the above shall immediately expire, cease to exist and be of no legal effect.

13.2.4. In the event that the Board of Directors determines in good faith that, in the context of a Merger/Sale transaction, certain Options have no monetary value and thus do not entitle the holders of such Options to any consideration under the terms of the Merger/Sale transaction, the Board of Directors may determine that such Options shall terminate effective as of the effective date of the Merger/Sale transaction.

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13.2.5. Notwithstanding the foregoing, in the event of a Merger/Sale, the Committee may determine in its sole discretion that upon completion of such Merger/Sale, the terms of any Award be otherwise amended and modified, as the Committee shall deem in good faith to be appropriate, and if an Option Award, that the Option Award shall confer the right to purchase any other security or asset, or any combination thereof, or that its terms be otherwise amended or modified, as the Committee shall deem in good faith to be appropriate.

13.3. **RESERVATION OF RIGHTS.** Except as expressly provided in this Section 13, the Grantee of an Award hereunder shall have no rights by reason of any subdivision or consolidation of stock of any class or the payment of any stock dividend (bonus shares) or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, Merger/Sale, or consolidation, divestiture or spin-off of assets or stock of another company; and any issue by the Company of stock 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 or price of shares of Stock subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right of 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.

14. **NON-TRANSFERABILITY OF AWARDS; SURVIVING BENEFICIARY.**

All Awards granted under the Plan shall not be transferable otherwise than by will or by the laws of descent and distribution, and 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. A Grantee may file with the Committee a written designation of a beneficiary 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, the Committee, at its sole discretion, may permit to transfer the Award to a trust family.

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, may not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

15. **AGREEMENT BY GRANTEE REGARDING TAXES**

15.1. If the Committee shall so require, as a condition of exercise of an Option, the release of shares of Stock by the Trustee or the expiration of the Restricted Period (each a “**Tax Event**”), each Grantee shall agree that, no later than the date of the Tax Event, he will pay to the Company or make arrangements satisfactory to the Committee and the Trustee (if applicable) regarding payment of any applicable taxes of any kind required by law to be withheld or paid upon the Tax Event.

15.2. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY OPTIONS, SHARES OF STOCK, OR RESTRICTED STOCK, OR IN THE CASE OF AN OPTION, FROM ITS EXERCISE, FROM THE SALE OR DISPOSITION OF THE SHARES OF STOCK OR RESTRICTED STOCK OR FROM ANY OTHER ACT OF THE GRANTEE IN CONNECTION WITH THE FOREGOING SHALL BE BORNE SOLELY BY THE GRANTEE, AND THE GRANTEE

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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 PENALTY, INTEREST OR INDEXATION THEREON OR THEREUPON.

15.3. The Company or any Subsidiary may take such steps as it may deem necessary or appropriate for the withholding of any taxes or funds which the Company or any Subsidiary is required by any law or regulation of any governmental authority, whether federal, provincial, state or local, domestic or foreign, to withhold in connection with any Awards (collectively, “**Withholding Obligations**”). Such steps may include, by way of example only and not limitation, (i) requiring a Grantees to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations; (ii) allowing the Grantees to tender Stock to the Company, in the Fair Market Value of which at the tender date, the Committee determines to be sufficient to satisfy such Withholding Obligations where applicable legislation permits; (iii) withholding Stock otherwise issuable upon the exercise of an Award and which have a Fair Market Value at the exercise date sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to honor the exercise of any Options by or on behalf of a Grantee until all tax consequences arising from the exercise of such Options are resolved in a manner acceptable to the Company.

15.4. Each Grantee shall notify the Company in writing within ten (10) days after the date such Grantee first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the value of shares of Stock or Awards granted or received hereunder, and each Grantee agrees to any settlement, closing or other similar agreement in connection with the foregoing. Upon request, a Grantee shall provide to the Company any information or document relating to any event described in the preceding sentence which the Company (in its sole discretion) requires in order to calculate and substantiate any change in the Company’s tax liability as a result of such event.

15.5. THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING THE OPTIONS.

15.6. 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 tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 of the Ordinance and the Rules.

16. **RIGHTS AS A STOCKHOLDER; VOTING AND DIVIDENDS.**

With respect to all Shares (in contrast to unexercised Options) allocated or issued upon the exercise of Options purchased by the Grantee and held by the Trustee, if applicable, the Grantee shall be entitled to receive dividends in accordance with the quantity of such Shares, subject to the provisions of the Company’s Articles of Association, as amended from time to time, and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102, as aforementioned in section 9, and the rules, regulations or orders promulgated thereunder.

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17. **NO RIGHTS TO EMPLOYMENT.**

Nothing in the Plan 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 in a consultant, director, Office Holder or supplier relationship with, the Company or any Subsidiary or Affiliate or to be entitled to any remuneration or benefits not set forth in the 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. Awards granted under the Plan shall not be affected by any change in duties or position of a Grantee as long as such Grantee continues to be employed by, or in a consultant, Office Holder or director relationship with, the Company or any Subsidiary or Affiliate.

18. **APPROVAL.**

The Plan shall take effect upon its adoption by the Board (the “**Effective Date**”), subject to approval of the Plan within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting or a written consent of shareholders. Upon approval of the Plan by the shareholders of the Company as set forth above, all Awards made under the Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved the Plan on the Effective Date. The Plan shall terminate on the tenth anniversary of such date. Notwithstanding the foregoing, in the event that approval of the Plan by the stockholders of the Company is required under applicable law, in connection with the application of certain tax treatment or pursuant to applicable stock exchange rules or regulations or otherwise, such approval shall be obtained within the time required under the applicable law.

19. **PERIOD DURING WHICH AWARDS MAY BE GRANTED.**

Awards may be granted pursuant to the Plan from time to time within a period of ten (10) years from the Effective Date. Awards outstanding subsequent to the foregoing ten (10) years shall continue to be governed by the provisions of the Plan.

20. **TERM OF OPTION**

Anything herein to the contrary notwithstanding, and in addition to the termination of Options under the provisions of Section 6.6 hereof, if any Option, or any part thereof, has not been exercised and the Shares covered thereby not paid for within ten (10) years after the date on which the Option was granted, as set forth in the Notice of Grant in the Grantee’s Option Agreement, such Option, or such part thereof, and the right to acquire such Shares shall terminate, all interests and rights of the Grantee in and to the same shall expire. In the case of Shares held in trust, the Grantee shall elect whether to release such Shares

from trust or sell the Shares, thereby realizing a tax event, and upon such release or sale such trust shall expire.

21. **AMENDMENT AND TERMINATION OF THE PLAN**

The Board at any time and from time to time may suspend, terminate, modify or amend the Plan; provided, however, that, unless otherwise determined by the Board, an amendment which requires shareholder approval in order for the Plan to continue to comply with any law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders. Except as provided herein, no suspension, termination, modification or amendment of the Plan may adversely affect

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adversely affect any Award previously granted, unless the written consent of the Grantee is obtained.

22. **NON-EXCLUSIVITY OF THE PLAN**

Neither the adoption of the Plan by the Board nor the submission of the Plan to stockholders of the Company for approval shall be construed as creating any limitations on the power or authority of the Board to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Board 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 Subsidiary now has lawfully put into effect, including, without limitation, any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term or long-term incentive plans.

23. **MISCELLANEOUS.**

Each Award awarded under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion. If any provision of the Plan or any Award Agreement 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. With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires. The use of captions in this Plan or any Option Agreement or Restricted Stock Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such agreement.

24. **GOVERNING LAW.**

The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the jurisdiction, in which the Grantee is employed or provides Services (excluding the choice of law rules thereof). Certain definitions, which refer to laws other than the laws of such jurisdiction, shall be construed in accordance with such other laws.

25. **MARKET STAND-OFF**

In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the United States Securities Act of 1933, as amended or equivalent law in another jurisdiction, including the Company's initial public offering, the Grantee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Plan without the prior written consent of the Company or its underwriters. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters, however in any event, such period shall not exceed 180 days. In the event of a

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event of a subdivision of the outstanding share capital of the Company, the declaration and payment of a stock dividend (distribution of bonus shares), the declaration and payment of an extraordinary dividend payable in a form other than stock, a recapitalization, a reorganization (which may include a combination or exchange of shares or a similar transaction affecting the Company's outstanding securities without receipt of consideration), a consolidation, a stock split, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, an adjustment in conversion ratio, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Plan until the end of the applicable stand-off period.

26. **CONDITIONS UPON ISSUANCE OF SHARES**

26.1. Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option, unless the exercise of such Option and the issuance and delivery of such Shares shall comply with applicable laws as determined by counsel for the Company. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

26.2. Investment Representations. As a condition to the exercise of an Option, the Board of Directors may require the person exercising such Option 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, and make other representations as may be required under applicable securities laws if, in the opinion of counsel for the Company, such representations are required, all in form and content specified by the Board of Directors.

27. **RULES PARTICULAR TO SPECIFIC COUNTRIES**

Notwithstanding anything herein to the contrary, the terms and conditions of the Plan may be amended with respect to a particular country by means of an appendix to the Plan, and to the extent that the terms and conditions set forth in any appendix conflict with any provisions of the Plan, the provisions of the appendix shall govern. Terms and conditions set forth in the Appendix shall apply only to Options or Restricted Shares issued to an Grantee or recipient of Restricted Shares under the jurisdiction of the specific country that is the subject of the appendix and shall not apply to Options issued to an Grantee or recipient of Restricted Shares not under the jurisdiction of such country. The adoption of any such appendix shall be subject to the approval of the Board of Directors or Committee.

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OBJET LTD.

2011 OMNIBUS STOCK OPTION AND RESTRICTED STOCK INCENTIVE PLAN

OBJET LTD.

2011 OMNIBUS STOCK OPTION AND RESTRICTED STOCK 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 2011 Omnibus Stock Option and Restricted Stock Incentive Plan (as amended, the “**Plan**”) is to afford an incentive to employees, directors, officers, consultants, advisors, and any other person or entity whose services are considered valuable (collectively, the “**Service Providers**”) to Objet Ltd., an Israeli company (the “**Company**”), or any Affiliate of the Company, which now exists or hereafter is organized or acquired by the Company, to continue as Service Providers, to increase their efforts on behalf of the Company or Affiliate 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 Class A Ordinary Shares of the Company, and the grant of options to purchase Shares, restricted Shares awards (“**Restricted Shares**”) and other Share-based Awards pursuant to the Plan.
- 1.2. **Types of Awards.** The Plan is intended to enable the Company to issue Awards under varying tax regimes, including, without limitation:
- (i) pursuant and subject to the provisions of Section 102 of the Ordinance, and all regulations and interpretations adopted thereunder, including without limitation the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003 (the “**Rules**”) or such other rules published by the Israeli Income Tax Authorities (the “**ITA**”) (such Awards, “**102 Awards**”). 102 Awards may either be granted to a Trustee or without a trustee;
 - (ii) pursuant to Section 3(9) of the Ordinance (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 Service Providers who are deemed to be residents of the U.S. for purposes of taxation;
 - (iv) Nonqualified Stock Options to be granted to Service Providers who are deemed to be residents of the U.S. for purposes of taxation; and
 - (v) other stock-based Awards pursuant to Section 12 hereof.

In addition to the issuance of Awards under the relevant tax regimes in the United States of America and the State of Israel, the Plan contemplates issuances to Grantees in other jurisdictions with respect to which the Committee is empowered to make the requisite adjustments in the Plan and set forth the relevant conditions in the Company’s agreement with the Grantee in order to comply with the

requirements of the tax regimes in any such jurisdictions.

The Plan contemplates the issuance of Awards by the Company, both as a private company and as a publicly traded company.

- 1.3. **Construction.** To the extent any provision herein conflicts with the conditions of any relevant tax law or regulation which are relied upon for tax relief in respect of a particular Award to a Grantee, the provisions of such law or regulation shall prevail over those of the Plan and the Committee is empowered hereunder to interpret and enforce the said prevailing provisions.

2. **DEFINITIONS.**

- 2.1. **Terms Generally.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Unless the context requires otherwise (i) 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), (ii) references to any law, constitution, statute, treaty, regulation, rule or ordinance, including any section or other part thereof shall refer to that it as amended from time to time and shall include any successor law, (iii) reference to a person shall mean an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof, (iv) 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 and (v) all references herein to Sections shall be construed to refer to Sections to this Plan.

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

2.2.1. “**Affiliate**” shall mean an affiliate of, or person affiliated with, a specified person or company or other trade or business that directly, or

indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary. For the purpose of Options granted pursuant to Section 102 shall mean also an “employing company” within the meaning of Section 102(a) of the Ordinance.

- 2.2.2. **“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 or trading system on which the Shares are then traded or listed.
- 2.2.3. **“Award”** shall mean any Restricted Share, Option or any other Share-based award, granted to a Grantee under the Plan and any share issued pursuant to the exercise thereof.

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- 2.2.4. **“Board”** shall mean the Board of Directors of the Company.
- 2.2.5. **“Code”** shall mean the United States Internal Revenue Code of 1986, as amended.
- 2.2.6. **“Committee”** shall mean a committee established by the Board to administer the Plan, subject to Section 3.1.
- 2.2.7. **“Companies Law”** shall mean the Israel Companies Law-1999 and the regulations promulgated thereunder, all as amended from time to time.
- 2.2.8. **“Controlling Shareholder”** shall have the meaning set forth in Section 32(9) of the Ordinance.
- 2.2.9. **“Disability”** shall mean (i) the inability of a Grantee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as determined by a medical doctor satisfactory to the Committee or, if applicable, (ii) as “permanent and total disability” as defined in Section 22(e)(3) of the Code, as amended from time to time.
- 2.2.10. **“Employee”** shall mean a person who is employed by the Company or any of its Affiliates, including, for the purpose of Section 102, an individual who is serving as an “office holder” as defined under the Companies Law, but excluding any Controlling Shareholder.
- 2.2.11. **“Exercise Period”** shall mean the period, commencing on the date of grant of an Option, during which an Option shall be exercisable, subject to any vesting provisions thereof and the termination provisions hereof.
- 2.2.12. **“Exercise Price”** shall mean the exercise price for each Share covered by an Option.
- 2.2.13. **“Fair Market Value”** per share as of a particular date shall mean (i) the closing sales price per Share on the securities exchange on which the Shares are principally traded for the last preceding date on which there was a sale of such Shares on such exchange; or (ii) if the Shares are listed on Nasdaq, the last reported price per Share on Nasdaq on the last preceding date on which there was a sale of such Share on Nasdaq; or (iii) if the Shares are then traded in an over-the-counter market, the average of the closing bid and asked prices for the Shares in such over-the-counter market for the last preceding date on which there was a sale of such Shares in such market; (iv) if the Shares are not then listed on a securities exchange or market or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine, with full authority to determine the method for making such determination (which may be Black-Scholes model or any other method), 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. The Committee may 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

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or national market system, the Committee shall determine the appropriate exchange or system for the purpose of determination of Fair Market Value.

- 2.2.14. **“Grantee”** shall mean a person who receives a grant of Award under the Plan, and who at the time of grant is a Service Provider of the Company or any Affiliate thereof.
- 2.2.15. **“Non-Employee”** shall mean a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee.
- 2.2.16. **“Nonqualified Stock Option”** shall mean any Option granted to Service Provider who is deemed to be residents of the U.S. for purposes of taxation, which Option is not designated as, or does not meet the conditions for, an Incentive Stock Option.
- 2.2.17. **“Options”** shall mean all options to purchase Shares granted as 102 Awards, 3(9) Awards, Incentive Stock Options and Non-Qualified Stock Options, as well as options to purchase Shares issued under other tax regimes.
- 2.2.18. **“Ordinance”** shall mean the Israeli Income Tax Ordinance (New Version) 1961, and the regulations promulgated thereunder, all as amended from time to time.
- 2.2.19. **“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, if applicable, (ii) as defined in Section 424(e) of the Code.
- 2.2.20. **“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.
- 2.2.21. **“Securities Act”** shall mean Securities Act of 1933, as amended.
- 2.2.22. **“Shares”** shall mean Class A Ordinary Shares, par value NIS 0.01 of the Company, or shares of such other class of shares of the Company as shall be designated by the Board in respect of the relevant Award.
- 2.2.23. **“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, if applicable, (ii) as defined in Section 424(f) of the Code.

2.2.24. “**Ten Percent Shareholder**” shall mean a Grantee who, at the time an

Incentive Stock Option is granted, 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.

2.2.25. “**Trustee**” shall mean the trustee appointed by the Committee or the Board, as the case may be, to hold the respective Options and/or Shares (and, in relation with 102 Awards, approved by the Israeli tax authorities), 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 Options	9.1
102 Non-Trustee Options	9.2
102 Ordinary Income Track Options	9.1
102 Trustee Options	9.1
3(9) Awards	1.2(ii)
Cause	6.6.3
Company	1.1
Effective Date	25.1
Election	9.2
Eligible 102 Grantees	4.2
ISO Shares	8.3
ITA	1.2(i)
Market Stand-Off	17
Merger/Sale	14.2
Option Agreement	6
Plan	1.1
Required Holding Period	9.4
Restricted Period	11.4
Restricted Share Agreement	11
Restricted Share Unit Agreement	12.1
Restricted Shares	1.1
RSU	12.1
Rules	1.2(i)
Service Provider(s)	1.1
Successor Corporation	14.2.1
Withholding Obligations	18.3

3. **ADMINISTRATION.**

3.1. To the extent permitted under Applicable Law and the Memorandum of Association, Articles of Association and any other governing document of the Company, the Plan shall be administered by the Committee. In the event that the Board does not create a committee to administer the Plan, the Plan shall be administered by the Board in its entirety. In the event that an action necessary for the administration of the Plan is required under law to be taken by the Board, 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.

3.2. The Committee shall consist of two or more directors of the Company, as determined by the Board. 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 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 requirements of Applicable Law.

3.3. Subject to the terms and conditions of this Plan and any 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 option agreements (which need not be identical) and any other agreements or instruments under which Awards are made, including, but not limited to, the number of Shares underlying each Award,
- (iii) the time or times at which Awards shall be granted,
- (iv) the vesting schedule, the acceleration thereof and conditions on which Awards may be exercised,
- (v) the Exercise Price,
- (vi) to interpret the Plan,

- (vii) prescribe, amend and rescind rules and regulations relating to and for carrying out the Plan, as it may deem appropriate,
 - (viii) the Fair Market Value of the Shares,
 - (ix) 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, and
 - (x) any other matter which is necessary or desirable for, or incidental to, the administration of the Plan and any Award thereunder.
- 3.4. Grants of Awards shall be made pursuant to written notice to Grantees setting forth the terms of the Award. Such notice shall designate the type of Award as one of the following: (i) a 102 Award granted to a Trustee (either as a 102 Award (capital gain track) with Trustee or a 102 Award (ordinary income track) with Trustee), (ii) a 102 Award without a 102 Trustee, (iii) a 3(9) Award, (iv) Incentive Stock Option, (v)

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Nonqualified Stock Option, or (vi) any other type of Award.

- 3.5. Subject to the mandatory provisions of Applicable Law, the grant of any Award, whether by the Committee or the Board, shall be deemed to include an authorization of the issuance of Shares upon the due exercise thereof.
- 3.6. 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 the Plan but without amending the Plan. The Committee shall have the authority to grant, in its discretion, to the holder of an outstanding Award, in exchange for the surrender and cancellation of such Award, a new Award having an exercise price lower than provided in the Award so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan or to set a new exercise price for the same Award lower than that previously provided in the Award.
- 3.7. All decisions, determination and interpretations of the Committee shall be final and binding on all Grantees of any Awards under this Plan, unless otherwise determined by the Board. No member of the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.
4. **ELIGIBILITY.**
- 4.1. Awards may be granted to Service Providers of the Company and any Affiliate thereof, taking into account the qualification under each tax regime pursuant to which such Awards are granted. 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. In determining the persons to whom Awards shall be granted and the number of Shares to be covered by each Award, the Committee shall take into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.
- 4.2. Subject to Applicable Law, 102 Awards may not be granted to Controlling Shareholders and may only be granted to Employees, including officers and directors, of the Company or any Affiliate thereof, who are Israeli residents (“**Eligible 102 Grantees**”). Awards to Eligible 102 Grantees in Israel shall be 102 Awards. Eligible 102 Grantees may receive only 102 Awards, which may either be grants to a Trustee or grants under Section 102 without a trustee. Unless otherwise permitted by the Ordinance and the Rules, no 102 Awards to a Trustee may be granted until the expiration of thirty (30) days after the requisite filings under the Ordinance and the Rules have been appropriately made with the ITA.
- 4.3. Subject to Applicable Law, Non-Employees who are Israeli residents and are not Eligible 102 Grantees may only be granted 3(9) Awards under this Plan.

5. **SHARES.**

The initial number of Shares reserved for the grant of Awards under the Plan shall be 7,500,000 Shares. The reserved pool under the Plan will be automatically increased annually on January 1 by a number of Shares equal to the lowest of (i) 1,500,000 Shares, subject to

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adjustment due to certain changes as provided under the Plan, and (ii) a number of Shares determined by our Board of Directors, if so determined prior to the January 1 on which the increase will occur. The class of said Shares shall be designated by the Board with respect to each Award and the notice of grant shall reflect such designation. Any share underlying an Award granted hereunder which has expired, or was cancelled or terminated or forfeited for any reason without having been exercised, shall be automatically, and without any further action on the part of the Company or any Grantee, returned to the “pool” of reserved Shares hereunder and shall again be available for grant for the purposes of this Plan (unless this Plan shall have been terminated) or unless the Board determines otherwise. The Board may, subject to any other approvals required under any Applicable Law, increase or decrease the number of Shares to be reserved under the Plan. Such Shares may, in whole or in part, be authorized but unissued Shares, or Shares that shall have been or may be reacquired by the Company (to the extent permitted pursuant to the Companies Law) or by a trustee appointed by the Board under the relevant provisions of the Ordinance, the Companies Law or any equivalent provision. Any Shares which are not subject to outstanding options at the termination of the Plan shall cease to be reserved for the purpose of the Plan, but until termination of the Plan, the Company shall at all times reserve a sufficient number of Shares to meet the requirements of the Plan.

6. **TERMS AND CONDITIONS OF OPTIONS**

Each Option granted pursuant to the Plan shall be evidenced by a written agreement between the Company and the Grantee or a written notice delivered by the Company and accepted by the Grantee (the “**Option Agreement**”), in such form and containing such terms and conditions as the Committee shall from time to time approve, which Option Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Option Agreement or the terms referred to in Sections 9 and 10 below. For purposes of interpreting this Section 6, a director’s service as a member of the Board or the services of an officer, as the case may be, shall be deemed to be employment with the Company or its Subsidiary or Affiliate.

- 6.1. **Number of Shares.** Each Option Agreement shall state the number of Shares covered by the Option.
- 6.2. **Type of Option.** Each Option Agreement shall specifically state the type of Option granted thereunder and whether it constitutes an Incentive Stock Option, Nonqualified Stock Option, 102 Option Award and the relevant track, 3(9) Option Award, or otherwise.
- 6.3. **Exercise Price.** Each Option Agreement shall state the Exercise Price, which, in the case 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 Option on the date of grant or such other amount as may be required pursuant to the

Code. In the case of any other Option, the per share Exercise Price shall be equal to the amount determined by the Committee. In the case of an Incentive Stock Option granted to any Ten-Percent Shareholder, the Exercise Price shall be no less than 110% of the Fair Market Value of the Shares covered by the Option on the date of grant. In no event shall the Exercise Price of an Option be less than the par value of the shares for which such Option is exercisable. Subject to Section 3 and to the foregoing, the Committee may reduce the Exercise Price of any outstanding Option. The Exercise Price shall also be subject to adjustment as provided in Section 14 hereof.

- 6.4. Manner of Exercise. An Option may be exercised, as to any or all Shares as to which the Option has become exercisable, by written notice delivered in person or by mail

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to the Secretary of the Company or to such other person as determined by the Committee, specifying the number of Shares with respect to which the Option is being exercised, accompanied by payment of the 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 publicly traded, 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 publicly traded, 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, or (iv) in such other manner as the Committee shall determine, which may include procedures for cashless exercise.

- 6.5. Term and Vesting of Options. Each Option Agreement shall provide the vesting schedule for the Option as determined by the Committee. To the extent permitted under Applicable Law, the Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Option Agreement, and subject to Sections 6.6 and 6.7 hereof, Options shall vest and become exercisable under the following schedule: twenty-five percent (25%) of the Shares covered by the Option, on the first anniversary of the date on which such Option is granted, provided that the Grantee remains continuously employed by or in the service of the Company or its Subsidiary or Affiliate for that one year, and six and one-quarter percent (6.25%) of the Shares covered by the Option at the end of each subsequent quarter, provided that the Grantee remains continuously employed by or in the service of the Company or its Subsidiary or Affiliate for that quarter, over the course of the following three (3) years of continued employment by or service for the Company or its Subsidiary or Affiliate. The Option Agreement may contain performance goals and measurements, and the provisions with respect to any Option need not be the same as the provisions with respect to any other Option. The Exercise Period of an Option will be 10 years from the date of grant of the Option unless otherwise determined by the Committee, but subject to the vesting provisions described above and the early termination provisions set forth in Sections 6.6 and 6.7 hereof; provided, however, that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, such Exercise Period shall not exceed five (5) years from the date of grant of such Option. At the expiration of the Exercise Period, all unexercised Options shall become null and void.

6.6. Termination.

- 6.6.1. Except as provided in this Section 6.6 and in Section 6.7 hereof, an Option may not be exercised unless the Grantee is then in the employ of or maintaining a director, officer, consultant, advisor or supplier relationship with the Company or a Subsidiary or Affiliate thereof or, in the case of an Incentive Stock Option, 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 or in the director, officer, supplier, consultant, or advisor relationship since the date of

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grant of the Option. In the event that the employment or director, officer or consultant, advisor or supplier relationship of a Grantee shall terminate (other than by reason of death, Disability or Retirement), all Options of such Grantee that are vested and exercisable at the time of such termination may, unless earlier terminated in accordance with their terms, be exercised within up to ninety (90) days after the date of such termination (or such different period as the Committee shall prescribe); provided, however, that if the Company (or the Subsidiary or Affiliate, when applicable) shall terminate the Grantee's employment or service for Cause (as defined below) or if, whether or not the Grantee's employment is terminated by either party, circumstances arise or are discovered with respect to the Grantee that would have constituted Cause for termination of his or her employment or service, all Options theretofore granted to such Grantee (whether vested or not) shall, to the extent not theretofore exercised, terminate on the date of such termination (or on which such circumstance arise or are discovered, as the case may be) unless otherwise determined by the Committee.

- 6.6.2. In the case of a Grantee whose principal employer 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 ceases to be a Subsidiary or Affiliate. 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 the Options held by any individual may continue to vest and be exercisable; provided, that such Options may lose their status as Incentive Stock Options under applicable law and be deemed Nonqualified Stock Options in the event that the period of vesting and/or exercisability of any option is extended beyond the later of: (i) one hundred and eighty (180) days after the date of cessation of employment or performance of services; or (ii) the applicable period under Section 6.7 below.
- 6.6.3. For purposes of this Plan, the term "Cause" shall mean any of the following: (a) fraud, embezzlement or felony or similar act by the Grantee; (b) an act of moral turpitude by the Grantee, or any act that causes significant injury to the reputation, business, assets, operations or business relationship of the Company (or a Subsidiary or Affiliate, when applicable); (c) any material breach by the Grantee of an agreement between the Company or any Subsidiary or Affiliate and the Grantee (including material breach of confidentiality, non-competition or non-solicitation covenants) or of any duty of the Grantee to the Company or any Subsidiary or Affiliate thereof; or (d) any circumstances that constitute grounds for termination for cause under the Grantee's employment, consulting or service agreement with the Company or Subsidiary or Affiliate, to the extent applicable.

- 6.7. Death, Disability or Retirement of Grantee. If a Grantee shall die while employed by, or performing service for, the Company or a Subsidiary, or within the three (3) month period 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 shall terminate by reason of Disability, all Options theretofore granted to such Grantee may (to the extent otherwise vested and exercisable and unless earlier terminated in accordance

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with their terms), be exercised by the Grantee or by the Grantee's estate or by a person who acquired the right to exercise such Options by bequest or inheritance or otherwise by result of death or Disability of the Grantee, at any time within one (1) year after the death or Disability of the Grantee (or such different period as the Committee shall prescribe). In the event that an Option granted hereunder shall be exercised by the legal representatives of a deceased or former Grantee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative to exercise such Option. In the event that the employment or service of a Grantee shall terminate on account of such Grantee's Retirement, all Options 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 Board of Directors or the Committee provides otherwise, vesting of Options granted hereunder shall be suspended during any unpaid leave of absence, other than in the case of any (a) leave of absence which was pre-approved by the Company for purposes of continuing the vesting of Options, or (b) transfers between locations of the Company or between the Company, any Affiliate, or any respective successor thereof.
- 6.9. **Voting Proxy.** Until immediately after the listing for trading on a stock exchange or market or trading system of the Company's (or the Successor Corporation's) shares, the right to vote any Shares acquired under this Plan pursuant to an Award shall, unless otherwise determined by the Committee, be given by the Grantee or the Trustee (if so requested from the Trustee and agreed by the Trustee), as the case may be, pursuant to an irrevocable proxy, to the person or persons designated by the Board. All Awards granted hereunder shall be conditioned upon the execution of such irrevocable proxy. So long as any such Shares are held by a Trustee (and unless a proxy was given by the Trustee as aforesaid), such Shares shall be voted by the Trustee, and unless the Trustee is directed otherwise by the Board, such Shares shall be voted in the same proportion as the result of the shareholder vote at the shareholders meeting or written consent in respect of which the Shares held by the Trustee are being voted. Any irrevocable proxy granted pursuant hereto shall be of no force or effect immediately after the immediately after the listing for trading on a stock exchange or market or trading system of the Company's (or the Successor Corporation's) shares.
- 6.10. **Other Provisions.** The Option Agreement evidencing Awards under the Plan shall contain such other terms and conditions not inconsistent with the Plan as the Committee may determine, at or after the date of grant, including without limitation, provisions in connection with the restrictions on transferring the Awards, which shall be binding upon the Grantees and other terms and conditions as the Committee shall deem appropriate.
- 6.11. **Israeli Index Base for 102 Awards.** Each 102 Award will be subject to the Israeli index base of the Value of Benefit, as defined in Section 102(a) of the Ordinance, as determined by the Committee in its discretion, pursuant to the Rules, from time to time. In the event that the Company effects a public offering of its shares in any stock exchange outside of Israel, the Committee may amend retroactively the Israeli index base, pursuant to the Rules, without the Grantee's consent.

7. NONQUALIFIED STOCK OPTIONS

Options 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 the Plan, except for any provisions of the Plan applying to Options under different tax laws or regulations.

8. INCENTIVE STOCK OPTIONS

Options 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 the Plan, except for any provisions of the Plan applying to Options under different tax laws or regulations:

- 8.1. **Value of Shares.** 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 option plans of any Subsidiary or Affiliate 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 the Incentive Stock Options are exercisable for the first time by any Grantee during any calendar years 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, with the Fair Market Value of any Share to be determined at the time of the grant of the Option. In the event the foregoing results in the portion of an Incentive Stock Option exceeding the one hundred thousand United States dollars (\$100,000) limitation, only such excess shall be treated as a Nonqualified Stock Option.
- 8.2. **Ten Percent Shareholder.** In the case of an Incentive Stock Option granted to a Ten Percent Shareholder, (i) the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of the Shares on the date of grant of such Incentive Stock Option, and (ii) the Exercise Period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.
- 8.3. **Incentive Stock Option Lock-Up Period.** No disposition of Shares received pursuant to the exercise of Incentive Stock Options ("**ISO Shares**"), shall be made by the Grantee within 2 years from the date of grant, nor within 1 year after the transfer of such ISO Shares to him. To the extent that the Grantee violates the aforementioned limitations, the Incentive Stock Options shall be deemed to be Nonqualified Stock Options.
- 8.4. **Approval.** The status of any ISO Shares shall be subject to approval of the Plan by the Company's shareholders, such approval to be provided 12 months before or after the date of adoption of the Plan by the Board of Directors.
- 8.5. **Exercise Following Termination.** Notwithstanding anything else in this Plan to the contrary, Incentive Stock Options that are not exercised within ninety (90) days following termination of Grantee's employment in the Company or its Affiliates and Subsidiaries, or within one year in case of termination of Grantee's employment in the Company or its Affiliates and Subsidiaries due to a disability (within the meaning of section 22(e)(3) of the Code), shall be deemed to be Nonqualified Stock Options.
- 8.6. **Adjustments to Incentive Stock Options.** Any Option Agreement providing for the

grant of Incentive Stock Options shall indicate that adjustments made pursuant to the 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.

- 8.7. **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 ISO Shares. A "Disqualifying Disposition" is any disposition (including any sale) of

such ISO 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 ISO Shares are sold, these holding period requirements do not apply and no disposition of the ISO Shares will be deemed a Disqualifying Disposition.

9. **102 OPTION AWARDS.**

- 9.1. Options granted pursuant to this Section 9 are intended to be granted pursuant to Section 102 of the Ordinance pursuant to either (a) Section 102(b)(2) thereof as capital gains track options ("**102 Capital Gains Track Options**"), or (b) Section 102(b)(1) thereof as ordinary income track options ("**102 Ordinary Income Track Options**"); together with 102 Capital Gains Track Options, "**102 Trustee Options**"). 102 Trustee Options shall be granted subject to the following special terms and conditions contained in this Section 9, the general terms and conditions specified in Section 6 hereof and other provisions of the Plan, except for any provisions of the Plan applying to Options under different tax laws or regulations.
- 9.2. The Company may grant only one type of 102 Trustee Option at any given time to all Grantees who are to be granted 102 Trustee Options pursuant to this Plan, and shall file an election with the ITA regarding the type of 102 Trustee Option it elects to grant before the date of grant of any 102 Trustee Options (the "**Election**"). Such Election shall also apply to any bonus shares received by any Grantee as a result of holding the 102 Trustee Options. The Company may change the type of 102 Trustee Option that it elects to grant only after the passage 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 Options, pursuant to Section 102(c) of the Ordinance without a Trustee ("**102 Non-Trustee Options**").
- 9.3. Each 102 Trustee Option will be deemed granted on the date stated in a written notice to be provided by the Company, provided that on or before such date (i) the Company has provided such notice to the Trustee and (ii) the Grantee has signed all documents required pursuant to Applicable Law and under the Plan.
- 9.4. Each 102 Trustee Option, each Share issued pursuant to the exercise of any 102 Trustee Option, and any rights granted thereunder, including, without limitation, bonus shares, shall be allotted and issued to and registered in the name of the Trustee and shall be held in trust for the benefit of the Grantee for a period of not less than the requisite period prescribed by the Ordinance and the Rules or such longer period as set by the Committee (the "**Required Holding Period**"). In the event that the requirements under Section 102 to qualify an Option as a 102 Trustee

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Option are not met, then the Option may be treated as a 102 Non-Trustee Option, all in accordance with the provisions of Section 102 and the Rules. After termination of the Required Holding Period, the Trustee may release such 102 Trustee Option 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 any applicable taxes due pursuant to the Ordinance arising from the 102 Trustee Options and/or any Shares allotted or issued upon exercise of such 102 Trustee Options. The Trustee shall not release any 102 Trustee Options or Shares issued upon exercise thereof prior to the payment in full of the Grantee's tax liabilities arising from such 102 Trustee Options and/or Shares or the withholding referred to in (ii) above.

- 9.5. Each 102 Trustee Option shall be subject to the relevant terms of the Ordinance and the Rules, which shall be deemed an integral part of the 102 Trustee Option and shall prevail over any term contained in the Plan or Option Agreement which is not consistent therewith. Any provision of the Ordinance, the Rules and any approvals by the Income Tax Commissioner not expressly specified in this Plan or Option Agreement which, as determined by the Committee, are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Grantee. The Grantee granted a 102 Trustee Option shall comply with the Ordinance and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee. The Grantee agrees to execute any and all documents, which the Company and/or its Affiliates and/or the Trustee may reasonably determine to be necessary in order to comply with the Ordinance and the Rules.
- 9.6. 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 of a 102 Trustee Option 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 or release occurs during the Required Holding Period it will 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, 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 required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee 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, the Plan, the Option Agreement and any Applicable Law.
- 9.7. If a 102 Trustee Option is exercised during the Required Holding Period, the Shares issued upon such exercise shall be issued in the name of the Trustee for the benefit of the Grantee. If such 102 Trustee Option is exercised after the expiration of the Required Holding Period, the Shares issued upon such exercise shall, at the election of the Grantee, either (i) be issued in the name of the Trustee, or (ii) be issued to the Grantee, provided that the Grantee first complies with all applicable provisions of the Plan and all taxes with respect thereto shall have been fully paid to the ITA.
- 9.8. The foregoing provisions of this Section 9 relating to 102 Trustee Options shall not apply with respect to 102 Non-Trustee Options, which shall, however, be subject to the relevant provisions of Section 102 and the Rules.

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- 9.9. Upon receipt of a 102 Trustee Option, the Grantee will 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 the Plan, or any 102 Trustee Option or Share granted to such Grantee thereunder.

10. **3(9) OPTION AWARD.**

- 10.1. Options granted pursuant to this Section 10 are intended to constitute a 3(9) Option Award and shall be granted subject to the general terms and conditions specified in Section 6 hereof and other provisions of the Plan, except for any provisions of the Plan applying to Options under different tax laws or regulations.
- 10.2. To the extent required by the Ordinance or the ITA or otherwise deemed by the Committee prudent or advisable, the 3(9) Option Awards granted pursuant to the 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 Options in trust, until exercised by the Grantee, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will be entered into between the Company and the Trustee. If determined by the Board of Directors 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 the exercise of Options.

11. 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 the 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 Share Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:

- 11.1. Number of Shares. Each Restricted Share Agreement shall state the number of Shares covered by an Award.
- 11.2. Purchase Price. Each Restricted Share Agreement may state an amount of purchase price to be paid by the Grantee in consideration for the issuance of the Restricted Shares and the terms of payment thereof, which may include, payment by issuance of promissory notes or other evidence of indebtedness on such terms and conditions as determined by the Committee.
- 11.3. Vesting. Each Restricted Share Agreement shall provide the vesting schedule for the Restricted Shares as determined by the Committee, provided that (to the extent permitted under Applicable Law) the Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding Restricted Share at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Restricted Share Agreement, Restricted Shares shall vest in the same vesting schedule as set forth in Section 6.5 hereof.
- 11.4. 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, for such period as the Committee shall determine from the date on which the Award is granted (the “**Restricted Period**”). The Committee may also

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impose such additional or alternative restrictions and conditions on the Restricted Shares, as it deems appropriate, including the satisfaction of performance criteria. 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. Certificates for shares issued pursuant to Restricted Share Awards 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 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, 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 such period as may be required by the Ordinance.

- 11.5. Adjustment of Performance Goals. The Committee may adjust performance goals 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. The Committee also may adjust the performance goals by reducing the amount to be received by any Grantee pursuant to an Award if and to the extent that the Committee deems it appropriate.
- 11.6. Forfeiture. Subject to such exceptions as may be determined by the Committee, if the Grantee’s continuous employment with the Company or any Subsidiary or Affiliate shall terminate for any reason prior to the expiration of the vesting date or Restricted Period of an Award or prior to the payment in full of the purchase price of any Restricted Shares with respect to which the vesting date or the Restricted Period has expired, any shares remaining subject to vesting or restrictions or with respect to which the purchase price has not been paid in full, shall thereupon be forfeited and shall be deemed transferred to, and reacquired by, or cancelled by, as the case may be, the Company or a Subsidiary at no cost to the Company or Subsidiary, subject to all Applicable Laws. Upon forfeiture of Restricted Shares, the Grantee shall have no further rights with respect to such Restricted Shares.
- 11.7. Ownership. During the Restricted Period the Grantee shall possess all incidents of ownership of such Restricted Shares, subject to Section 6.9 and Section 11.4, including the right to receive dividends with respect to such shares. All distributions, 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.

12. RESTRICTED SHARE UNITS.

- 12.1. A Restricted Share Unit (an “**RSU**”) is an Award covering a number of Shares that is settled by issuance of those Shares. An RSU may be awarded to any eligible Grantee, including under Section 102 of the Ordinance. Each grant of RSUs under the Plan shall be evidenced by a written agreement between the Company and the Grantee (the “**Restricted Share Unit Agreement**”), in such form as the Committee shall from time to time approve. Such RSUs shall be subject to all applicable terms

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of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Share Unit Agreements entered into under the Plan need not be identical. RSUs may be granted in consideration of a reduction in the recipient’s other compensation.

- 12.2. Other than the par value of the Shares, no payment of cash shall be required as consideration for RSUs. RSUs may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Unit Agreement.
- 12.3. Without limitation of Section 6.9, no voting or dividend rights as a shareholder shall exist prior to the actual issuance of Shares in the name of the Grantee. Notwithstanding anything else in this Plan (as may be amended from time to time) to the contrary, unless otherwise specified by the Committee, each RSU shall be for a term of seven (7) years. Each Restricted Share Unit Agreement shall specify its term and any conditions on the time or times for settlement, and provide for expiration prior to the end of its term in the event of termination of employment or service providing to the Company, and may provide for earlier settlement in the event of the Grantee’s death, Disability or other events.
- 12.4. Settlement of vested RSUs shall be made in the form of Shares. Distribution to a Grantee of an amount (or amounts) from settlement of vested RSUs can be deferred to a date after settlement 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 such RSUs shall be subject to adjustment pursuant hereto.

13. OTHER SHARE OR SHARE-BASED AWARDS.

The Committee may grant other Awards under the Plan pursuant to which Shares (which may, but need not, be Restricted Shares pursuant to Section 11 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 Committee may also grant stock appreciation rights without the grant of an accompanying option, which rights shall permit the Grantees to receive, at the time of any exercise of such rights, cash equal to the amount by which the Fair Market Value of all Shares in respect to which the right was granted exceeds the exercise price thereof. The Committee may, and it is hereby deemed to be an Award under the terms of the Plan, grant to Grantees (including employees) the opportunity to purchase Shares of the Company in connection with any public offerings of the Company's securities. Such other Share based Awards may be granted alone, in addition to, or in tandem with any Award of any type granted under the plan and must be consistent with the purposes of the Plan.

14. EFFECT OF CERTAIN CHANGES

- 14.1. General. In the event of a subdivision of the outstanding share capital of the Company, any payment of a stock dividend (distribution of bonus shares), a recapitalization, a reorganization (which may include a combination or exchange of shares), a consolidation, a stock split, a reverse stock split, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, the Committee shall make such adjustments as determined by the Committee to be appropriate in order to adjust (i) the number of Shares available for grants of Awards, (ii) the number of Shares covered by outstanding Awards, and (iii) the exercise price per share covered by any Award; provided, however, that any

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fractional shares resulting from such adjustment shall be rounded down to the nearest whole share and that the Company shall have no obligation to make any cash or other payment with respect to such fractional shares.

- 14.2. Merger and Sale of Company. In the event of (i) a sale of all or substantially all of the assets of the Company; or (ii) a sale (including an exchange) of all or substantially all of the shares of the Company, or an acquisition by a shareholder of the Company or by an Affiliate of such shareholder, of all the shares of the Company held by other shareholders or by other shareholders who are not Affiliated with such acquiring party; (iii) a merger, consolidation, amalgamation or like transaction of the Company with or into another corporation; (iv) a scheme of arrangement for the purpose of effecting such sale, merger or amalgamation; or (v) such other transaction or set of circumstances that is determined by the Committee, in its discretion, to be a transaction having a similar effect (all such transactions being herein referred to as a "**Merger/Sale**"), then, without the Grantee's consent and action and without any prior notice requirement:

- 14.2.1. unless otherwise determined by the Committee in its sole and absolute discretion, any Award then outstanding shall be assumed or an equivalent Award shall be substituted by such successor corporation of the Merger/Sale or any parent or Affiliate thereof as determined by the Board in its discretion (the "**Successor Corporation**"), under substantially the same terms as the Award;

For the purposes of this Section 14.2.1, the Award shall be considered assumed 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 stock, cash, or other securities or property) 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 of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares), which may be subject to vesting and other terms as determined by the Committee in its discretion, or (ii) regardless of the consideration received by the holders of Shares in the Merger/Sale, solely shares (or their equivalent) of the Successor Corporation at a value to be determined by the Committee in its discretion, which may be subject to vesting and other terms as determined by the Committee in its discretion. The foregoing shall not limit the Committee's authority to determine, in its sole discretion, that in lieu of such assumption or substitution of Awards for Awards of the Successor Corporation, such Award will be substituted for any other type of asset or property, including under Section 14.2.2 hereunder.

- 14.2.2. In the event that the Awards are not assumed or substituted by an equivalent Award, then the Committee may (but shall not be obligated to), in lieu of such assumption or substitution of the Award and in its sole discretion, (i) provide 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, including Shares covered by the Award which would not otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine, including the cancellation of all unexercised Awards upon closing of the Merger/Sale; and/or (ii) provide for the cancellation of each outstanding Award at the closing of

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such Merger/Sale, and payment to the Grantee of an amount in cash as determined by the Committee to be fair in the circumstances (with full authority to determine the method for making such determination, which may be Black-Scholes model or any other method, and which determination shall be conclusive and binding on all parties), and subject to such terms and conditions as determined by the Committee.

- 14.2.3. Notwithstanding the foregoing, in the event of a Merger/Sale, the Committee may determine, in its sole discretion, that upon completion of such Merger/Sale, the terms of any Award be otherwise amended, modified or terminated, as the Committee shall deem in good faith to be appropriate, and if an Option Award, that the Option Award shall confer the right to purchase or receive any other security or asset, or any combination thereof, or that its terms be otherwise amended, modified or terminated, as the Committee shall deem in good faith to be appropriate. Neither the authorities and powers of the Committee under this Section 14.2, 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.

- 14.3. Reservation of Rights. Except as expressly provided in this Section 14, the Grantee of an Award hereunder shall have no rights by reason of any subdivision or consolidation of shares of any class or the payment of any stock dividend (bonus shares), any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, Merger/Sale, or consolidation, divestiture or spin-off of assets or shares of another company. 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 the Plan shall not affect in any way the right of 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.

15. NON-TRANSFERABILITY OF AWARDS; SURVIVING BENEFICIARY.

- 15.1. All Awards granted under the Plan shall not be transferable otherwise than by will or by the laws of descent and distribution, unless otherwise determined by the Board or under this Plan, provided that with respect to shares issued upon exercise of Options, the restrictions on transfer shall be the restrictions referred to in Section 16 (Conditions upon Issuance of Shares) hereof. 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

party or person, other than the Grantee, any rights. A Grantee may file with the Committee a written designation of a beneficiary 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 to transfer the Award to a family trust.

- 15.2. 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. **CONDITIONS UPON ISSUANCE OF SHARES**

- 16.1. **Legal Compliance.** Shares shall not be issued pursuant to the exercise of an Award, unless the exercise of such Award and the issuance and delivery of such Shares shall comply with Applicable Laws as determined by counsel to the Company. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel 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. Shares issued pursuant to an Awards shall be subject to the Articles of Association of the Company and any other governing documents of the Company, including all policies, manuals and internal regulations adopted by the Company from time to time, as may be amended from time to time, including, without limitation, any provisions included therein concerning restrictions or limitations on transferability of Shares or grant of any rights with respect thereto and any provisions concerning restrictions on the use of inside information and other provisions deemed by the Company to be appropriate in order to ensure compliance with Applicable Laws, statutes and regulations.
- 16.2. **Investment Representations.** As a condition to the exercise of an Award, the Company may require the person exercising such Award 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, and make other representations as may be required under applicable securities laws if, in the opinion of counsel for the Company, such representations are required, all in form and content specified by the Company.

17. **MARKET STAND-OFF**

- 17.1. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the United States Securities Act of 1933, as amended or equivalent law in another jurisdiction, the Grantee shall not directly or indirectly, without the prior written consent of the Company or its underwriters, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares acquired under this Plan or any securities of the Company (whether or not such Shares acquired under this Plan), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic

consequences of ownership of the Shares acquired under this Plan, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares acquired under this Plan or such other securities, in cash or otherwise. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the effective date of the registration statement relating to such offering, as may be requested by the Company or such underwriters, however in any event, such period shall not exceed 180 days (in the case of the Company's first underwritten offering of its Shares) following the effective date of such registration statement; or 90 days (in the case of a registration statement thereafter).

- 17.2. In the event of a subdivision of the outstanding share capital of the Company, the declaration and payment of a stock dividend (distribution of bonus shares), the declaration and payment of an extraordinary dividend payable in a form other than stock, a recapitalization, a reorganization (which may include a combination or exchange of shares or a similar transaction affecting the Company's outstanding securities without receipt of consideration), a consolidation, a stock split, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, an adjustment in conversion ratio, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off.
- 17.3. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Plan until the end of the applicable stand-off period.
- 17.4. The underwriters in connection with a registration statement so filed are intended to be third party beneficiaries of this Section 17 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

18. **AGREEMENT BY GRANTEE REGARDING TAXES**

- 18.1. If the Committee shall so require, as a condition of exercise 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, he will pay to the Company or make arrangements satisfactory to the Committee and the Trustee (if applicable) regarding payment of any applicable taxes of any kind required by Applicable Law to be withheld or paid.
- 18.2. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS OR THE EXERCISE THEREOF, THE SALE OR DISPOSITION OF ANY SHARES GRANTED HEREUNDER OR ISSUED UPON EXERCISE OF ANY AWARD OR FROM ANY OTHER ACTION OF THE GRANTEE IN CONNECTION WITH THE FOREGOING 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 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.

THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING 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.

- 18.3. The Company or any Subsidiary or Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes which the Company or any Subsidiary or Affiliate is required by any Applicable Law to withhold in connection with any Awards (collectively, “**Withholding Obligations**”). Such actions may include, without limitation, (i) requiring a Grantees to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations; (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; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Award by or on behalf of a Grantee until all tax consequences arising from the exercise of such Award are resolved in a manner acceptable to the Company.
- 18.4. 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 bureau 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.
- 18.5. 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.

19. **RIGHTS AS A SHAREHOLDER; VOTING AND DIVIDENDS.**

- 19.1. Subject to Section 11.7, a Grantee shall have no rights as a shareholder of the Company with respect to any Shares covered by the Award until the date of the issuance of a share certificate to the Grantee for such Shares. In the case of 102 Option Awards or 3(9) Option Awards (if such Share Options are being held by a Trustee), the Trustee shall have no rights as a shareholder of the Company with respect to any Shares covered by such Award until the date of the issuance of a share certificate to the Trustee for such Shares for the Grantee’s benefit, and the Grantee shall have no rights as a shareholder of the Company with respect to any Shares covered by the Award until the date of the release of such Shares from the Trustee to the Grantee and the issuance of a share certificate to the Grantee for such Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date such share certificate is issued, except as provided

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in Section 14 hereof.

- 19.2. With respect to all Shares issued in the form of Awards hereunder or upon the exercise of Awards hereunder, any and all voting rights attached to such Shares shall be subject to Section 6.9, 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, granting any representation or warranties to the Grantee regarding the Company, its business affairs, its prospects or the future value of its Shares.

21. **NO RETENTION RIGHTS.**

Nothing in the Plan 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 a consultant, advisor, director, officer or supplier relationship with, the Company or any Subsidiary or Affiliate or to be entitled to any remuneration or benefits not set forth in the 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. Awards granted under the Plan shall not be affected by any change in duties or position of a Grantee as long as such Grantee continues to be employed by, or be in a consultant, advisor, director, officer or supplier relationship with, the Company or any Subsidiary or Affiliate.

22. **PERIOD DURING WHICH AWARDS MAY BE GRANTED.**

Awards may be granted pursuant to the Plan from time to time within a period of ten (10) years from the Effective Date. From the tenth (10th) anniversary of the Effective Date no grants of Awards may be made and the Plan shall continue to be in full force and effect solely with respect to such Awards that remain outstanding. The Plan shall terminate at such time after the tenth (10th) anniversary of the Effective Date that no Awards remain outstanding.

23. **TERM OF AWARD**

Anything herein to the contrary notwithstanding, but without derogating from the provisions of Sections 6.6, 6.7 or 8.2 hereof, if any Award, or any part thereof, has not been exercised and the Shares covered thereby not paid for within the term of the Award as determined by the Committee, which in any event shall not exceed ten (10) years after the date on which the Award was granted, as set forth in the Notice of Grant in the Grantee’s Award, such Award, or such part thereof, and the right to acquire such Shares shall terminate, and all interests and rights of the Grantee in and to the same shall expire. In the case of Shares held by a Trustee, the Grantee shall elect whether to release such Shares from trust or sell the Shares and upon such release or sale such trust shall expire.

24. **AMENDMENT AND TERMINATION OF THE PLAN**

The Board at any time and from time to time may suspend, terminate, modify or amend the Plan, whether retroactively or prospectively; provided, however, that, unless otherwise

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determined by the Board, an amendment which requires shareholder approval in order for the Plan to continue to comply with any Applicable Law shall not be effective unless approved by the requisite vote of shareholders, and provided further that except as provided herein, no suspension, termination, modification or

amendment of the Plan may adversely affect any Award previously granted, without the written consent of Grantees holding a majority in interest of the Awards so affected, and in the event that such consent is obtained, all Awards so affected and the holders thereof shall be bound by and be deemed amended as set forth in, such consent.

25. **APPROVAL.**

25.1. The Plan shall take effect upon its adoption by the Board (the “**Effective Date**”), except that solely with respect to grants of Incentive Stock Options the Plan shall also be subject to approval within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting or a written consent of shareholders. Failure to obtain approval by the shareholders shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not an Incentive Stock Option. Upon approval of the Plan by the shareholders of the Company as set forth above, all Incentive Stock Options granted under the Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved the Plan on the Effective Date. Notwithstanding the foregoing, in the event that approval of the Plan by the shareholders of the Company is required under Applicable Law, in connection with the application of certain tax treatment or pursuant to applicable stock exchange rules or regulations or otherwise, such approval shall be obtained within the time required under the Applicable Law.

25.2. The 102 Awards are subject to the approval, if required, of the ITA and receipt by the Company of all approvals thereof.

26. **RULES PARTICULAR TO SPECIFIC COUNTRIES; SECTION 409A**

Notwithstanding anything herein to the contrary, the terms and conditions of the Plan may be amended with respect to a particular country by means of an appendix to the Plan, and to the extent that the terms and conditions set forth in any appendix conflict with any provisions of the Plan, the provisions of the appendix shall govern. Terms and conditions set forth in the Appendix shall apply only to Award granted to a Grantee under the jurisdiction of the specific country that is the subject of the appendix and shall not apply to Awards issued to a Grantee not under the jurisdiction of such country. The adoption of any such appendix shall be subject to the approval of the Board of Directors or Committee, and if 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. To the extent applicable, the Plan and any agreement hereunder shall be interpreted in accordance with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Board determines that any Award may be subject to Section 409A of the Code, the Board may adopt such amendments to the Plan and such agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Board determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award or (b) comply with the requirements of Section 409A of the Code.

27. **GOVERNING LAW; JURISDICTION.**

The Plan and all determinations made and actions taken pursuant hereto shall be governed by

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the laws of the State of Israel, except with respect to matters that are subject to tax laws, regulations and rules in 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, and by signing any agreement relating to an Award hereunder each Grantee irrevocably submits to such exclusive jurisdiction.

28. **NON-EXCLUSIVITY OF THE PLAN**

Neither the adoption of the Plan by the Board nor the submission of the Plan to shareholders of the Company for approval (to the extent required under Applicable Law), shall be construed as creating any limitations on the power or authority of the Board to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Board 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 Subsidiary now has lawfully put into effect, including, without limitation, any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term or long-term incentive plans.

29. **MISCELLANEOUS.**

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

29.2. **Severability.** If any provision of the Plan or any Award Agreement 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 Agreement 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 the applicable law as it shall then appear.

29.3. **Captions and Titles.** The use of captions and titles in this Plan or any Option Agreement, Restricted Share Agreement or other Award related agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such agreement.

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INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “**Agreement**”), dated as of _____, 2012, is entered into by and between Objet Ltd., an Israeli company whose address is 2 Holtzman Street, Science Park, Rehovot 76124, Israel (the “**Company**”), and _____, the/a _____ of the Company whose address is _____ (the “**Indemnitee**”).

- WHEREAS**, Indemnitee is an Office Holder (“*Nosse Misra*”), as such term is defined in the Companies Law, 5759—1999 (the “**Companies Law**” and “**Office Holder**” respectively), of the Company;
- WHEREAS**, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against Office Holders of companies and that highly competent persons have become more reluctant to serve corporations as directors and officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, companies;
- WHEREAS**, the Articles of Association of the Company authorize the Company to indemnify and advance expenses to its Office Holders and provide for insurance and exculpation to its Office Holders, in each case, to the fullest extent permitted by applicable law;
- WHEREAS**, the Company has determined that (i) the increased difficulty in attracting and retaining competent persons is detrimental to the best interests of the Company’s shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future, (ii) and it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and
- WHEREAS**, in recognition of Indemnitee’s need for substantial protection against personal liability in order to assure Indemnitee’s continued service to the Company in an effective manner and, in part, in order to provide Indemnitee with specific contractual assurance that the indemnification, insurance and exculpation afforded by the Articles of Association will be available to Indemnitee, the Company wishes to undertake in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by applicable law and as set forth in this Agreement and provide for insurance and exculpation of Indemnitee as set forth in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. INDEMNIFICATION AND INSURANCE.

- 1.1. The Company hereby undertakes to indemnify Indemnitee to the fullest extent permitted by applicable law for any liability and expense specified in Sections 1.1.1 through 1.1.4 below, imposed on Indemnitee due to or in connection with an act performed by such Indemnitee, either prior to or after the date hereof, in Indemnitee’s capacity as an Office Holder, including, without limitation, as a director, officer, employee, agent or fiduciary of the Company, any subsidiary thereof or any other corporation, collaboration, partnership, joint venture, trust or other enterprise, in which Indemnitee serves at any time at the request of the Company (“**Corporate Capacity**”). The term “act performed in Indemnitee’s capacity as an Office Holder” shall include, without limitation, any act, omission and failure to act and any other circumstances relating to or arising from Indemnitee’s service in a Corporate Capacity. Notwithstanding the foregoing, in the event that the Office Holder is the beneficiary of an indemnification undertaking provided by a subsidiary of the Company or any other entity, with respect to his Corporate Capacity with such subsidiary or entity, then the indemnification obligations of the Company hereunder with respect to such Corporate Capacity shall only apply to the extent that the indemnification by such subsidiary or other entity does not actually fully cover the indemnifiable liabilities and expenses relating thereto. The following shall be hereinafter referred to as “**Indemnifiable Events**”:
- 1.1.1. Financial liability imposed on Indemnitee in favor of any person pursuant to a judgment, including a judgment rendered in the context of a settlement or an arbitrator’s award approved by a court. For purposes of Section 1 of this Agreement, the term “**person**” shall include, without limitation, a natural person, firm, partnership, joint venture, trust, company, corporation, limited liability entity, unincorporated organization, estate, government, municipality, or any political, governmental, regulatory or similar agency or body;
- 1.1.2. Reasonable Expenses (as defined below) expended incurred by Indemnitee as a result of an investigation or any proceeding instituted against him by an authority that is authorized to conduct an investigation or proceeding, and that was concluded without filing an indictment against the Indemnitee and without imposing on the Indemnitee a financial obligation in lieu of a criminal proceeding, or that was concluded without filing an indictment against the Indemnitee but with imposing a financial obligation in lieu of a criminal proceeding in an offence that does not require proof of *mens rea*. In this section, the phrases “conclusion of a proceeding without filing an indictment in a matter in which a criminal investigation has been instigated” and “financial liability in lieu of a criminal proceeding” shall have the meanings ascribed to them under the Companies Law;
- 1.1.3. Reasonable Expenses incurred by or charged to Indemnitee by a court, in a proceeding instituted against him by the Company or on its behalf or by another person, or in a criminal charge from which

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he was acquitted or in which he was convicted of an offence that does not require proof of *mens rea*; and

- 1.1.4. Any other event, occurrence or circumstances in respect of which the Company may lawfully indemnify an Office Holder of the Company.

For the purpose of this Agreement, “**Expenses**” shall include, without limitation, attorneys’ fees and all other costs, expenses and obligations paid or incurred by Indemnitee in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any claim relating to any matter for which indemnification hereunder may be provided. Expenses shall be considered paid or incurred by Indemnitee at such time as Indemnitee is required to pay or incur such cost or expenses, including upon receipt of an invoice or payment demand. The Company shall pay the Expenses in accordance with the provisions of Section 1.3.

- 1.2. Notwithstanding anything herein to the contrary, the Company shall indemnify the Indemnitee under Section 1.1.1 only with respect to events described in **Exhibit A** hereto. The Board of Directors of the Company (the “**Board**”) has determined that the categories of events listed in Exhibit A are likely to occur in light of the operations of the Company. The maximum amount of indemnification payable by the Company under Section 1.1.1 of this Agreement with respect to all persons whom the Company has undertaken to indemnify under agreements similar to this Agreement (the “**Indemnifiable Persons**”), for all events

described in Exhibit A (the “**Indemnifiable Events**”) shall be as set forth in Exhibit A hereto (the “**Limit Amount**”). If the Limit Amount is insufficient to cover all the indemnity amounts payable with respect to all Indemnifiable Persons, then such amount shall be allocated to such Indemnifiable Persons pro rata according to the percentage of their culpability, as finally determined by a court in the relevant claim, or, absent such determination or in the event such persons are parties to different claims, based on an equal pro rata allocation among such Indemnifiable Persons. The Limit Amount payable by the Company as described in Exhibit A is deemed by the Company to be reasonable in light of the circumstances. The Limit Amount shall be subject to continuing review and consideration by the Company, and may be increased, but never decreased, if the Board of Directors, with the prior approval of the Audit Committee of the Company, determines that such Limit Amount is not reasonable in the circumstances, including if it is less than the financial obligation or Expenses which can be expected to be incurred by the Indemnitee and any Indemnifiable Person(s) in connection with the corresponding Indemnifiable Event. The indemnification provided under Section 1.1.1 herein shall not be subject to the limitations imposed by this Section 1.2 and Exhibit A if and to the extent such limits are no longer required by the Companies Law.

- 1.3. If so requested by Indemnitee, and subject to the Company’s repayment and reimbursements rights set forth in Sections 3 and 5 below, the Company shall pay amounts to cover Indemnitee’s Expenses with respect to which Indemnitee is entitled to be indemnified under Section 1.1 above, as and

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when incurred. The payments of such amounts shall be made by the Company directly to the Indemnitee’s legal and other advisors, as soon as practicable, but in any event no later than thirty (30) days after written demand by such Indemnitee therefor to the Company, and any such payment shall be deemed to constitute indemnification hereunder.

- 1.4. The Company’s obligation to indemnify Indemnitee and advance Expenses in accordance with this Agreement shall be for such period (the “**Indemnification Period**”) as Indemnitee shall be subject to any actual, possible or threatened claim, action, suit, demand or proceeding or any inquiry or investigation, whether civil, criminal or investigative, arising out of the Indemnitee’s service in the Corporate Capacity as described in Section 1.1 above, whether or not Indemnitee is still serving in such position.
- 1.5. The Company undertakes that, subject to the mandatory limitations under applicable law, as long as it may be obligated to provide indemnification and advance Expenses under this Agreement, the Company will purchase and maintain in effect directors and officers liability insurance, which will include coverage for the benefit of the Indemnitee, providing coverage in amounts as reasonably determined by the Board; provided that the Company shall have no obligation to obtain or maintain directors and officers insurance policy if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, or the coverage provided by such insurance is so limited by exclusions that it provides an insufficient benefit. The Company hereby undertakes to notify the Indemnitee 30 days prior to the expiration or termination of the directors and officers’ liability insurance.
- 1.6. The Company undertakes to give prompt written notice of the commencement of any claim hereunder to the insurers in accordance with the procedures set forth in each of the policies. The Company shall thereafter diligently take all actions reasonably necessary under the circumstances to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, proceeding, inquiry or investigation in accordance with the terms of such policies. The above shall not derogate from Company’s authority to freely negotiate or reach any compromise with the insurer which is reasonable at the Company’s sole discretion provided that the Company shall act in good faith and in a diligent manner.

2. SPECIFIC LIMITATIONS ON INDEMNIFICATION.

Notwithstanding anything to the contrary in this Agreement, the Company shall not indemnify or advance Expenses to Indemnitee with respect to (i) any act, event or circumstance with respect to which it is prohibited to do so under the Companies Law, or (ii) a counter claim made by the Company or in its name in connection with a claim against the Company filed by the Indemnitee.

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3. REPAYMENT OF EXPENSES.

- 3.1. In the event that the Company provides or is required to provide indemnification with respect to Expenses hereunder and at any time thereafter the Company determines, based on advice from its legal counsel, that the Indemnitee was not entitled to such payments, the amounts so indemnified by the Company will be promptly repaid by Indemnitee, unless the Indemnitee disputes the Company’s determination, in which case the Indemnitee’s obligation to repay to the Company shall be postponed until such dispute is resolved.
- 3.2. Indemnitee’s obligation to repay to the Company for any Expenses or other sums paid hereunder shall be deemed as a loan given to Indemnitee by the Company subject to the minimum interest rate prescribed by Section 3(9) of the Income Tax Ordinance [New Version], 1961, or any other legislation replacing it, which is not considered a taxable benefit.

4. SUBROGATION.

In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

5. REIMBURSEMENT.

The Company shall not be liable under this Agreement to make any payment in connection with any Indemnifiable Event to the extent Indemnitee has otherwise actually received payment under any insurance policy or otherwise (without any obligation of Indemnitee to repay any such amount) of the amounts otherwise indemnifiable hereunder. Any amounts paid to Indemnitee under such insurance policy or otherwise after the Company has indemnified Indemnitee for such liability or Expense shall be repaid to the Company promptly upon receipt by Indemnitee, in accordance with the terms set forth in Section 3.2.

6. EFFECTIVENESS.

[This Agreement shall be valid, binding and enforceable in accordance with its terms and shall be in full force and effect immediately upon its approval by the Company’s general meeting of shareholders.](1) [The Company represents and warrants that this Agreement is valid, binding and enforceable in accordance with its terms and was duly adopted and approved by the Company, and shall be in full force and effect immediately upon its execution.](2)

7. NOTIFICATION AND DEFENSE OF CLAIM.

Indemnitee shall notify the Company of the commencement of any action, suit or proceeding, and of the receipt of any notice or threat that any such legal proceeding has

been or shall or may be initiated against Indemnitee (including any proceedings by or against the Company and any subsidiary thereof), promptly upon Indemnitee

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- (1) Language to be used if Agreement is still subject to shareholder approval.
- (2) Language to be used if Agreement has already received shareholder approval.

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first becoming so aware; but the omission so to notify the Company will not relieve the Company from any liability which it may have to Indemnitee under this Agreement unless and to the extent that such failure to provide notice materially and adversely prejudices the Company's ability to defend such action. Notice to the Company shall be directed to the Chief Executive Officer or Chief Financial Officer of the Company at the address shown in the preamble to this Agreement (or such other address as the Company shall designate in writing to Indemnitee). With respect to any such action, suit or proceeding as to which Indemnitee notifies the Company of the commencement thereof and without derogating from Sections 1.1 and 2:

- 7.1. The Company will be entitled to participate therein at its own expense.
- 7.2. Except as otherwise provided below, the Company, alone or jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel selected by the Company which counsel is reasonably reputable with experience in the relevant field. Indemnitee shall have the right to employ his or her own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee, unless: (i) the employment of counsel by Indemnitee has been authorized in writing by the Company; (ii) Indemnitee shall have, in good faith, reasonably concluded, based on advice of independent legal counsel, that there may be a conflict of interest under the law and rules of attorney professional conduct applicable to such claim between the Company and Indemnitee in the conduct of the defense of such action; or (iii) the Company has not in fact employed counsel to assume the defense of such action, in which cases the reasonable fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which Indemnitee shall have reached the conclusion specified in (ii) above.
- 7.3. The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts or expenses paid in connection with a settlement of any action, claim or otherwise, effected without the Company's prior written consent.
- 7.4. The Company shall have the right to conduct the defense as it sees fit in its sole discretion (provided that the Company shall conduct the defense in good faith and in a diligent manner), including the right to settle or compromise any claim or to consent to the entry of any judgment against Indemnitee without the consent of the Indemnitee, provided that, the amount of such settlement, compromise or judgment does not exceed the Limit Amount (if applicable) and is fully indemnifiable pursuant to this Agreement (subject to Section 1.2 of this Agreement) and/or applicable law, and any such settlement, compromise or judgment does not impose any penalty or limitation on Indemnitee without the Indemnitee's prior written consent. The Indemnitee's consent shall not be required if the settlement includes a complete release of Indemnitee, does not contain any admission of wrong-doing by Indemnitee, and includes monetary sanctions only as provided above. In the case of criminal proceedings the Company and/or its

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legal counsel will not have the right to plead guilty or agree to a plea-bargain in the Indemnitee's name without the Indemnitee's prior written consent. Neither the Company nor Indemnitee will unreasonably withhold or delay their consent to any proposed settlement.

- 7.5. Indemnitee shall fully cooperate with the Company and shall give the Company all information and access to documents, files and to his advisors and representatives as shall be within Indemnitee's power, in every reasonable way as may be required by the Company with respect to any claim which is the subject matter of this Agreement and in the defense of other claims asserted against the Company (other than claims asserted by Indemnitee), provided that the Company shall cover all expenses, costs and fees incidental thereto such that the Indemnitee will not be required to pay or bear such expenses, costs and fees.

8. EXCULPATION.

Subject to the provisions of the Companies Law, the Company hereby releases, in advance, the Office Holder from liability to the Company for any damage that arises from the breach of the Office Holder's duty of care to the Company (within the meaning of such terms under Sections 252 and 253 of the Companies Law), other than breach of the duty of care towards the Company in a distribution (as such term is defined in the Companies Law).

9. NON-EXCLUSIVITY.

The rights of the Indemnitee hereunder shall not be deemed exclusive of any other rights Indemnitee may have under the Company's Articles of Association, applicable law or otherwise, and to the extent that during the Indemnification Period the indemnification rights of the then serving directors and officers are more favorable to such directors or officers than the indemnification rights provided under this Agreement to Indemnitee, Indemnitee shall be entitled to the full benefits of such more favorable indemnification rights to the extent permitted by law.

10. PARTIAL INDEMNIFICATION.

If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually or reasonably incurred by Indemnitee in connection with any proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled under any provision of this Agreement. Subject to the provisions of Section 5 above, any amount received by Indemnitee (under any insurance policy or otherwise) shall not reduce the Limit Amount hereunder and shall not derogate from the Company's obligation to indemnify the Indemnitee in accordance with the provisions of this Agreement up to the Limit Amount, as set forth in Section 1.2.

11. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. In the event of a merger or consolidation of the Company or a transfer or disposition of all or substantially all of the business or assets of the Company, the

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Indemnatee shall be entitled to the same indemnification and insurance provisions as the most favorable indemnification and insurance provisions afforded to the then-serving Office Holders of the Company. In the event that in connection with such transaction the Company purchases a directors and officers' "tail" or "run-off" policy for the benefit of its then serving Office Holders, then such policy shall cover Indemnatee and such coverage shall be deemed to be in satisfaction of the insurance requirements under this Agreement. This Agreement shall continue in effect during the Indemnification Period regardless of whether Indemnatee continues to serve in a Corporate Capacity.

12. **SEVERABILITY.**

The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

13. **NOTICE.**

All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed provided if delivered personally, telecopied, sent by electronic facsimile, email, reputable overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses shown in the preamble to this Agreement, or to such other address as the party to whom notice is to be given may have furnished to the other party hereto in writing in accordance herewith. Any such notice or communication shall be deemed to have been delivered and received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of telecopier or an electronic facsimile or email, one business day after the date of transmission if confirmation of receipt is received, (iii) in the case of a reputable overnight courier, three business days after deposit with such reputable overnight courier service, and (iv) in the case of mailing, on the seventh business day following that on which the mail containing such communication is posted.

14. **GOVERNING LAW; JURISDICTION.**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without giving effect to the conflicts of law provisions of those laws. The Company and Indemnatee each hereby irrevocably consent to the jurisdiction and venue of the courts of Tel Aviv, Israel for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

15. **ENTIRE AGREEMENT AND TERMINATION.**

This Agreement represents the entire agreement between the parties and supersedes any other agreements, contracts or understandings between the parties, whether written or oral, with respect to the subject matter of this Agreement.

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16. **NO MODIFICATION AND NO WAIVER**

No supplement, modification or amendment, termination or cancellation of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. Any waiver shall be in writing.

17. **ASSIGNMENTS; NO THIRD PARTY RIGHTS**

Neither party hereto may assign any of its rights or obligations hereunder except with the express prior written consent of the other party. Nothing herein shall be deemed to create or imply an obligation for the benefit of a third party. Without limitation of the foregoing, nothing herein shall be deemed to create any right of any insurer that provides directors and officers' liability insurance, to claim, on behalf of Indemnatee, any rights hereunder.

18. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument; it being understood that parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in pdf format shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

[SIGNATURE PAGE TO FOLLOW]

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IN WITNESS WHEREOF, the parties, each acting under due and proper authority, have executed this Indemnification Agreement as of the date first mentioned above, in one or more counterparts.

Objet Ltd.

By: _____

Name and title: _____

Indemnatee

Name: _____

Signature: _____

EXHIBIT A*

AGGREGATE LIMIT AMOUNT: TWENTY-FIVE PERCENT (25%) OF THE COMPANY'S TOTAL SHAREHOLDERS EQUITY ACCORDING TO THE COMPANY'S MOST RECENT FINANCIAL STATEMENTS AS OF THE TIME OF THE ACTUAL PAYMENT OF INDEMNIFICATION

CATEGORY OF INDEMNIFIABLE EVENT

1. Claims in connection with employment relationships with employees of the Company, and in connection with business relations between the Company and its employees, independent contractors, customers, suppliers and various service providers.
2. Negotiations, execution, delivery and performance of agreements of any kind or nature, anti-competitive acts, acts of commercial wrongdoing, approval of corporate actions including the approval of the acts of the Company's management, their guidance and their supervision, actions concerning the approval of transactions with Office Holders or shareholders, including controlling persons and claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care with respect to the Company's business.
3. Violation, infringement and other misuse of copyrights, patents, designs, trade secrets and any other intellectual property rights, breach of confidentiality obligations, acts in regard of invasion of privacy including with respect to databases, acts in connection with slander and defamation, and claims in connection with publishing or providing any information, including any filings with any governmental authorities, whether or not required under any applicable laws.
4. Violations of securities laws of any jurisdiction, including without limitation, fraudulent disclosure claims, failure to comply with any securities authority or any stock exchange disclosure or other rules and any other claims relating to relationships with investors, debt holders, shareholders and the investment community; claims relating to or arising out of financing arrangements, any breach of financial covenants or other obligations towards lenders or debt holders of the Company, class actions, violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction; actions taken in connection with the issuance of any type of securities of Company, including, without limitation, the grant of options to purchase any

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of the same.

5. Liabilities arising in connection with any products or services developed, distributed, sold, provided, licensed or marketed by the Company, and any actions in connection with the distribution, sale, license or use of such products.
6. The offering of securities by the Company to the public and/or to private investors or the offer by the Company to purchase securities from the public and/or from private investors or other holders pursuant to a prospectus, agreements, notices, reports, tenders and/or other proceedings.
7. Events in connection with change in ownership or in the structure of the Company, its reorganization, dissolution, or any decision concerning any of the foregoing, including but not limited to, merger, sale or acquisition of assets, division, change in capital.
8. Any claim or demand made in connection with any transaction not in the ordinary course of business of the Company, including the sale, lease or purchase of any assets or business.
9. Any claim or demand made by any third party suffering any personal injury and/or bodily injury or damage to business or personal property or any other type of damage through any act or omission attributed to the Company, or its employees, agents or other persons acting or allegedly acting on its behalf.
10. Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company or its directors, officers and employees, to pay, report, keep applicable records or otherwise, of any foreign, federal, state, county, local, municipal or city taxes or other compulsory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.
11. Any administrative, regulatory, judicial or civil actions orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any governmental entity or other person alleging potential responsibility or liability (including potential responsibility or liability for costs of enforcement investigation, cleanup, governmental response, removal or remediation, for natural resources damages, property damage, personal injuries or penalties or for contribution, indemnification, cost recovery, compensation or injunctive relief) arising out of, based on or related to (a) the presence of, release, spill, emission, leaking, dumping, pouring, deposit, disposal,

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discharge, leaching or migration into the environment (each a "**Release**") or threatened Release of, or exposure to, any hazardous, toxic, explosive or radioactive substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing material, polychlorinated biphenyls ("**PCBs**") or PCB-containing materials or equipment, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any environmental law, at any location, whether or not owned, operated, leased or managed by the Company or any of its subsidiaries, or (b) circumstances forming the basis of any violation of any environmental law or environmental permit, license, registration or other authorization required under applicable environmental law.

12. Any administrative, regulatory or judicial actions, orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any governmental entity or other person alleging the failure to comply with any statute, law, ordinance, rule, regulation, order or decree of any governmental entity applicable to the Company or any of its businesses, assets or operations, or the terms and conditions of any operating certificate or licensing agreement.
13. Participation and/or non-participation at the Company's Board meetings, bona fide expression of opinion and/or voting and/or abstention from voting at the Company's Board meetings.
14. Review and approval of the Company's financial statements, including any action, consent or approval related to or arising from the foregoing, including, without limitations, execution of certificates for the benefit of third parties related to the financial statements.
15. All actions, consents and approvals relating to a distribution of dividends, in cash or otherwise.

* Any reference in this Exhibit A to the Company shall include the Company and any entity in which the Indemnatee serves in a Corporate Capacity.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “**Agreement**”) is entered into as of the day of , 2012 (the “**Effective Date**”), by and among **OBJET LTD.**, formerly known as Objet Geometries Ltd., a company incorporated under the laws of the State of Israel, with an address at 2 Holtzman Street, 76124 Rehovot, Israel (the “**Company**”), and the shareholders of the Company whose name and address is listed on Schedule 1 attached hereto (each, a “**Holder**” and collectively with any other persons or entities that may acquire Registrable Securities (as hereinafter defined) and to which related registration rights are assigned pursuant to Section 9 hereof, the “**Holders**”).

RECITALS

WHEREAS, the Company and certain of its shareholders, holding preferred shares, par value NIS 0.01 each, of the Company (“**Preferred Shares**”), are parties to certain Registration Rights Agreements, dated May 1999, December 12, 1999, May 21, 2000 as supplemented on August 7, 2000, July 10, 2001 and December 2002 (the “**Prior Agreements**”);

WHEREAS, in addition, the Company wishes to allow that all Holders of Preferred Shares as of immediately prior to the Effective Date and those shareholders holding Ordinary Shares (as hereinafter defined) as of immediately prior to the Effective Date, irrespective of whether or not they were parties or beneficiaries of the Prior Agreements, shall hold registration rights subject to the terms hereof, subject to their countersignature hereof;

WHEREAS, the parties wish to set provisions governing the registration of the Company’s securities held by the Holders, in accordance with the terms set forth herein, which terms shall replace and restate in their entirety the Prior Agreements;

WHEREAS, the Holders of Preferred Shares party to the Prior Agreements hereby acknowledge, by executing this Agreement, that the Prior Agreements are terminated and that they shall have no further rights or obligations under the Prior Agreements, and agree to treat the Prior Agreements as terminated as of the Effective Date, regardless of whether each and every other party to the Prior Agreements has executed this Agreement; and

WHEREAS, the Recitals to this Agreement form an integral part of the agreements and understandings among the parties reflected herein.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and other promises set forth herein, the mutual benefits to be gained by the performance thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree as follows:

1. **DEFINITIONS.** As used in this Agreement, the following capitalized terms shall have the following respective meanings:

1.1. “**Board**” means the Board of Directors of the Company.

1.2. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.3. “**Form F-3**” means such form (or Form S-3, as the case may be) under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC, which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.4. “**Holder(s)**” has the meaning set forth in the preamble to this Agreement and includes the successors and assigns (solely in accordance with Section 9 of this Agreement) thereof, in each case, so long as such Holder holds of record Registrable Securities.

1.5. “**Initiating Holders**” means Holders making a request for registration of their Registrable Securities pursuant to any of Sections 2.1, 2.2 or 2.3.

1.6. “**Original Registrable Securities**” means the Registrable Securities outstanding on the date hereof, excluding any Registrable Securities that cease to be Registrable Securities after the date hereof for any reason whatsoever and excluding Registrable Securities that are transferred without an assignment of registration rights under Section 9 hereunder.

1.7. “**Ordinary Shares**” means the Company’s ordinary shares, par value NIS 0.01.

1.8. “**Preferred Shares**” has the meaning set forth in the Recitals hereto.

1.9. “**Prospectus**” means the prospectus included in a registration statement filed with the SEC pursuant to this Agreement, as amended or supplemented by any prospectus supplement and by all other amendments thereto and all material incorporated by reference in such prospectus.

1.10. “**Register**,” “**registered**,” and “**registration**” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

1.11. “**Registrable Securities**” means (i) the Ordinary Shares held by the Holders on the date hereof, (ii) Ordinary Shares issued or issuable upon conversion of any Preferred Shares held by the Holders on the date hereof, and (iii) any and all Ordinary Shares (or any series thereof) or other share capital of the Company (however designated), that are issued or issuable with respect to the securities described in clauses (i) and (ii) after the date hereof by way of bonus shares, share split, share dividend, recapitalization, merger, reclassification, consolidation, exchange or other reorganization or similar event or series of events; in each case, until their effective registration under the Securities Act and their resale in accordance with the registration statement in which such Registrable Securities are included, *provided however*, that at such time as the remaining Registrable Securities held by a Holder become eligible for sale under Rule 144 under the Securities Act within a period of 90 days thereafter, then all such securities shall no longer be deemed to be “Registrable Securities”.

1.12. “**Registration Expenses**” means all expenses incident to the Company’s performance of or compliance with this Agreement, including, without limitation, all registration, filing and listing fees, all fees and expenses of complying with securities or blue sky laws, all fees and expenses of listing the Registrable Securities being registered on any securities exchange, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or “comfort” letters required by or incidental to such performance and compliance, the reasonable fees and disbursements of any one counsel retained by the Holders of Registrable Securities and any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any, attributable to securities sold by the Holders of Registrable Securities, provided that, in any case where Registration Expenses are not to be borne by the Company, such expenses shall not include salaries of Company personnel or general overhead expenses of the Company, auditing fees, premiums or other

expenses relating to liability insurance required by underwriters of the Company or other expenses for the preparation of financial statements or other data normally prepared by the Company in the ordinary course of its business or which the Company would have incurred in any event.

1.13. “SEC” means the United States Securities and Exchange Commission.

1.14. “Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

2. DEMAND REGISTRATION

2.1. Request for Initial Demand Registration. Subject to the conditions of this Section 2, at any time after the date of the Company’s initial underwritten public offering, if the Company shall receive a written request from Initiating Holders owning at least a majority of the Original Registrable Securities outstanding on the date hereof that the Company file a registration statement registering the resale by the Holders thereof of Registrable Securities constituting at least a majority of the Original Registrable Securities, then the Company shall, within thirty (30) days of the delivery of such written request by the Initiating Holders, give written notice of such request to all Holders, and subject to the limitations of this Section 2, use its reasonable efforts to file with the SEC, as promptly as reasonably practicable, a registration statement under the Securities Act covering the resale of the Registrable Securities specified in the Initiating Holders’ request, together with the Registrable Securities of any Holder(s) joining in such request as are specified in a written request received by the Company within twenty (20) days after the delivery by the Company of written notice of the registration request to all Holders (such registration statement, together with the additional registration statement described in Section 2.2 below, each a “**Demand Registration Statement**”). The Company shall use its reasonable efforts to cause the initial Demand Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after the filing thereof and to keep such Demand Registration Statement effective under the Securities Act for the time period set forth in Section 4.1 below.

2.2. Request for Subsequent Demand Registration. Subject to the conditions of this Section 2, at any time after the first anniversary of the date on which the initial Demand Registration Statement is declared effective, if the Company shall receive a written request from Initiating Holders owning at least a majority of the Registrable Securities outstanding at the time of such request, that the Company file an additional Demand Registration Statement registering the resale by such Initiating Holders of Registrable Securities, then the Company shall, within thirty (30) days of the delivery of such written request by such Initiating Holders, give written notice of such request to all Holders, and subject to the limitations of this Section 2, use its reasonable efforts to file with the SEC, as promptly as reasonably practicable, a Demand Registration Statement under the Securities Act covering the resale of the Registrable Securities specified in the Initiating Holders’ request, together with the Registrable Securities of any Holder(s) joining in such request as are specified in a written request received by the Company within twenty (20) days after the delivery by the Company of written notice of the registration request to all Holders. The Company shall use its reasonable efforts to cause such additional Demand Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after the filing thereof and to keep such Demand Registration Statement effective under the Securities Act for the time period set forth in Section 4.1 below.

2.3. Shelf Registration. Subject to the conditions of this Section 2, at any time after the one year anniversary of the Company’s initial underwritten public offering, if the Company shall receive a written request from Initiating Holders owning at least a majority of the Registrable Securities outstanding at the time of such request, that the Company file a registration statement on Form F-3 (or any successor form thereto) for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act registering the resale from time to time of Registrable Securities, then the Company shall, within thirty (30) days of the delivery of such written request, give written notice of such request to all Holders, and subject to the limitations of this Section 2, use its

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reasonable efforts to file with the SEC, as promptly as reasonably practicable, a registration statement under the Securities Act covering the resale of the Registrable Securities specified in such request, together with the Registrable Securities of any Holder(s) joining in such request as are specified in a written request received by the Company within twenty (20) days after the delivery by the Company of written notice of the registration request to all Holders (the “**Shelf Registration Statement**”). The Company shall use its reasonable efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after the Initiating Holders’ request in accordance with this Section 2.3 and to keep such Shelf Registration Statement continuously effective under the Securities Act for the time period set forth in Section 4.1 below.

2.4. Underwritten Offering. If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, then the Initiating Holders shall inform the Company in writing of their intention to do so, and the intended plan of distribution with respect thereto, and the Company shall select an underwriter (in accordance with the provisions of Section 6.2), and all of such information shall be included in the written notice provided by the Company to all other Holders pursuant to Sections 2.1, 2.2 or 2.3, as appropriate. Notwithstanding any other provision of this Section 2, if the offering is effected by means of an underwriting and the underwriter advises the Company that marketing factors require a limitation of the number of Registrable Securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of Ordinary Shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities so requesting to be registered on a pro rata basis, based on the number of Registrable Securities then held by all such Holders. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

2.5. Suspension.

2.5.1. In addition to any suspension rights under Section 2.5.2 below, upon the happening of any pending corporate development, public filing with the SEC or similar event, that, in the judgment of the Company’s Board, renders it advisable to suspend the use of the Prospectus or upon the request by an underwriter in connection with an underwritten public offering of the Company’s securities, the Company may suspend use of the Prospectus, on written notice to each Holder (which notice will not be required to disclose the content of any material non-public information and will indicate the date of the beginning and end of the intended period of suspension, if known), in which case each Holder shall discontinue disposition of Registrable Securities covered by the registration statement or Prospectus until copies of a supplemented or amended Prospectus are distributed to the Holders or until the Holders are advised in writing by the Company that sales of Registrable Securities under the applicable Prospectus may be resumed and have received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such Prospectus. The suspension and notice thereof described in this Section 2.5.1 shall be held by each Holder in strictest confidence and shall not be disclosed by such Holder.

2.5.2. In the event of: (i) any request by the SEC or any other federal or state governmental authority for amendments or supplements to a registration statement or related Prospectus or for additional information, (ii) the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of a registration statement or the initiation of any proceedings for that purpose, (iii) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, or (iv) any event or circumstance which necessitates the making of any changes in the registration statement or Prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein

or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, then the Company shall deliver a certificate in writing to the Holders (the “**Suspension Notice**”) to the effect of the foregoing (which notice will not be required to disclose the content of any material non-public information and will indicate the date of the beginning and end of the intended period of suspension, if known), and, upon receipt of such Suspension Notice, the Holders will discontinue disposition of Registrable Securities covered by the registration statement or Prospectus (a “**Suspension**”) until the Holders’ receipt of copies of a supplemented or amended Prospectus prepared and filed by the Company, or until the Holders are advised in writing by the Company that the current Prospectus may be used, and have received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such Prospectus. In the event of any Suspension, the Company will use its commercially reasonable efforts to cause the use of the Prospectus so suspended to be resumed as soon as possible after delivery of a Suspension Notice to the Holders. The Suspension and Suspension Notice described in this Section 2.5.2 shall be held by each Holder in strictest confidence and shall not be disclosed by such Holder.

2.6. **Exclusions.** The Company shall not be required to (but may, at its sole discretion) effect a registration pursuant to this Section 2 (without limiting any other provisions of this Section 2 to that effect):

2.6.1. After the Company has effected two (2) Demand Registration Statements and/or Shelf Registration Statements, and such registrations have been declared or ordered effective;

2.6.2. In the case of a request for the filing of a Shelf Registration Statement pursuant to Section 2.3, if Form F-3 is not available for a delayed or continuous offering by the Holders;

2.6.3. During the period starting with the date of filing of, and ending on the date one hundred eighty (180) days following the effective date of, a registration statement pertaining to the Company’s securities (but other than a registration relating solely to employee benefit plans on Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to SEC Rule 145 transaction on Form F-4 or similar forms that may be promulgated in the future);

2.6.4. If within ten (10) days of receipt of a written request from Initiating Holders pursuant to Sections 2.1, 2.2 or 2.3, the Company gives notice to the Initiating Holders of the Company’s good faith intention to file a registration statement for a public offering for a sale of the Company’s shares for its own account within sixty (60) days, provided that the Company actually files such registration statement within such sixty (60) days and makes reasonable good faith efforts to cause such registration statement to become effective;

2.6.5. For a Holder if a registration statement filed pursuant to Section 3 herein is then effective and is available to such Holder for the resale of Registrable Securities;

2.6.6. If the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2, an officer’s certificate signed by order of the Board stating that in the good faith judgment of the Board, (i) such registration may interfere with or affect the negotiation or completion of any material transaction or other material event that is being contemplated by the Company (whether or not final decision has been made to undertake such transaction at the time the right to delay is exercised), (ii) such registration involves initial or continuing disclosure obligations that impose on the Company a significant burden to which it would not otherwise be subject in the absence of such registration, or (iii) it would be otherwise seriously detrimental to the Company and its shareholders for such registration statement to be effected at such time, and in each of the events described in (i) and (iii) the Company shall have the right to defer such filing for a period of not more than ninety (90) days after such officer’s certificate; provided that such right to delay a request shall be exercised by the Company not more than twice in any twelve (12) month period; or

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2.6.7. Unless the aggregate market value of the Registrable Securities that the Initiating Holders request be included in a Demand Registration Statement or Shelf Registration Statement exceeds \$5 million, in the case of a Demand Registration Statement, or \$2 million, in the case of a Shelf Registration Statement. For purposes hereof, the aggregate market value shall be determined based on the average closing price of the Ordinary Shares on the NASDAQ Global Market (or such successor, primary securities exchange or quotation system on which the Ordinary Shares may be listed or quoted from time to time) on the five (5) trading days immediately prior to the date on which the registration request is received by the Company from the Initiating Holders pursuant to Sections 2.1, 2.2 or 2.3 (as appropriate).

2.7 **Acknowledgment re: Demand Registration Under Prior Agreements.** The parties hereby agree and acknowledge that the “Initiating Holders” under the Prior Agreements (i.e., the holders of the majority of the “Registrable Securities” as defined in each of the Prior Agreements, the transferees of the “Registrable Securities” previously held by Scitex Corporation Ltd. and the transferees of the “Registrable Securities” previously held by TDF Management Pte. Ltd., as applicable with respect to each of the Prior Agreements) are the Initiating Holders hereunder and that notwithstanding anything to the contrary in the Prior Agreements or otherwise, such “Initiating Holders” under the Prior Agreements shall not be entitled to effect more than the number of shelf or demand registrations as provided for under this Section 2.

3. **PIGGYBACK REGISTRATIONS.**

3.1. **Notice of Registration.** Commencing after the date of the Company’s initial underwritten public offering, the Company shall notify all Holders of Registrable Securities in writing at least fourteen (14) days prior to the filing of any subsequent registration statement under the Securities Act for purposes of an offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but other than registration relating solely to employee benefit plans on Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a SEC Rule 145 transaction on Form F-4 or similar forms that may be promulgated in the future) and will afford each such Holder requesting to be included in such registration, in accordance with this Section 3.1, an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within fourteen (14) days after delivery of the above-described notice by the Company, so notify the Company in writing specifying the number of Registrable Shares requested to be included. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

3.2. **Underwritten Offering.**

3.2.1. If the registration statement under which the Company gives notice under this Section 3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities as part of its notice provided pursuant to Section 3.1. In such event, the right of any such Holder to be included in a registration pursuant to this Section 3 shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into the underwriting agreement agreed upon between the Company and the underwriter or underwriters selected for such underwriting by the Company. If any Holder disapproves of the terms of such underwriting agreement, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered no later than five (5) days after the date on which the material terms of such underwriting are agreed upon and made known to the Holder in writing, and in the event that such withdrawal notice was not timely provided,

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the Holder shall be required to execute the underwriting agreement in the form agreed between the Company and the underwriters.

3.2.2. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares (including Registrable Securities) to be underwritten, the number of shares that may be included in the underwriting shall be reduced to such amount determined by the underwriters, to be allocated, first, to the Company; second, if any, to the Holders pro-rata, based on the total number of Registrable Securities then held by the Holders requesting to be included in such registration; and third, if any, to any shareholder of the Company (other than a Holder) pro-rata, based on the total number of shares then held by such shareholder requesting to be included in such registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

3.3. **Right to Terminate Registration.** The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3 prior to the effectiveness of such registration, whether or not any Holder has elected to include securities in such registration. The registration expenses of such withdrawn registration shall be borne by the Company.

4. **OBLIGATIONS OF THE COMPANY.** Whenever required to effect the registration of any Registrable Securities, the Company shall, without limitation of any other provision herein, as expeditiously as reasonably possible:

4.1. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable best efforts to cause such registration statement to become effective, and keep such registration statement effective, (A) in the case of a Demand Registration Statement filed pursuant to Sections 2.1 or 2.2 or a piggyback registration effected pursuant to Section 3 (but subject to the Company's withdrawal right with respect to a piggyback registration prior to the effectiveness thereof under Section 3.3), until the earlier of (i) 180 days following the date such registration was declared effective and (ii) the disposition of all Registrable Securities included in such registration statement, and (B) in the case of a Shelf Registration Statement filed pursuant to Section 2.3, until the earlier of (i) two years following the date on which such registration was declared effective and (ii) the disposition of all Registrable Securities included in such Shelf Registration Statement. In the case of any registration statement filed pursuant to Section 2, such registration statement shall include a plan of distribution in customary form.

4.2. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

4.3. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such registration statement.

4.4. Use its reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

4.5. Use commercially reasonable efforts to list the Registrable Securities covered by such registration statement with any securities exchange or quotation system on which the Ordinary Shares of the Company are then listed or quoted.

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4.6. Provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement.

4.7. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering, on terms to be agreed between the Company and such managing underwriter(s).

4.8. Except as otherwise provided under Section 2, immediately notify each seller of Registrable Securities covered by such registration statement and each underwriter under such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company shall prepare and furnish to each such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

4.9. Use its reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company addressed to the underwriters for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, and (ii) a letter, dated as of such date, from the independent certified public accountants of the Company, addressed to the underwriters and to such seller, in form and substance as is customarily given by independent certified public accountants in an underwritten public offering;

4.10. In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act, and before filing any such registration statement or any other document in connection therewith, give the participating Holders of Registrable Securities and their underwriters, if any, the opportunity to review any such registration statement, each prospectus included therein or filed with the SEC, each amendment thereof or supplement thereto and any related underwriting agreement, or other document to be filed.

4.11. Otherwise use commercially reasonable efforts to comply with the Securities Act, the Exchange Act and any other applicable rules and regulations of the SEC, and make available to the Holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months after the effective date of such registration statement, which earnings statement shall satisfy Section 11(a) of the Securities Act and any applicable regulations thereunder, including Rule 158.

5. **EXPENSES OF REGISTRATION.** All Registration Expenses incurred in connection with any registration, qualification or compliance sought pursuant to Sections 2 or 3 herein shall be borne and paid by the Company, whether or not such registration is eventually completed, declared effective or withdrawn, while all other expenses (including underwriting discounts and commissions and transfer taxes, if any, attributable to securities sold by the Holders of Registrable Securities) shall be allocated among the Holders of Registrable Securities pro rata to the number of securities registered by each of them, except that any expenses incurred to or by separate advisors to individual, or groups of, Holders, including separate legal advisors (apart from the fees and expenses of one counsel to the Holders as a whole, which are included within the definition of "Registration Expenses" and shall be borne and paid by the Company), shall be borne and paid solely by the Holders retaining them. With respect to any expense described in this Section 5 which is required to be borne by a Holder, each Holder shall make payment within 30 days of receipt of payment instructions from the Company, accompanied by the relevant invoices or similar documentation. During the course of preparation of a registration for

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which expenses are to be borne by the Holders, a Holder who is a representative nominated by the Holders participating in the registration may request at reasonable intervals

information from the Company with respect to the amount of expenses incurred until such time.

6. **AGREEMENT TO FURNISH INFORMATION; PRECONDITIONS TO PARTICIPATION IN CERTAIN UNDERWRITTEN REGISTRATIONS**

6.1. Each Holder of Registrable Securities shall furnish to the Company such relevant information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Agreement.

6.2. If a registration pursuant to Section 2 is to be effected by means of an underwritten offering, the identity of the underwriter shall be determined by the Company, and in such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein.

6.3. No Holder of Registrable Securities may participate in any underwritten registration under Section 2 unless such Holder (i) agrees to enter into a written underwriting agreement with the managing underwriter selected in the manner herein provided in such form and containing such provisions as are customary in the securities business for such an arrangement between such underwriter and companies of the Company's size and investment stature, and (ii) provides any relevant information and completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents required under the terms of such underwriting arrangements.

7. **INDEMNIFICATION.** In the event any Registrable Securities are included in a registration statement under Sections 2 or 3:

7.1. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its affiliates, the partners, officers, directors and shareholders of each Holder and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities to which they are finally determined to be subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**") by the Company: (i) any untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will reimburse each such Holder, its affiliates, partners, officers, or directors and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, if it is judicially determined that there was such a Violation; provided however, that the indemnity agreement contained in this Section 7.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with information furnished for use in connection with such registration by such Holder, partner, officer, director or controlling person of such Holder.

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7.2. To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, officers and each person, if any, who controls the Company within the meaning of the Securities Act and any other Holder selling securities under such registration statement or any of such other Holder's affiliates, partners, directors officers or any person who controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities to which the Company or any such director, officer, controlling person, or other such Holder or controlling person of such other Holder is finally determined to be subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities arise out of or are based upon any Violation, in each case to the extent that such Violation occurs in reliance upon and in conformity with information furnished by such Holder for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; provided, however, that the indemnity agreement contained in this Section 7.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further, that the liability of each Holder under this Section 7.2 with respect to any individual registration of the sale of his, her or its Registrable Securities pursuant to Sections 2.1, 2.2, 2.3 or 3 shall be limited to the net proceeds received by such Holder from the sale of Registrable Securities pursuant to the registration statement effecting such registration.

7.3. Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 7, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, shall, to the extent materially prejudicial to its ability to defend such action, relieve such indemnifying party of its liability to the indemnified party under this Section 7.

7.4. If the indemnification provided for in this Section 7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that no party will be liable for contribution with respect to the settlement of any claim or action effected without its written consent.

7.5. Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in any underwriting agreement entered into in connection with an

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underwritten public offering are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall prevail.

8. **LOCK-UP AGREEMENT.**

8.1. Each Holder hereby agrees that, if so requested by the representative of the underwriters in any underwritten offering of the Company, including any offering effected under Section 2 hereof (the "**Managing Underwriter**"), such Holder shall not, subject to certain customary exceptions, without the prior consent of the

Managing Underwriter (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Registrable Securities or any securities of the Company (whether such shares or any such securities are then owned by the Holder, or are thereafter acquired) (including without limitation, securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Registrable Securities or such other securities of the Company, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Registrable Securities or such other securities of the Company, in cash or otherwise or (iii) make any demand for or exercise any right with respect to the registration of any Registrable Securities or such other securities of the Company or any security convertible into or exercisable or exchangeable for securities of the Company, in each case, for a period of up to 180 days following the effective date of such registration statement, as may be specified by the Managing Underwriter (the “**Market Standoff Period**”).

8.2. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

8.3. The foregoing provisions of this Section 8 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holder if all officers and directors of the Company enter into similar agreements.

8.4. The underwriters in connection with a registration statement so filed are intended to be third party beneficiaries of this Section 8 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

9. **ASSIGNMENT OF REGISTRATION RIGHTS; TRANSFER OF REGISTRABLE SECURITIES.** The rights to cause the Company to register Registrable Securities pursuant to this Agreement may be assigned by a Holder to (a) any one or more transferees or assignees that acquire in one transaction or series of related transactions at least 75% of the Original Registrable Securities held by the transferring or assigning Holder and/or (b) the shareholders, members, partners, beneficiaries or other equity holders of the transferring or assigning Holder; provided, however, that in any such case simultaneously with any such transfer, (i) the transferors shall furnish to the Company written notice of the name and address of such transferee(s) or assignee(s) and the securities with respect to which such registration rights are being assigned, and (ii) such transferee(s) shall agree in writing, on a form to be agreed upon with the Company, to be subject to all provisions and restrictions set forth in this Agreement.

10. **RULE 144 REPORTING.** With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company (at any time after it has become subject to such reporting requirements) agrees to:

10.1. Make and keep available adequate current public information with respect to the Company, within the meaning Rule 144(c) under the Securities Act or any similar or analogous rule

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promulgated under the Securities Act, at all times after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public.

10.2. Furnish to such Holder forthwith upon request a written statement by the Company as to its compliance with the informational requirements of Rule 144(c) under the Securities Act (or similar rule then in effect), and of the Exchange Act (at any time after it has become subject to such reporting requirements); and

10.3. Comply with all other necessary filings and other requirements so as to enable the holders of Registrable Securities to sell Registrable Securities under Rule 144 under the Securities Act (or similar rule then in effect).

11. **MISCELLANEOUS.**

11.1. **Entire Agreement.** This Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and supersede and replaces all prior negotiations, agreements and understandings of the parties of any nature, whether oral or written, relating thereto, and any such previous agreement or understanding shall terminate and be of no further force and effect. **By executing this Agreement each Holder acknowledges that, as of the Effective Date, there are no disputes, claims, controversies or demands, under any applicable law, made or ongoing on behalf of such Holder as a party adverse to the Company, arising from or in connection with such Holder's ownership of the Company's securities. Each Holder furthermore hereby waives any and all potential claims and demands against the Company with respect to his, her or its ownership of the Company's securities up to the present time.**

11.2. **Amendment; Termination.** Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and Holders who own a majority of the Registrable Securities then held by the Holders, and any such amendment shall be binding upon all Holders. The provisions of this Agreement hereby replace and supersede in their entirety any conflicting provision contained in any agreement or instrument to which any of the parties is a party with respect to the subject matter hereof, including but not limited to the Prior Agreements, and any such agreement or instrument is terminated and shall no longer have any force or effect.

11.3. **Governing Law; Venue.** This Agreement shall be governed by and construed under the laws of the State of Israel, without regard to the conflicts of law principles of such State, except with respect to matters that are subject to securities laws and regulations, which shall be governed by the respective laws and regulations. The parties hereto irrevocably submit to the exclusive jurisdiction of the Economic Court of the district of Tel Aviv-Jaffa in respect of any dispute or matter arising out of or connected with this Agreement.

11.4. **Successors and Assigns.** The provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors, and administrators of the parties hereto.

11.5. **Severability.** In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

11.6. **Delays or Omissions.** It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Holder, upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit,

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consent, or approval of any kind or character on any Holder's part of any breach, default or noncompliance under the Agreement or any waiver on such Holder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to Holders, shall be cumulative and not alternative.

11.7. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) two (2) days after deposit with an internationally recognized courier, specifying two day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth below or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto.

11.8. If to the Company: to the address set forth in the preamble to this Agreement.

11.9. If to a Holder: to the address set forth in Schedule 1 attached hereto.

11.10. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart and that signatures may be provided by facsimile transmission or electronic mail.

11.11. Questionnaire. Each Holder agrees to furnish to the Company a completed Questionnaire in a customary form (a "**Selling Holder Questionnaire**"). The Company shall not be required to include in a registration statement the Registrable Securities of a Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least five business days prior to the date a registration statement is filed pursuant hereto.

- Signature page follows -

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IN WITNESS WHEREOF, the parties have duly signed this Registration Rights Agreement as of the Effective Date.

THE COMPANY:

OBJET LTD.

Name: _____
Title: _____

THE HOLDERS:

NAME OF HOLDER

Name: _____
Title: _____

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Schedule 1

Schedule of Holders

HANNA BONEN

Address: []
Telephone No: []
Facsimile No.: []

HANAN GOTHAIHT

Address: []
Telephone No: []
Facsimile No.: []

NO REST PROPERTIES

Address: []
Telephone No: []
Facsimile No.: []

DEPOT HOLDINGS LLC

Address: []
Telephone No: []
Facsimile No.: []

HANCOCK LLC

Address: []
Telephone No: []
Facsimile No.: []

GREENHILL HIGHWAYS LLC

Address: []
Telephone No: []
Facsimile No.: []

TYRES TECH LLC

Address: []
Telephone No: []
Facsimile No.: []

CORDAN INVESTMENTS LLC

Address: []
Telephone No: []
Facsimile No.: []

SHANO HOLDINGS LLC

Address: []
Telephone No: []
Facsimile No.: []

AIMS PARTNERS

Address: []
Telephone No: []
Facsimile No.: []

GUR SHOMRON

Address: []
Telephone No: []
Facsimile No.: []

MICHAEL JAGLOM

Address: []
Telephone No: []
Facsimile No.: []

SAMSON CAPITAL

Address: []
Telephone No: []
Facsimile No.: []

SONIC TECHNOLOGY HOLDINGS LLC

Address: []
Telephone No: []
Facsimile No.: []

NALAN HOLDINGS LLC

Address: []
Telephone No: []
Facsimile No.: []

MERTO HOLDINGS LLC

Address: []
Telephone No: []
Facsimile No.: []

LEON RECANATI

Address: []
Telephone No: []
Facsimile No.: []

MAHOGANY INVESTMENT CORPORATION

Address: []
Telephone No: []
Facsimile No.: []

ZUCKERBERG INVESTMENT PARTNERS, L.P.

Address: []
Telephone No: []
Facsimile No.: []

DAVID REIS

Address: []
Telephone No: []
Facsimile No.: []

ILRON INVESTMENTS LIMITED

Address: []

Telephone No: []
Facsimile No.: []

AGM HOLDING B.V.

Address: []
Telephone No: []
Facsimile No.: []

EMPLOYMENT AGREEMENT

Duly made and executed on this 15th day of September, 2008

This Employment Agreement (this “**Agreement**”) is entered by and between Objet Geometries Ltd., with offices at 2 Holtzman Street, Rehovot, Israel (the “**Company**”) and David Reis, I.D. No 56704091 residing at 6 Harerz St, Ra'anana, Israel, 43232;

WHEREAS the Company desires to employ the Employee pursuant to the terms and conditions set forth herein and the Employee desires to enter into such employment.

NOW, THEREFORE, the parties hereto agree as follows:

1. **EMPLOYMENT**

- 1.1. The Employee's employment shall commence on September 15, 2008 (the “**Commencement Date**”). The Employee shall be employed full time in the position of Executive Vice Chairman of the Company's Board of Directors, or any other position of the same nature, as shall be determined by the Company. The Employee undertakes to perform such duties and responsibilities as may be assigned to him by the Company from time to time. The Employee shall report to the Company's Board of Directors and its Chairman.
- 1.2. The Employee undertakes to devote his/her full time, attention, skill, and effort exclusively to the performance of his/her duties in the Company and undertakes not to engage, whether as an employee or otherwise, in any business, commercial or professional activities, whether or not for compensation, during his/her employment, including after work hours, on weekends, or during vacation time, without the prior written consent of the Company, except as specified in **Appendix C** attached hereto. For the avoidance of any doubt, nothing contained herein shall derogate from the Employee's undertakings as specified in **Appendix B** attached hereto.
- 1.3. This Agreement may be terminated by either party at any time by giving the other party hereto six (6) months' prior written notice of such termination (the “**Notice Period**”).
- 1.4. Notwithstanding anything to the contrary in Section 1.3 above, the Company may immediately cease the Employee's employment and may shorten all or part of the Notice Period, regardless of whether notice of termination was given by the Company or by the Employee, and in such event the Employee shall be entitled to receive such Salary and all additional benefits, as provided in **Appendix A** attached hereto, as if the Employee were to continue to be employed by the Company for the duration of the Notice Period.
- 1.5. Notwithstanding anything to the contrary herein, the Company may terminate the Employee's employment for Cause without advance notice and without derogating from any remedy to which the Company may be entitled. A termination for “**Cause**” is a termination due to (i) the Employee's embezzlement of funds of the Company; or (ii) the Employee's material breach of the terms and conditions of this Agreement; or (iii) the Employee being involved in an act which constitutes a breach of trust between himself and the Company or constitutes a breach of discipline; or (iv) the Employee's conduct causing grave injury to the Company, monetarily or otherwise; or (v) the Employee's

inability to carry out his/her duties for a period exceeding one hundred and eighty (180) consecutive days, provided that the Employee's resumption of his/her duties for a period of less than fifteen (15) consecutive days shall not be deemed to have broken the continuity of the aforementioned one hundred and eighty (180) days.

- 1.6. The Employee shall have no right for a lien on any of the Company's assets, equipment or any other material including car and cellular phone if applicable and including information or Confidential Information as defined in Exhibit B attached to this agreement (hereinafter the “**Company's Equipment**”) in its possession. The Employee shall return to the Company all of the Company's Equipment in its possession no later than the day of termination of employee-employer relationship.

2. **SPECIAL AGREEMENT**

It is agreed between the parties that this Agreement is a personal agreement, and that the position the Employee is to hold within the Company is a management position which requires a special measure of personal trust, as such terms are defined in the Working Hours and Rest Law 5711 - 1951, as amended (the “**Law**”). The provisions of any collective bargaining agreement which exist or shall exist do not, and will not, apply to the employment of the Employee, whether such agreement was signed among the government, the General Federation of Labor and Employers organizations, or any of such parties, or whether signed by others, in relation to the field or fields of the business of the Company or in relation to the position held by or the profession of the Employee.

3. **COMPENSATION**

In consideration for the performance of his/her duties, the Employee shall be entitled to the compensation set forth in **Appendix A** attached hereto.

4. **NON DISCLOSURE, COMPETITIVE ACTIVITY AND OWNERSHIP OF INVENTIONS**

Simultaneously with the signing of this Agreement the Employee shall sign the Non-Disclosure, Unfair Competition and Ownership of Inventions undertaking in favor of the Company and any subsidiary and parent company of the Company, attached hereto as **Appendix B**.

5. **REPRESENTATIONS AND UNDERTAKINGS**

The Employee represents and undertakes all of the following:

- 5.1. There are no other undertakings or agreements preventing him/her from committing himself/herself in accordance with this agreement and performing his/her obligations hereunder.
- 5.2. To the best of his/her knowledge: (i) he/she is not currently, nor will he/she by entering into this Agreement be deemed to be, violating any rights of his/her former employer; and (ii) he/she is not currently, nor will he/she by entering into this Agreement be deemed to be, in breach of any of his/her obligations towards his/her former employer.

- 5.3. He/she shall inform the Company, immediately upon becoming aware, of every matter in which he/she or his/her immediate family has a personal interest and which might give rise to a conflict of interest with his/her duties under the terms of his/her employment.

- 5.4. In carrying out his/her duties under this agreement, the Employee shall not make any representations or give any guarantees on behalf of the Company, except as expressly and in advance authorized so to do.
- 5.5. The Employee acknowledges and agrees that from time to time he/she may be required by the Company to travel and stay abroad as part of his/her duties towards the Company.
- 5.6. He/she shall not receive any payment and/or benefit from any third party, directly or indirectly in connection with his/her employment. In the event the Employee breaches this sub-section, without derogating from any of the Company's right by law or contract, such benefit or payment shall become the sole property of the Company and the Company may set-off such amount from any sums due to the Employee.
- 5.7. Employee undertakes to use the Company's Equipment and facilities only for the purpose of his/her employment. The Employee acknowledges and agrees that the Company is entitled to conduct inspections within the Company's offices and on the Company's computers, including inspections of electronic mail transmissions, Internet usage and inspections of their content. For the avoidance of any doubt, it is hereby clarified that all examination's finding shall be the Company's sole property.
- 5.8. In any event of the termination of this Agreement, the Employee shall cooperate with the Company and use his/her best efforts to assist with the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities.

6. GENERAL PROVISIONS

- 6.1. This Agreement and all Appendices attached hereto constitute the entire agreement between the parties hereto and supersedes all prior agreements, proposals, understandings and arrangements, if any, whether oral or written, between the parties hereto with respect to the subject matter hereof. Any amendment to this Agreement must be agreed to in writing by both parties.
- 6.2. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel and the sole and exclusive place of jurisdiction in any matter arising out of or in connection with this Agreement shall be the regional labor court in Tel-Aviv.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

Objet Geometries Ltd.
By: /s/ Elchanan Jaglom
Title: Chairman

Employee:
/s/ David Reis

APPENDIX A

COMPENSATION

1. Salary.

Salary. The Employee shall be entitled to a gross monthly salary of NIS 115,000 (the "**Salary**"). The Company will annually evaluate the performance of both the Employee and the Company and will determine, at the Company's sole discretion, whether to increase the Employee's Salary and, if so, in what amount.

2. Performance Bonus.

Subject to the discretion and approval of the Company's Board of Directors, the Employee shall be entitled to an annual bonus during each year of continued employment under the Employment Agreement, based on the Company's achievement of specific goals set by the Company's Board of Directors.

3. Insurance Policies.

The Company shall insure the Employee under an accepted 'Manager's Insurance Scheme' (the "**Managers Insurance**"), in accordance with the expansion order in the Industrial Field (the "**Order**"), as follows: (i) the Company shall pay an amount equal to 5% of the Employee's Salary towards the Managers Insurance for the Employee's benefit and shall deduct 5% from the Employee's Salary and pay such amount towards the Managers Insurance for the Employee's benefit (the various components of the Managers Insurance shall be fixed at the discretion of the Employee); (ii) the Company shall pay an amount equal to $8\frac{1}{3}\%$ of the Employee's Salary towards a fund for severance compensation; and (iii) the Company shall pay an amount of up to $2\frac{1}{2}\%$ of the Employee's Salary towards disability insurance. Any of the above amounts that is in excess of the respective amount exhausting for the maximum tax benefit for such payment then in effect shall be paid as a cash payment to the Employee, subject to applicable withholding obligations.

4. Keren Hishtalmut.

The Company and the Employee shall open and maintain a 'Keren Hishtalmut' Fund (the "**Fund**"). Subject to the maximum amount stated in Section 3(e) of the Income Tax Ordinance 1961 (the "**Income Tax Ordinance**"), the Company shall contribute to such Fund an amount equal to $7\frac{1}{2}\%$ of each monthly Salary payment, and the Employee shall contribute to such Fund an amount equal to $2\frac{1}{2}\%$ of each monthly Salary payment. The Employee hereby instructs the Company to transfer to such Fund the amount of the Employee's contribution from each monthly Salary payment. For the avoidance of any doubt, in the event that the Employee shall accrue an aggregate total amount in the Fund exceeding the maximum total amount prescribed by the Income Tax Ordinance, such extra amount shall be deemed as revenue income and such amount shall be contributed to the Fund or to the Salary as an "Additional Contribution of Keren Hishtalmut", at the Employee's discretion. The Employee hereby declares that such Fund and the Additional Contribution of Keren Hishtalmut shall not be part of his Salary and shall not be taken into account with regard to any and all social benefits that the Employee is entitled to, including but not limited to severance payment and the social benefits specified in this Employment Agreement.

5. Funds Release.

The Managers Insurance and the Fund (with regard to amounts contributed by the Company) shall be transferred to the Employee, subject to any applicable law and to the Order, as far as it is applicable to the Employee, upon the termination of the Employee's employment under any circumstances, except in circumstances of termination of employment for Cause (excluding paragraph (v) of Section 1.5 of the Agreement), and shall substitute the severance pay owed to the Employee, according to Section 14 of the Severance Compensation Law, 1963.

6. Vacation and Sick Leave.

Subject to the provisions of the Annual Vacation Law-1951 (the "**Vacation Law**"), the Employee shall be entitled to twenty one (21) vacation days (the "**Vacation Days**"), with respect to each twelve (12) months' period of continuous employment with the Company. These Vacation Days include the number of paid vacation days to which the Employee is entitled in accordance with the Vacation Law (the "**Vacation Law Days**"). Any Vacation Days shall be first credited on account of Vacation Days which are not Vacation Law Days (if any). The Employee shall be entitled to carry forward only the unused vacation days out of the Vacation Law Days, in accordance with the terms set out in the Vacation Law. The Employee shall be entitled to sick leave in accordance with the provisions of the Sick Pay Law-1976.

7. Options.

Subject to the sole discretion and determination of the board of directors (the "**Board**") of the Company and/or the compensation and options committee of the Company and subject to the terms of any stock option plan and option agreement which shall be approved and adopted by the Company (and which shall include, inter alia, the exercise price of the options, the vesting periods and all the other terms and conditions with respect to the options), the Employee shall be granted Two Million Five Hundred Thousand (2,500,000) options, each such option entitling the Employee to purchase one (1) Ordinary Share of the Company, each bearing a par value of NIS 0.01 (the "**Options**"), subject to any dilution. The Employee undertakes to take all actions and to sign all documents required, at the discretion of the Company, in order to give effect to and enforce the above terms and conditions. Any tax liability in connection with the Options (including with respect to the grant, exercise, sale of the Options or the shares receivable upon their exercise) shall be borne solely by the Employee.

8. Vehicle.

For the purpose of his employment and incidental personal use, the Company shall provide the Employee with a Class 7 vehicle (the "**Car**"). The Company shall bear all the fixed and variable costs of the car, including licenses, insurance, gas and repairs but the Company shall not bear costs of any tickets, traffic offense or fines of any kind. For the avoidance of any doubt, it is agreed that with regard to any tax obligations, the Employee shall not be entitled to any grossing up of the Car benefits. The Employee shall: (i) take good care of the Car and ensure that the provisions and conditions of any policy of insurance relating thereto are observed (including the provisions with respect to the protection of the Car); and (ii) in the event that the Employee's employment terminates for whatever reason, he/she will forthwith return the Car with the keys and all licenses and other documentation relating to the Car, to the Company. The Car shall be used in accordance with the Company's policy as shall be in effect from time to time.

The Employee shall not have any lien right in the Car or in any document or property relating thereto.

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9. Business and Home Office Expenses.

The Company shall reimburse the Employee for necessary and customary business expenses incurred by the Employee, in accordance with Company policy as determined by the Company from time to time. The Company will provide the Employee with a laptop computer and with phone and Internet lines at the Employee's home office and cover all expenses associated therewith.

10. Taxes.

The Company shall withhold or charge the Employee with all taxes and other compulsory payments as required under law in respect of, or resulting from, the compensation paid to or received by him/her and in respect of all the benefits that the Employee is or may be entitled to.

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APPENDIX B

THIS UNDERTAKING ("**Undertaking**") is entered into as of the 15th day of September, 2008, by David Reis, I.D. No 56704091, residing at 6 Harerz St, Ra'anana, Israel, 43232 (the "**Employee**").

WHEREAS the Employee wishes to be employed by Objet Geometries Ltd., an Israeli company (the "**Company**"); and

WHEREAS the Company wishes to employ the Employee, subject to his/her executing this Undertaking in the Company's favor.

NOW, THEREFORE, the Employee undertakes and warrants towards the Company and any subsidiary and parent company of the Company as follows:

1. Confidential Information.

1.1. The Employee acknowledges that he/she will have access to confidential and proprietary information, including information concerning activities of the Company and any of its parent, subsidiary and affiliated companies, and that he/she will have access to technology regarding the product research and development, patents, copyrights, customers (including customer lists), marketing plans, strategies, forecasts, trade secrets, test results, formulae, processes, data, know-how, improvements, inventions, techniques and products (actual or planned) of the Company and any of its parent, subsidiary and affiliated companies. Such information in any form or media, whether documentary, written, oral or computer generated, shall be deemed to be and referred to herein as "**Proprietary Information**".

1.2. During the term of his/her employment or at any time after termination thereof for any reason, the Employee shall not disclose to any person or entity without the prior consent of the Company any Proprietary Information, whether oral or in writing or in any other form, obtained by the Employee while in the employ of the Company (including, but not limited to, the processes and technologies utilized and to be utilized in the Company's business, the methods and results of the Company's research, technical or financial information, employment terms and conditions of the Employee and other Company employees or any other information or data relating to the business of the Company or any information with respect to any of the Company's customers).

1.3. Proprietary Information shall be deemed to include any and all proprietary information disclosed by or on behalf of the Company irrespective of form, but

excluding information that has become a part of the public domain not as a result of a breach of this Undertaking by the Employee.

- 1.4. The Employee agrees that all memoranda, books, notes, records (contained on any media whatsoever), charts, formulae, specifications, lists and other documents made, compiled, received, held or used by the Employee while in the employ of the Company, concerning any phase of the Company's business or its trade secrets (the "**Materials**"), shall be the Company's sole property and all originals or copies thereof shall be delivered by the Employee to the Company upon termination of the Employee's employment or at any earlier or other time at the request of the Company, without the Employee retaining any copies thereof.

2. Unfair Competition and Solicitation.

The Employee acknowledges that the provisions of this Undertaking are reasonable and necessary to legitimately protect the Company's Proprietary Information, its property (including intellectual property) and its goodwill (the "**Company's Major Assets**"). The Employee further acknowledges that he/she has carefully reviewed the provisions of this Undertaking, he/she fully understands the consequences thereof and he/she has assessed the respective advantages and disadvantages to him/her of entering into this Undertaking.

In light of the above provisions, the Employee undertakes:

- 2.1. That during the term of his/her employment in the Company and for a period of twelve (12) months thereafter, he/she shall not engage, establish, open or in any manner whatsoever become involved, directly or indirectly, either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, in any business, occupation, work or any other activity which is reasonably likely to involve or require the use of any of the Company's Major Assets.
- 2.2. That during the term of his/her employment in the Company and for twelve (12) months thereafter, not to induce any employee of the Company or of any of its, parent subsidiary or affiliated companies to terminate such employee's employment therewith.

3. Ownership of Inventions.

The Employee will notify and disclose to the Company, or any persons designated by it, all information, improvements, inventions, formulae, processes, techniques, know-how and data, whether or not patentable, made or conceived or reduced to practice or learned by the Employee, either alone or jointly with others, during the Employee's employment with the Company (including after hours, on weekends or during vacation time) (all such information, improvements, inventions, formulae, processes, techniques, know-how, and data are hereinafter referred to as the: "**Inventions**" or "**Invention**") immediately upon discovery, receipt or invention as applicable. In the event that the Employee, for any reason, refrains from delivering the Invention upon grant of notice regarding the Invention, as described above, the Employee shall notify the Employer of the Invention and specify in such notice the date in which the Invention shall be delivered to the Company and the reason for delay in such delivery. The Invention shall be delivered as soon as possible thereafter.

Delivery of the notice and the Invention shall be in writing, supplemented with a detailed description of the Invention and the relevant documentation. The Employee agrees that all the Inventions shall be the sole property of the Company and its assignees, and the Company and its assignees shall be the sole owner of all patents and other rights in connection with such Inventions. The Employee hereby assigns to the Company any rights the Employee may have or acquire in such Inventions. In order to avoid any doubt, it is hereby clarified that a lack of response from the Company with respect to the notice of the Invention or of its delivery, shall not be considered a waiver of ownership of the Invention, and in any event the Invention shall remain the sole property of the Company.

The Employee further agrees as to all such Inventions to assist the Company, or any persons designated by it, in every proper way to obtain and from time to time enforce such inventions in any way including by way of patents over such Inventions in any and all countries, and to that effect the Employee will execute all documents for use in applying for and obtaining patents over

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and enforcing such Inventions, as the Company may desire, together with any assignments of such Inventions to the Company or persons or entities designated by it.

The Employee shall not be entitled, with respect to all of the above, to any monetary consideration or any other consideration except as explicitly set forth in Appendix A hereto, or in any other written agreement or arrangement signed by the Company. With respect to all of the above any, oral understanding, communication or agreement not duly signed by the Company shall be void.

4. General.

- 4.1. The Employee acknowledges that the provisions of this Undertaking serve as an integral part of the terms of his/her employment and reflect the reasonable requirements of the Company in order to protect its legitimate interests with respect to the subject matter hereof. If any provision of this Undertaking (including any sentence, clause or part thereof) shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, if any particular provision contained in this undertaking shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing the scope of such provision so that the provision is enforceable to the fullest extent compatible with applicable law.
- 4.2. The provisions of this Undertaking shall continue and remain in full force and effect following the termination of the employment relationship between the Company and the Employee for whatever reason. This Undertaking shall not serve in any manner as to derogate from any of the Employee's obligations and liabilities under any applicable law.

David Reis
Name of Employee

/s/ David Reis
Signature

3

OTHER ACTIVITIES

The Employee will be permitted to continue:

- (a) to carry out tasks for Hewlett-Packard's Scitex Vision/Nur division to conclude any unfinished work (primarily the Nur Escrow account) that relates to the sale of Nur to Hewlett-Packard over the course of twelve (12) months from the Commencement Date, and
- (b) to participate in advisory boards in which he was participating prior to signing the Employment Agreement, which includes specifically Cellint Traffic Solutions Ltd. and Fortissimo Capital (with respect to Fortissimo Capital said participation shall not exceed 12 months from the Commencement Date) ;

provided that the Employee shall not be required to take, and shall not take, any action that may harm the interests of the Company in carrying out any of the aforementioned activities.

EMPLOYMENT AGREEMENT

Duly made and executed on this 27th day of June, 2011

This Employment Agreement (this "**Agreement**") is entered by and between Objet Ltd., with offices at 2 Holtzman Street, Science Park, Rehovot 76124, Israel (the "**Company**"); and

on the first part

Ilan Levin, I.D. No. 310064969, residing at 46 Menucha Ve'Nachala Street, Rehovot, Israel (the "**IL**")

on the second part

WHEREAS the IL has served since June 2000 as a member of the Company's Board of Directors; and

WHEREAS IL has been, and continues to be, entitled to compensation as a member of the Company's Board of Directors, in accordance with a resolution of the General Meeting of the Company dated May 31, 2010, in the amount of \$15,000 per month of continued service as a member of the Board irrespective of this Agreement; and

WHEREAS in accordance with a resolution of the Board of Directors dated February 21, 2011 and of the General Meeting of the Company dated June 9, 2011, IL has been appointed to the office of President of the Company, in addition to and irrespective of his continued service as a member of the Board; and

WHEREAS the Company desires to employ IL as President of the Company, in addition to and irrespective of his continued service as a member of the Board of Directors of the Company, pursuant to the terms and conditions set forth herein and IL desires to enter into such employment; and

NOW, THEREFORE, the parties hereto agree as follows:

1. EMPLOYMENT

- 1.1. IL's employment in the position of the Company's President shall commence on June 1, 2011, (the "**Commencement Date**"). IL undertakes to perform such duties and responsibilities as may be assigned to him by the Company's Board of Directors from time to time and shall be subordinated to the Company's Board of Directors.
- 1.2. This Agreement may be terminated by either party at any time by giving the other party hereto three (3) months' prior written notice of such termination (the "**Notice Period**").

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- 1.3. Notwithstanding anything to the contrary in Section 1.3 above, the Company may immediately cease IL's employment and may shorten all or part of the Notice Period, regardless of whether notice of termination was given by the Company or by IL; provided, however, that in such event IL shall be entitled to receive such Salary, as such term is defined in Section 1 of Appendix A attached hereto, during the Notice Period as if IL were to continue to be employed by the Company for the duration of such Notice Period.
 - 1.4. In the event of resignation by IL, in which IL did not give the Company prior written notice, the Company may deduct from any amount owed to IL, an amount equal to IL's Salary for the time he did not work during the required Notice Period, as a pre-accepted and undisputed compensation therefor. Without derogating from the preceding sentence, the Company reserves its right to sue IL for any damages suffered by the Company as a result of IL's failure to give the Company prior written notice in accordance with Section 1.3 above.
 - 1.5. Notwithstanding anything to the contrary herein, the Company may terminate IL's employment for Cause without advance notice and without derogating from any remedy to which the Company may be entitled. A termination for "**Cause**" is a termination due to (i) IL's embezzlement of funds of the Company; or (ii) IL's material breach of the terms and conditions of this Agreement; or (iii) IL being involved in an act which constitutes a breach of trust between himself and the Company or constitutes a breach of discipline; or (iv) IL's conduct has caused grave injury to the Company, monetarily or otherwise.
 - 1.6. IL shall have no right for a lien on any of the Company's assets, equipment or any other material including car and cellular phone if applicable and including information or Confidential Information as defined in Exhibit B attached to this Agreement (hereinafter the "**Company's Equipment**") in its possession. IL shall return to the Company all of the Company's Equipment in its possession no later than the day of termination of employee-employer relationship and prior to any vacation of more than 30 days (including vacation due to pregnancy or prior notice) or within 7 days after the Company's demand.

2. SPECIAL AGREEMENT

It is agreed between the parties that this Agreement is a personal agreement, and that the position IL is to hold within the Company is an executive position which requires a special measure of personal trust, as such terms are defined in the Working Hours and Rest Law 5711 - 1951, as amended (the "**Law**"). The provisions of any collective bargaining agreement which exist or shall exist do not, and will not, apply to the employment of IL, whether such agreement was signed among the government, the General Federation of Labor and Employers organizations, or any of such parties, or whether signed by others, in relation to the field or fields of the business of the Company or in relation to the position held by or the profession of IL. Thus, IL may be required, from time to time and according to the work load demanded of him, to work beyond the regular working hours and IL shall not be entitled to any further compensation other than as specified in this Agreement and the Appendixes hereto.

3. COMPENSATION

In consideration for the performance of his duties solely under this Agreement, IL shall be entitled to the compensation set forth in **Appendix A** attached hereto.

4. NON DISCLOSURE, COMPETITIVE ACTIVITY AND OWNERSHIP OF INVENTIONS

Simultaneously with the signing of this Agreement IL shall sign the Non-Disclosure, Unfair Competition and Ownership of Inventions undertaking in favor of the

Company and any subsidiary and parent company of the Company, attached hereto as **Appendix B**.

5. **REPRESENTATIONS AND UNDERTAKINGS**

IL represents and undertakes all of the following:

- 5.1. There are no other undertakings or agreements preventing him from committing himself in accordance with this Agreement and performing his obligations hereunder.
- 5.2. IL does not suffer from any health disability which prevents him from performing his obligations according to this Agreement.
- 5.3. IL has the ability, knowledge and qualifications needed to perform his obligations according to this Agreement.
- 5.4. IL shall inform the Company, immediately upon becoming aware, of every matter in which he or his immediate family has a personal interest and which might give rise to a conflict of interest with his duties under the terms of his employment.
- 5.5. IL shall not receive any payment and/or benefit from any third party, directly or indirectly in connection with his employment. In the event IL breaches this Sub-section, without derogating from any of the Company's right by law or contract, such benefit or payment shall become the sole property of the Company and the Company may set-off such amount from any sums due to IL.
- 5.6. In carrying out his duties under this Agreement, IL shall not make any representations or give any guarantees on behalf of the Company, except as expressly and in advance authorized so to do.
- 5.7. IL acknowledges and agrees that from time to time he may be required by the Company to travel and stay abroad as part of his duties towards the Company.
- 5.8. IL undertakes to use the Company's Equipment and facilities only for the purpose of his employment. IL acknowledges and agrees that the Company is entitled to conduct inspections within the Company's offices and on the Company's computers, including inspections of electronic mail transmissions, internet usage and inspections of their content. For the avoidance of any doubt, it is hereby clarified that all examination's finding shall be the Company's sole property.
- 5.9. In any event of the termination of this Agreement, IL shall cooperate with the Company and use his best efforts to assist with the integration into the

Company's organization of the person or persons who will assume IL's responsibilities.

6. **GENERAL PROVISIONS**

- 6.1. This Agreement and all Appendixes attached hereto constitute the entire agreement between the parties hereto, excluding the Director Compensation Agreement, and supersedes all prior agreements, proposals, understandings and arrangements, if any, whether oral or written, between the parties hereto with respect to the subject matter hereof.
- 6.2. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.
- 6.3. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel and the sole and exclusive place of jurisdiction in any matter arising out of or in connection with this Agreement shall be the regional labor court in Tel-Aviv.
- 6.4. If any term or provision of this Agreement is declared invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement and its Appendixes shall nevertheless remain in full force and effect.
- 6.5. IL acknowledges and declares that he has carefully read and understood all the provisions of this Agreement and its Appendixes, he accepts all such provisions and he signs this Agreement at his own free will and full consent.
- 6.6. Any notice or other communications to the other party must be in writing, to the address set forth in the preamble to this Agreement (or to such other address as shall be specified by like notice), sent via registered mail or messenger, and such notice shall be deemed given after four (4) business days, if sent via registered mail, or after one (1) day is sent by messenger, provided a proof of delivery has been received.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

Objet Ltd.

Employee: Ilan Levin

By: /s/ David Reis

/s/ Ilan Levin

Title: CEO

APPENDIX A COMPENSATION

1. **Salary.**

IL shall be entitled to a gross monthly salary of NIS 27,000 (being the equivalent of USD 7,500 as of February 21, 2011, the date of the resolution of the Board of Directors approving the appointment of IL as President and the approval of his compensation)] (the "**Salary**"). The Company will annually evaluate the performance of both IL and the Company and will determine, at the Company's sole discretion, whether to increase IL's Salary and, if so, in what amount, and subject to any other approval which may be required under any applicable law.

2. **Insurance Policies.**

The Company shall insure IL under an accepted 'Manager's Insurance Scheme' (the **'Managers Insurance'**), in accordance with the expansion order in the Industrial field (the **"Order"**), as far as it applies to IL, as follows: (i) the Company shall pay an amount equal to 5% of IL's Salary towards the Managers Insurance for IL's benefit and shall deduct 5% from IL's Salary and pay such amount towards the Managers Insurance for IL's benefit (the various components of the Managers Insurance shall be fixed at the discretion of IL); (ii) the Company shall pay an amount equal to $8\frac{1}{3}\%$ of IL's Salary towards a fund for severance compensation; and (iii) the Company shall pay an amount of up to $2\frac{1}{2}\%$ of IL's Salary towards disability insurance.

The IL hereby instructs the Company to transfer to the Managers Insurance the amounts on his behalf. For the avoidance of any doubt, if the amounts accumulated by IL shall be more than the maximum amount according to the Income Tax Order, such amount shall be considered as IL's income.

3. **Keren Hishtalmut.**

The Company and IL shall open and maintain a 'Keren Hishtalmut' Fund (the **'Fund'**). Subject to the maximum amount stated in Section 3(e) of the Income Tax Ordinance 1961 (the **"Income Tax Ordinance"**), the Company shall contribute to such Fund an amount equal to $7\frac{1}{2}\%$ of each monthly Salary payment, and IL shall contribute to such Fund an amount equal to $2\frac{1}{2}\%$ of each monthly Salary payment. IL hereby instructs the Company to transfer to such Fund the amount of IL's contribution from each monthly Salary payment. For the avoidance of any doubt, in the event that IL shall accrue an aggregate total amount in the Fund exceeding the maximum total amount prescribed by the Income Tax Ordinance, such extra amount shall be deemed as revenue income and such amount shall be contributed to the Fund or to the Salary as an "Additional Contribution of Keren Hishtalmut," at IL's discretion. The Employee hereby declares that such Fund and the Additional Contribution of Keren Hishtalmut shall not be part of the Salary and shall not be taken into account with regard to any and all social benefits that IL is entitled to, including but not limited to severance payment and the social benefits specified in this Employment Agreement.

4. **Funds Release.**

The Managers Insurance and the Fund (with regard to amounts contributed by the Company) shall be transferred to IL, subject to any applicable law and to the Order,

as far as it is applicable to IL, upon the termination of the IL's employment under any circumstances, except in circumstances of termination of employment for Cause, and shall substitute the severance pay owed to IL, according to Section 14 of the Severance Compensation Law, 1963.

5. **Vacation and Sick Leave.**

Subject to the provisions of the Annual Vacation Law-1951 (the **'Vacation Law'**), IL shall be entitled to twenty one (21) vacation days (the **'Vacation Days'**), with respect to each twelve (12) months' period of continuous employment with the Company. These Vacation Days include the number of paid vacation days to which IL is entitled in accordance with the Vacation Law (the **"Vacation Law Days"**). Any Vacation Days shall be first credited on account of Vacation Days which are not Vacation Law Days (if any). IL shall be entitled to carry forward only the unused vacation days out of the Vacation Law Days, in accordance with the terms set out in the Vacation Law. IL shall not be entitled to carry forward or to redeem any unused vacation days in excess of the Vacation Law Days.

For the avoidance of doubt, the dates of IL's vacation shall be determined by the Company, in its own discretion, in accordance with the Company's needs, and to the extent possible, taking into consideration IL's request. The Company shall be entitled to set uniform dates for vacation to all or part of its employees, with respect to all or any part of the vacation days, as it shall deem fit.

IL shall be entitled to sick leave in accordance with the provisions of the Sick Pay Law-1976.

6. **Options**

Pursuant to the resolution of the General Meeting of Shareholders of the Company, dated June 9, 2011, IL shall be granted 1,000,000 options each such option entitling IL to purchase one (1) *Ordinary Share* of the Company (the **"Options"**), at an exercise price of USD 0.90 per share, subject to any dilution. The Options shall vest over a course of four (4) years of continuous employment, as follows: (i) 25% of the Options shall vest and become exercisable at the lapse of 12-month period of continued employment from the Commencement Date, being January 1, 2011, and (ii) the balance thereof shall vest on a quarterly basis during 36 months period thereafter, such that 6.25% of the Options shall vest and become exercisable at the lapse of each quarter of continued employment subsequently thereafter.

IL undertakes to take all actions and to sign all documents required, at the discretion of the Company, in order to give effect to and enforce the above terms and conditions. Any tax liability in connection with the Options (including with respect to the grant, exercise, sale of the Options or the shares receivable upon their exercise) shall be borne solely by IL.

7. **Vehicle**

For the purpose of his employment, the Company shall provide IL, with a vehicle of a make and size similar to the vehicle as provided to the CEO (the **'Car'**). The Company shall bear all the fixed and variable costs of the car, including licenses, insurance, gas and repairs but the Company shall not bear costs of any tickets, traffic offense or fines of any kind. For the avoidance of any doubt, it is agreed that

with regard to any tax obligations, IL shall not be entitled to any grossing up of the Car benefits.

IL shall: (i) take good care of the Car and ensure that the provisions and conditions of any policy of insurance relating thereto are observed (including the provisions with respect to the protection of the Car); and (ii) in the event that IL's employment terminates for whatever reason, he will forthwith return the Car with the keys and all licenses and other documentation relating to the Car, to the Company. The Car shall be used in accordance with the Company's policy as shall be in effect from time to time.

IL shall not have any lien right in the Car or in any document or property relating thereto.

8. **Business Expenses.**

The Company shall reimburse IL for necessary and customary business expenses incurred by IL, in accordance with Company policy as determined by the Company from time to time. The Company shall provide IL with a laptop computer and with phone and Internet lines at IL's home office and cover all expenses associated therewith.

9. **Taxes.**

APPENDIX B

THIS UNDERTAKING ("Undertaking") is entered into as of the first (1st) day of June 1, 2011, by Ilan Levin, I.D. No. 310064969, an individual residing at 46 Menucha Ve'Nachala Street, Rehovot, Israel ("**IL**").

WHEREAS, IL wishes to be employed by Objet Ltd., an Israeli company (the "**Company**"); and

WHEREAS, it is critical for the Company to preserve and protect its Confidential Information (as defined below), its rights in Inventions (as defined below) and in all related intellectual property rights, and IL is entering into this Undertaking as a condition to IL's employment with the Company.

NOW, THEREFORE, the IL undertakes and warrants towards the Company as follows:

References herein to the term "**Company**" shall include any of the Company's direct or indirect parent, subsidiary and affiliated companies, and their respective successors and assigns.

1. Confidentiality.

- 1.1. IL acknowledges that IL has had and is expected to have access to information that relates to the Company, its business, assets, financial condition, affairs, activities, plans and projections, customers, suppliers, partners, and other third parties with whom the Company agreed or agrees, from time to time, to hold information of such party in confidence (the "**Confidential Information**"). Confidential Information shall include, without limitation, information, whether or not marked or designated as confidential, concerning technology, products, research and development, patents, copyrights, inventions, trade secrets, test results, formulae, processes, data, know-how, marketing, promotion, business and financial plans, policies, practices, strategies, surveys, analyses and forecasts, financial information, customer lists, agreements, transactions, undertakings and data concerning employees, consultants, officers, directors, and shareholders. Confidential Information includes information in any form or media, whether documentary, written, oral, magnetic, electronically transmitted, through presentation or demonstration or computer generated. Confidential Information shall not include information that has become part of the public domain not as a result of a breach of any obligation owed by IL to the Company.
- 1.2. IL acknowledges and understands that the employment by the Company and the access to Confidential Information creates a relationship of confidence and trust with respect to such Confidential Information.
- 1.3. During the term of IL's employment and at any time after termination or expiration thereof, for any reason, IL shall keep in strict confidence and trust, shall safeguard, and shall not disclose to any person or entity, nor use for the benefit of any party other than the Company, any Confidential Information, other than with the prior express consent of the Company.
- 1.4. All right, title and interest in and to Confidential Information are and shall remain the sole and exclusive property of the Company or the third party

providing such Confidential Information to the Company, as the case may be. Without limitation of the foregoing, IL agrees and acknowledges that all memoranda, books, notes, records, email transmissions, charts, formulae, specifications, lists and other documents (contained on any media whatsoever) made, reproduced, compiled, received, held or used by IL in connection with the employment by the Company or that otherwise relates to any Confidential Information (the "**Confidential Materials**"), shall be the Company's sole and exclusive property and shall be deemed to be Confidential Information. All originals, copies, reproductions and summaries of the Confidential Materials shall be delivered by IL to the Company upon termination or expiration of IL's employment for any reason, or at any earlier time at the request of the Company, without IL retaining any copies thereof.

- 1.5. During the term of IL's employment with the Company, IL shall not remove from the Company's offices or premises any Confidential Materials unless and to the extent necessary in connection with the duties and responsibilities of IL and permitted pursuant to the then applicable policies and regulations of the Company. In the event that such Confidential Material is duly removed from the Company's offices or premises, IL shall take all actions necessary in order to secure the safekeeping and confidentiality of such Confidential Materials and return the Confidential Materials to their proper files or location as promptly as possible after such use.
 - 1.6. During the term of IL's employment with the Company, IL will not improperly use or disclose any proprietary or confidential information or trade secrets, and will not bring onto the premises of the Company any unpublished documents or any property, in each case belonging to any former employer or any other person to whom IL has an obligation of confidentiality and/or non-use (including, without limitation, any academic institution or any entity related thereto), unless generally available to the public or consented to in writing by that person.
2. Unfair Competition and Solicitation. IL acknowledges that in light of IL's position with the Company and in view of the IL's exposure to, and involvement in, the Company's sensitive and valuable proprietary information, property (including, intellectual property) and technologies, as well as its goodwill and business plans (the "**Company's Major Assets**"), the provisions of this Section 2 are reasonable and necessary to legitimately protect the Company's Major Assets, and are being undertaken by IL as a condition to the employment of IL by the Company. IL confirms that IL has carefully reviewed the provisions of this Section 2, fully understands the consequences thereof and has assessed the respective advantages and disadvantages to IL of entering into this Undertaking and, specifically, Section 2 hereof. In light of the above provisions, IL undertakes that during the term of employment with the Company and for a period of twelve (12) months thereafter:
- 2.1. IL shall not engage, establish, open or in any manner whatsoever become involved, directly or indirectly, either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, in any business, occupation, work or any other activity which is reasonably likely to involve or require the use of any of the Company's Major Assets. IL confirms that engagement, establishment, opening or involvement, directly or indirectly,

either as an employee, owner, partner, agent, shareholder, director, consultant or otherwise, in any business, occupation, work or any other activity which competes with the business of the Company as conducted during the term of employment or contemplated, during such term, to be conducted, is likely to require the use of all or a portion of the Company's Major Assets.

- 2.2. IL shall not, directly or indirectly, solicit, hire or retain as an employee, consultant or otherwise, any employee of the Company or induce or attempt to induce any such employee to terminate or reduce the scope of his or her employment with the Company.
- 2.3. IL shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any consultant, service provider, agent, distributor, customer or supplier of the Company to terminate, reduce or modify the scope of such person's engagement with the Company.

3. Ownership of Inventions.

- 3.1. IL will notify and disclose in writing to the Company, or any persons designated by the Company from time to time, all information, improvements, inventions, formulae, processes, techniques, know-how and data, whether or not patentable or registerable under copyright or any similar laws, made or conceived or reduced to practice or learned by IL, either alone or jointly with others, during IL's employment with the Company (including after hours, on weekends or during vacation time) (all such information, improvements, inventions, formulae, processes, techniques, know-how, and data are hereinafter referred to as the "Invention(s)") immediately upon discovery, receipt or invention as applicable.
- 3.2. IL agrees that all the Inventions are, upon creation, considered Inventions of the Company, shall be the sole property of the Company and its assignees, and the Company and its assignees shall be the sole owner of all patents, copyrights, trade secret and all other rights of any kind or nature, including moral rights, in connection with such Inventions. IL hereby irrevocably and unconditionally assigns to the Company all the following with respect to any and all Inventions: (i) patents, patent applications, and patent rights, including any and all continuations or extensions thereof; (ii) rights associated with works of authorship, including copyrights and copyright applications, Moral Rights (as defined below) and mask work rights; (iii) rights relating to the protection of trade secrets and confidential information; (iv) design rights and industrial property rights; (v) any other proprietary rights relating to intangible property including trademarks, service marks and applications therefor, trade names and packaging and all goodwill associated with the same; and (vi) all rights to sue for any infringement of any of the foregoing rights and the right to all income, royalties, damages and payments with respect to any of the foregoing rights. IL also hereby forever waives and agrees never to assert any and all Moral Rights IL may have in or with respect to any Inventions, even after termination of employment on behalf of the Company. "Moral Rights" means any right to claim authorship of a work, any right to object to any distortion or other

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modification of a work, and any similar right, existing under the law of any country in the world, or under any treaty.

- 3.3. IL further agrees to perform, during and after employment, all acts deemed reasonably necessary or desirable by the Company to permit and assist it, at the Company's expense, in obtaining, maintaining, defending and enforcing the Inventions in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. IL hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, as IL's agents and attorneys-in-fact to act for and on IL's behalf and instead of IL, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effect as if executed by IL.
- 3.4. IL shall not be entitled, with respect to all of the above, to any monetary consideration or any other consideration except as explicitly set forth in the employment agreement between IL and the Company. Without limitation of the foregoing, IL irrevocably confirms that the consideration explicitly set forth in the employment agreement is in lieu of any rights for compensation that may arise in connection with the Inventions under applicable law and waives any right to claim royalties or other consideration with respect to any Invention, including under Section 134 of the Israeli Patent Law — 1967. With respect to all of the above any, oral understanding, communication or agreement not memorialized in writing and duly signed by the Company shall be void.

4. General.

- 4.1. IL represents that the performance of all the terms of this Undertaking and IL's duties as an employee of the Company does not and will not breach any invention assignment, proprietary information, non-compete, confidentiality or similar agreements with, or rules, regulations or policies of, any former employer or other party (including, without limitation, any academic institution or any entity related thereto). IL acknowledges that the Company is relying upon the truthfulness and accuracy of such representations in employing IL.
- 4.2. IL acknowledges that the provisions of this Undertaking serve as an integral part of the terms of IL's employment and reflect the reasonable requirements of the Company in order to protect its legitimate interests with respect to the subject matter hereof.
- 4.3. IL recognizes and acknowledges that in the event of a breach or threatened breach of this Undertaking by IL, the Company may suffer irreparable harm or damage and will, therefore, be entitled to injunctive relief to enforce this Undertaking (without limitation to any other remedy at law or in equity).
- 4.4. This Undertaking is governed by and construed in accordance with the laws of the State of Israel, without giving effect to its laws pertaining to conflict of laws. IL agrees that any and all disputes in connection with this Undertaking shall be submitted to the exclusive jurisdiction of the competent courts located in the city of Tel-Aviv-Jaffa, Israel.

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- 4.5. If any provision of this Undertaking is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Undertaking only with respect to such jurisdiction in which such clause or provision cannot be enforced, and the remainder of this Undertaking shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Undertaking. In addition, if any particular provision contained in this Undertaking shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing the scope of such provision so that the provision is enforceable to the fullest extent compatible with applicable law.
- 4.6. The provisions of this Undertaking shall continue and remain in full force and effect following the termination or expiration of the employment relationship between the Company and IL, for whatever reason. This Undertaking shall not serve in any manner so as to derogate from any of IL's obligations and liabilities under any applicable law.
- 4.7. This Undertaking constitutes the entire agreement between IL and the Company with respect to the subject matter hereof. No amendment of or waiver of, or modification of any obligation under this Undertaking will be enforceable unless set forth in a writing signed by the Company. No delay or failure to require performance of any provision of this Undertaking shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Undertaking as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.
- 4.8. This Undertaking, the rights of the Company hereunder, and the obligations of IL hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights under this Undertaking. IL may not

assign, whether voluntarily or by operation of law, any of its obligations under this Undertaking, except with the prior written consent of the Company.

IN WITNESS WHEREOF, the undersigned, has executed this Undertaking as of the date first mentioned above.

Printed Name: Ilan Levin Signature: /s/ Ilan Levin

***TEXT OMITTED AND SUBMITTED SEPARATELY
PURSUANT TO CONFIDENTIAL TREATMENT REQUEST
UNDER 17 C.F.R. SECTIONS 200.80(b)(4) AND 230.406

OEM PURCHASE AND LICENSE AGREEMENT

By and Between

OBJET GEOMETRIES LTD.

and

RICOH PRINTING SYSTEMS AMERICA, INC.

This **OEM PURCHASE & LICENSE AGREEMENT** ("Agreement") is made and entered into by and between **RICOH PRINTING SYSTEMS AMERICA, INC.**, (hereinafter called "**RICOH**"), having an office at 2390-A Ward Avenue, Simi Valley, California 93065, and **OBJET GEOMETRIES LTD.**, having offices at 2 Holtzman Street, Science Park, Rehovot, Israel (hereinafter called "**LICENSEE**").

For good and valuable consideration, RICOH and LICENSEE agree as follows:

1. RECITALS

This Agreement is made with reference to the following facts:

- 1.1 RICOH and/or its licensor has developed ink jet printer technology which employs a proprietary printhead and proprietary electronics.
- 1.2 RICOH and/or its licensor has also developed trade secrets and confidential information and know-how regarding the use of such printhead(s) subassemblies thereof and/or electronics in a document processing or other printing device (e.g., a printer) and the method of operation in order to form indicia on various media. LICENSEE has contributed its own confidential information and know-how toward development of a printhead configuration unique to LICENSEE's printhead.
- 1.3 LICENSEE desires to continue to purchase from RICOH printheads, subassemblies thereof and/or related electronics and requires the use of the confidential information and trade secrets of RICOH to assemble the printheads, subassemblies and/or electronics into an ink jet printing device and to operate and use the ink jet printing device of LICENSEE's own design in the Field of Use defined in Appendix A.
- 1.4 RICOH, rather than selling the ink jet printer, is willing to continue to sell Printhead(s) (as defined below), subassemblies and/or electronics for each printing device along with a license to use certain RICOH confidential information and trade secrets in connection with said Printhead(s), subassemblies and/or electronics to enable LICENSEE to continue to assemble, operate and use such items in the printing device. RICOH and LICENSEE acknowledge that in order to effectuate these arrangements, each has and will continue to provide to the other party trade secrets, confidential information, know-how, other protected or patentable information, and patents that all pertain to a single product, an ink jet printer, and that the utility of such items is interdependent and inseparable.
- 1.5 RICOH (formerly Hitachi Koki Imaging Solutions Inc.) and LICENSEE have been parties to an agreement dated January 17, 2000 ("**Original Effective Date**") reflecting such terms and which through subsequent amendments has remained in effect ("**Original Agreement**"). The parties agree that the Original Agreement shall expire at 11:59pm U.S. Pacific Standard Time on the day preceding the date on which both parties have executed this Agreement ("**Cut-Off Time**"), and this Agreement shall become effective at 12:00am U.S. Pacific Standard Time on the date both parties have executed this Agreement ("**Effective Date**"). The Original Agreement shall apply to all products ordered until the Cut-Off Time and this Agreement shall apply to all products ordered from the Effective Date.

2. DEFINITIONS

The following definitions shall apply to this Agreement and any amendments hereto:

2.1 Confidential Technical Information. "Confidential Technical Information" shall mean any or all of RICOH's Technical Information disclosed, directly or indirectly, to LICENSEE by RICOH heretofore or hereafter under this Agreement, which information shall be indicated as confidential, except: (a) technical information which at the time of its disclosure was in the public domain; (b) technical information which RICOH generally makes available to third parties without restrictions on use or disclosure; (c) technical information which LICENSEE can show was in its possession at the time of disclosure and was not acquired, directly or indirectly, from RICOH or from a third party under an obligation of confidence; and (d) technical information which LICENSEE can show was received by it after the time of disclosure from a third party who did not require LICENSEE to hold it in confidence and who did not acquire it, directly or indirectly, from RICOH under an obligation of confidence. All technical information disclosed by RICOH to LICENSEE hereunder shall be presumed to be confidential.

2.2 Intellectual Property. "Intellectual Property" means any inventions, discoveries, ideas, improvements, processes, devices, products, designs, technology, specifications, formulations, compounds, recipes, software, equipment, chemicals, resins, trade secrets, data, information or the like, whether patentable or not, held, obtained, developed, or conceived by a party or the parties and related to the Printheads.

2.3 Intellectual Property Rights. "Intellectual Property Rights" means, with respect to the Intellectual Property, any and all right, title and interest in and to any and all trade secrets, patents, know-how, copyrights, service marks, trademarks, trade names, rights in trade dress and packaging, moral rights, rights of privacy, publicity and similar rights of any type, including Patent Rights, under the laws or regulations of any foreign or domestic governmental, regulatory or judicial authority.

2.4 Conveyed Sales Rule. "Conveyed Sales Rule" means RICOH's right to receive [***], because the [***] functions with the Licensed Product (a) to produce a desired end product or result; or (b) to constitute a single complete machine or functional unit; or (c) such that they cannot effectively be used independent of one another.

2.5 Resin. For purposes of this Agreement, Resin shall include any jettable fluid that may be used by LICENSEE with the Printhead.

2.6 Licensed Product. "Licensed Product" shall mean (a) LICENSEE's printer system or printer subsystem as described in Appendix A, (b) for use solely in the Field of

Use defined in Appendix A, (c) that employs (i) RICOH's printheads ("Printheads") and (ii) RICOH's Technical Information (as defined below). Appendix A is attached hereto and incorporated herein by this reference.

2.7 RICOH Technical Information. "RICOH Technical Information" shall mean use, operating and assembly information and know-how, written or otherwise (including, without limitation any software or firmware), relating to the Printhead, including changes, enhancements, and improvements, whether copyrighted or not, which RICOH possesses during the term of this Agreement, in so far as is necessary or useful to LICENSEE in the

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assembly, use, test, installation, maintenance, or operation of the Printhead(s) in connection with the Licensed Product.

2.8 Licensee Technical Information. "Licensee Technical Information" shall mean any or all of the LICENSEE technical information disclosed, directly or indirectly, to RICOH by LICENSEE heretofore or hereafter under this Agreement, which information shall be indicated as confidential, except: (a) technical information which at the time of its disclosure was in the public domain; (b) technical information which LICENSEE generally makes available to third parties without restrictions on use or disclosure; (c) technical information which RICOH can show was in its possession at the time of disclosure and was not acquired, directly or indirectly, from LICENSEE or from a third party under an obligation of confidence; and (d) technical information which RICOH can show was received by it after the time of disclosure from a third party who did not require RICOH to hold it in confidence and who did not acquire it, directly or indirectly, from LICENSEE under an obligation of confidence. All technical information disclosed by LICENSEE to RICOH hereunder shall be presumed to be confidential.

2.9 Patent Rights. "Patent Rights" shall mean (a) all patents and patent applications relevant to the Printhead(s) owned by or assigned to RICOH as of the Effective Date, (b) all divisions, continuations, and reissues or extensions thereof hereafter obtained, and (c) all patents licensed to RICOH by its parent company with the right to grant sublicenses incident to the sale of the Printhead(s). Notwithstanding the foregoing, Patent Rights does not mean or include patents, patent applications and claims thereof which cover the LICENSEE printer system or subsystem into which the Printhead(s) is placed, where such coverage would exist even in the absence of the Printhead(s).

2.10 Printhead. "Printhead" shall mean RICOH's proprietary multi-channel, drop-on-demand piezoelectric fluid-jetting actuator.

2.11 Replacement Parts. "Replacement Parts" shall mean Printhead(s) sold by LICENSEE as service parts in connection with the Licensed Product.

2.12 Technical Support. "Technical Support" shall mean limited technical assistance provided by RICOH to advise LICENSEE about the Printhead in connection with the use, operation and assembly of Licensed Products.

3. DESCRIPTION, FORECASTS, AND USE

3.1 During the term hereof, LICENSEE agrees to purchase RICOH Printhead(s) and RICOH agrees to sell RICOH Printhead(s), in accordance with the terms and conditions set forth herein.

3.2 Upon execution of this Agreement, LICENSEE shall forward to RICOH a non-binding written forecast covering by quarter LICENSEE's good faith estimate of its requirements for RICOH Printhead(s) over the following twelve (12) months. LICENSEE shall provide RICOH with updated forecasts at least once every calendar quarter during the Term hereof.

3.3 RICOH shall maintain sufficient capacity, capability, and raw materials to, and shall if ordered by LICENSEE, make reasonable efforts to supply up to [***] of such forecasts.

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3.4 LICENSEE agrees that the products purchased hereunder shall only be used in Licensed Products.

4. TERM OF AGREEMENT

4.1 This Agreement shall be valid for a period of five (5) years (Term) beginning on the Effective Date, unless terminated earlier pursuant to Section 21. The Term shall automatically be extended for additional, consecutive one (1) year periods, unless either party gives the other written notice of termination at least six (6) months prior to the expiration of the Term or any subsequent renewal term.

5. PRICES

Prices for the purposes of this Agreement will be those specified in Appendix C.

6. OEM CERTIFICATION

6.1 LICENSEE represents that the Printhead(s) purchased hereunder will be utilized by LICENSEE in the assembly, and as a constituent part, of a Licensed Product assembled by LICENSEE and supplied for sale or lease to third parties in the regular course of LICENSEE's business.

6.2 RICOH represents that the Printhead(s) will not be sold or otherwise made available, directly, or indirectly to any entity that may or will resell same, to LICENSEE customers, unless LICENSEE has explicitly directed otherwise in writing in a particular instance.

7. PURCHASE ORDERS AND ACKNOWLEDGMENTS

7.1 Purchase Orders and Acknowledgments; Delivery Schedule. LICENSEE shall order Printhead(s) by written purchase orders referencing this Agreement ("Purchase Orders"). Purchase Orders shall state the Printhead quantities in minimum lots of fifty (50), applicable prices, requested delivery dates and shipping instructions. RICOH will issue a Sales Order Notice (SON) either (a) acknowledging acceptance of LICENSEE's Purchase Order and advising LICENSEE of RICOH's delivery schedule; or (b) rejecting LICENSEE's Purchase Order solely due to non-conformance with the terms and conditions of the Agreement. All Purchase Orders are deemed to be firm orders, not subject to cancellation.

7.2 Delivery/Terms at Expiration. All Purchase Orders for Printheads must be received by RICOH before the end of the Term, and all Printheads shall be scheduled by LICENSEE for delivery no later than one hundred twenty (120) days after the end of the Term. The terms and conditions of this Agreement shall remain in full force and effect until all deliveries are made, and thereafter with regard to any continuing obligation of either party.

7.3 The terms and conditions appearing on purchase orders, invoices, acknowledgments or other documents or forms exchanged by the parties shall in no way be construed to vary, modify or supplement the terms and conditions of this Agreement which terms and conditions may be modified only in accordance with paragraph 25.10.

8. TERMS OF PAYMENT

8.1 Payment. The manner and method of payment shall be those established from time to time by mutual agreement based upon the creditworthiness of LICENSEE and other factors. Unless otherwise agreed between the parties, all payments shall be in U.S. Dollars and shall be made by check, draft, wire transfer or letter of credit and shall be

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drawn on a U.S. Bank. Payment for the Printheads shall be due net [***] days from the date of invoice. The wiring instructions shall be as specified on invoice. If, and for so long as, LICENSEE fails to make payments when due, or otherwise defaults or breaches this Agreement, RICOH shall have the right to (a) suspend credit and delay shipment until such terms are met; and/or (b) change the payment terms; and/or (c) cancel any outstanding Purchase Order, and receive reimbursement for actual cancellation costs; and/or (d) pursue any other remedies available at law or equity. Adjustment of credit limit shall be as mutually agreed between the parties.

8.2 Late Payments. Any payment not made on or before its due date may at the discretion of RICOH be subject to a prorated annual interest charge of the lesser of (a) eighteen percent (18%), or (b) the Bank of America prime rate reported in the Wall Street Journal (Western Edition) on the last business day of the calendar month immediately preceding the calendar month during which any amounts owing hereunder became delinquent, plus two percent (2%) or (c) the maximum rate permitted by law.

8.3 Security Interest Reserved. RICOH reserves, until full payment is received, a purchase money security interest in each Printhead sold pursuant to this Agreement. RICOH's repossession of Printheads pursuant to its security interest shall be without prejudice to any other remedies RICOH may have at law or in equity. RPSA shall have priority to the proceeds from the sale of Printheads subject to a perfected purchase money security interest.

8.4 Financial Information. No more than once per calendar year, LICENSEE agrees to provide to RICOH the financial information set forth in Appendix D of this Agreement to assist RICOH in assessing LICENSEE's creditworthiness upon request. RICOH shall reasonably determine whether an adequate credit line is available on LICENSEE's account and the parties will discuss whether and what other credit arrangements are necessary.

9. DELIVERY, TITLE, AND RISK OF LOSS

9.1 Lead Time. Standard lead time for Printheads is ninety (90) days After Receipt of Order (ARO). RICOH will consider written rescheduling requests made by LICENSEE on a case-by-case basis, and will quote rescheduling charges, if any, to LICENSEE for LICENSEE's approval before implementing any requested schedule adjustments.

9.2 Title, Risk of Loss or Damage All Printheads shall be shipped F.O.B. RICOH's dock, freight collect. Title for Printheads purchased by LICENSEE shall pass only upon payment in full for the Printheads. Risk of loss or damage to Printheads shall pass to LICENSEE upon delivery to the carrier at the F.O.B. point.

10. SHIPPING, DELIVERY AND PACKAGING

10.1 Carrier Designation and Delivery Instructions. The mode of transportation shall be designated by LICENSEE on each Purchase Order and may be revised by written notice received by RICOH at least twenty (20) business days before the scheduled delivery date. Shipments against Purchase Orders without specific shipping and delivery instructions will be made at LICENSEE's risk and expense via air transportation of RICOH's reasonable choosing.

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10.2 Packaging. The prices set forth in Appendix C include commercial packaging adequate for shipment by air or land surface carriers. Special packaging required by LICENSEE for shipment by other modes shall be quoted by RICOH on request.

11. CONFIDENTIALITY

11.1 Protection and Nondisclosure. LICENSEE agrees to maintain RICOH's Confidential Technical Information and any other confidential information exchanged between the parties (including but not limited to data, plans, specifications, designs and drawings, and financial information) in confidence from the time of disclosure and to use its best efforts to prevent the disclosure thereof to others, except (a) in confidence on a need-to-know basis, and (b) only to employees of LICENSEE who have agreed in writing to maintain such RICOH's Confidential Technical Information in confidence, and (c) only to the extent necessary for making, using, repairing and maintaining the Licensed Products. RICOH agrees to maintain Licensee Technical Information (including but not limited to data, plans, specifications, designs and drawings) in confidence from the time of disclosure and to use its best efforts to prevent the disclosure thereof to others, except (a) in confidence on a need-to-know basis, and (b) only to employees of RICOH who have agreed in writing to maintain such Licensee Technical Information in confidence, and (c) only to the extent necessary for purposes of this Agreement. The parties agree that the terms and conditions specified in this Agreement shall be treated by the parties as confidential information as addressed hereunder (i) except to the extent that applicable securities and other laws, rules, or regulations, and related proceedings or investigations require disclosure thereof, provided in such cases prior, written notice is given to the other party reasonably in advance to allow the other party to request confidential treatment or to seek a protective order to injunctive relief to limit the disclosure and such disclosure shall be so limited and further provided that the party requested to provide such information shall give the other party its reasonable cooperation in connection therewith and (ii) except to the extent required in due diligence procedures not required under sub-clause (i) above, provided in such cases the party seeking to disclose shall be required to obtain prior, written consent of the other party, such consent not to be unreasonably withheld or delayed.

11.2 Prohibition on Use In Patent Applications. LICENSEE shall not file a patent application anywhere in the world containing disclosure of RICOH's Confidential Technical Information without first obtaining RICOH's written permission. RICOH shall not file a patent application anywhere in the world containing disclosure of LICENSEE's Confidential Technical Information without first obtaining LICENSEE's written permission.

11.3 Cessation of Use and Return. Upon expiration, termination or cancellation of this Agreement, or immediately once a need to comply with any surviving provisions of this Agreement ceases, each party shall cease using the other party's confidential information and on request shall return all such information, including, without limitation, all copies, adaptations, interpretations and derivatives thereof.

12. LICENSE GRANT UNDER PATENT RIGHTS AND CONFIDENTIAL TECHNICAL INFORMATION

12.1 Under Patent Rights and Confidential Technical Information to assemble, use and sell Licensed Products.

12.2 RICOH shall transfer to LICENSEE existing documentation embodying RICOH Confidential Technical Information that would in RICOH's reasonable opinion be useful or required to LICENSEE in the assembly, operation and use of Licensed Products. RICOH makes no warranty (and LICENSEE agrees that none shall be implied) that any documentation supplied hereunder is error free. Once each year during the Term, RICOH shall supply LICENSEE with new documentation, if any, that has been prepared during the year to supplement or replace the documentation previously supplied to LICENSEE.

12.3 No right or license is granted to LICENSEE or to any third party, by implication, estoppel or otherwise under any patent, patent application or other patent right other than the Patent Rights. No right or license is granted, by implication, estoppel or otherwise, to any entity other than LICENSEE. No right or license is granted, by implication, estoppel or otherwise, other than those rights and licenses expressly granted in this Agreement.

12.4 Subject to the terms and conditions of this Agreement and only to effect the purpose of supplying RICOH Printheads to LICENSEE, LICENSEE hereby grants to RICOH nontransferable rights to use LICENSEE Technical Information in the manufacturing of RICOH Printheads.

13. [*]**

13.1 [*].**

13.2 [*].**

13.3 [*].**

13.4 [*].**

14. AVAILABILITY AND DISCONTINUANCE

14.1 Availability. For a period of five (5) years from the earlier of (a) any termination of this Agreement pursuant to Section 21 below; or (b) the date of discontinuance of any Printhead model, RICOH shall make Printheads available for purchase by LICENSEE solely for use as Replacement Parts. During the last year of the five (5) year term indicated above, LICENSEE may place a final Purchase Order which will be fulfilled by RICOH within twelve (12) months of receipt of said final Purchase Order. LICENSEE understands and agrees that Printheads provided by RICOH pursuant to this Section 13.1 shall not be used by LICENSEE to manufacture new Licensed Products.

14.2 Discontinuance. RICOH reserves the right to discontinue the manufacture and supply of a Printhead model, provided that RICOH gives LICENSEE not less than eighteen (18) months' prior written notice of such discontinuance, and RICOH agrees to honor all LICENSEE's Purchase Orders for such Printheads within the notice period. After this notice period, Section 14.1 shall apply.

14.3 In the event the parties agree that Intellectual Property has resulted from the parties' joint efforts under this Agreement, the parties agree to enter into a separate agreement that sets forth the terms and conditions that will govern such jointly developed Intellectual Property.

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14.4 RICOH acknowledges the importance to LICENSEE of maintaining a continuous supply of Printheads for customers of the Licensed Product, therefore, RICOH agrees to make arrangements for, provide, and maintain during the term hereof, [***], and (ii) a back-up supply of RICOH Apparatus, in quantities to be specified in Appendix E.

15. TRAINING AND TECHNICAL SUPPORT

Technical support requested by LICENSEE will be charged at RICOH's prevailing rate for such technical support, plus travel, lodging and other living expenses.

16. INSPECTION AND ACCEPTANCE

16.1 LICENSEE may conduct, at its own expense, incoming acceptance tests to confirm that each Printhead operates in accordance with the applicable Printhead Specification attached hereto as Appendix B. Acceptance testing of the Printhead(s) shall be completed prior to any modifications and/or reconfiguration of the same by LICENSEE. It shall be LICENSEE's responsibility to assure that changes made by it to Printheads do not affect performance. The period for conducting such tests shall not exceed one-hundred eighty (180) calendar days from shipment to LICENSEE of the Printheads ("Acceptance Period"). Upon the expiration of the Acceptance Period the Printheads shall conclusively be deemed accepted, unless written notice of acceptance test failure is provided to RICOH prior to such expiration. Payment shall not be construed as acceptance.

16.2 At the commencement of deliveries of Printheads, and thereafter from time to time during the Term of this Agreement and after reasonable notice to RICOH, LICENSEE's representative(s) shall be entitled to visit the plant at which the Printheads are manufactured and view the complete testing of the Printheads prior to shipment to LICENSEE, in accordance with RICOH's standard test procedure. The inspection described above shall be carried out during normal working hours at no charge to LICENSEE, and shall not impede, delay or interfere with RICOH's operations or deliveries.

17. ENGINEERING CHANGES

17.1 If LICENSEE desires that RICOH modify the RICOH Printhead configuration, any such change shall be considered LICENSEE Technical Information and must be specified in writing to RICOH for discussion, quotation, agreement, and acceptance.

17.2 During the term of this Agreement RICOH will not make any change in Printheads which would affect the Printhead's form, fit, function, performance, appearance, electrical or mechanical interface, or interchangeability of parts, without first receiving LICENSEE's written consent. Such consent shall not be unreasonably withheld.

17.3 Notwithstanding paragraph 17.2, any mandatory change required to meet safety requirements shall be promptly incorporated by RICOH into the Printheads delivered to LICENSEE following the discovery thereof. A sufficient quantity of material kits will be delivered to enable LICENSEE to correct any affected Printheads previously purchased. These mandatory change material kits will be made available to LICENSEE free of charge for a period not to exceed ninety (90) days from the issue date of the mandatory change notice. Installation of such kits shall be the responsibility of LICENSEE.

17.4 RICOH has the right to supply an upgraded Printhead(s) to LICENSEE. Should RICOH develop an upgraded Printhead(s) at a lower price or improved performance, LICENSEE shall have the option to purchase such upgraded Printheads at the applicable price.

18. TAXES

All payments made by LICENSEE to RICOH shall be subject to any applicable sales, use, withholding, excise, or other taxes, customs, and other charges levied by any governmental authority. Any such applicable sales, use, or excise taxes or other charges levied by any government authority shall be separately itemized on RICOH's invoice and paid by LICENSEE, unless LICENSEE furnishes to RICOH an exemption certificate or such other evidence prescribed by the appropriate taxing authority and acceptable to such authority as proof of exemption from such taxes.

19. WARRANTIES AND DISCLAIMERS; PRODUCT LIABILITY

19.1 RICOH warrants that the Printheads, under normal use and service and when employed in accordance with the RICOH Technical Information, will be free from defects in materials and workmanship for a period of [***] from the date on which LICENSEE ships them for use to its customers, or [***] from the date of shipment to LICENSEE, whichever comes first. The implementation of this requires LICENSEE to provide RICOH with a monthly list of Printhead serial numbers that were shipped so that the warranty status can be established for returned Printheads.

19.2 RICOH will, without charge, promptly repair or replace, at its option, the Printheads, or any part thereof (normal wear and tear excluded) which are determined to be defective within the warranty period and which are returned to RICOH, F.O.B. dock, RICOH'S designated facility, provided the Printhead(s) has not been damaged, subjected to excessive duty cycle, misuse or abnormal operation, or altered or improperly installed, repaired or maintained by Licensee or others in a manner which RICOH reasonably determines to have adversely affected performance or reliability as notified to LICENSEE in writing.

THE ABOVE WARRANTY DOES NOT COVER DAMAGE TO PRINTHEADS CAUSED BY THE USE OF RESIN THAT DOES NOT MEET RICOH'S INK SPECIFICATIONS AS NOTIFIED TO LICENSEE IN WRITING.

19.3 Warranty claims hereunder must be made promptly in writing, stating the nature and date of the failure, the Printhead(s) serial number, if applicable, and must be received by RICOH within the applicable warranty period.

19.4 The above warranty extends solely to LICENSEE and all warranty claims must be made by LICENSEE and not by customers of LICENSEE. Repair or replacement of Printheads, or any part thereof shall neither extend nor decrease the original warranty period.

19.5 RICOH's liability is limited to, and LICENSEE's sole and exclusive remedy for breach of warranty shall be, the repair or replacement of the defective Printheads, or any part thereof and does not include any labor related to the subsequent installation thereof.

Printheads, or any part thereof repaired or replaced by RICOH will be shipped to LICENSEE's F.O.B. destination.

19.6 THE EXPRESS WARRANTIES OF RICOH MADE IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF FITNESS AND MERCHANTABILITY, AND SET FORTH RICOH'S SOLE OBLIGATION AND LICENSEE'S EXCLUSIVE REMEDIES IN CONNECTION WITH SUCH WARRANTIES. EXCEPT TO THE EXTENT OF ITS OBLIGATIONS RELATED TO CONFIDENTIALITY NEITHER PARTY SHALL BE LIABLE FOR ANY LOSS OF PROFITS, LOSS OR INTERRUPTION OF BUSINESS, LOSS OF USE OR LOSS OF DATA, NOR FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, REGARDLESS OF THE FORM OR CAUSE OF ACTION, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS.

19.7 LICENSEE or its customer shall have the sole control over, and responsibility for, the operation, use, sale and maintenance of Licensed Product. RICOH makes no warranty, express or implied, nor any representation or guarantee as to:

(A) the performance of Printhead(s) except that in addition to the other warranties contained herein RICOH does warrant under Paragraph 19 that the RICOH Printheads shall meet the Technical Specifications of the RICOH Printheads, which Specifications shall serve as "product acceptance specifications";

(B) RICOH Technical Information or Patent Rights, except as otherwise expressly set forth herein; or

(C) the freedom from infringement of third party patents by use of RICOH Technical Information or Confidential Technical Information furnished hereunder or by use of inventions covered by Patent Rights, except that RICOH does agree to undertake the express obligations set forth in Article 20, Intellectual Property Indemnification/Defense and Hold Harmless, in connection with the matters described herein.

19.8 LICENSEE understands and agrees that for breach of any and all warranties and the sole remedies for RICOH's liability of any kind (including liability for negligence) with respect to the Printheads or any part thereof and services covered by this Agreement and all other performance by RICOH under or pursuant to this Agreement, shall be limited to the remedies provided in this Article 19.

Subject to Article 19.9, with respect to any claim, suit or action for product liability (e.g., strict liability negligence or the like), to the extent such claim, suit or action results from LICENSEE's making, using, and selling the Licensed Product, LICENSEE shall at its own expense, defend RICOH in any such claims, suits or actions, and pay RICOH reasonable attorneys' fees and any damages or other sums which may be assessed or may become payable under any final decree or judgment in any such claim suit or action or under any settlement thereof, provided, however, that RICOH (a) promptly notifies LICENSEE in writing, of such suit, claim or proceeding, (b) gives LICENSEE full information and assistance required to defend such suit, claim or proceeding, (c)

allows LICENSEE at LICENSEE's expense sole direction and control over the defense and/or settlement of any such claim, suit or proceeding.

19.9 With respect to any claim, suit or action for product liability (e.g., strict liability negligence or the like) relating to the Printheads, RICOH shall at its own expense, defend LICENSEE in any such claims, suits or actions, and pay LICENSEE's reasonable attorneys' fees and any damages or other sums which may be assessed or may become payable under any final decree or judgment in any such claim suit or action or under any settlement thereof, provided, however, that LICENSEE (a) promptly notifies RICOH in writing, of such suit, claim or proceeding, (b) gives RICOH full information and assistance required to defend such suit, claim or proceeding, and (c) allows RICOH at RICOH's expense, to direct the defense including selection of counsel and negotiation of any settlement.

20. INTELLECTUAL PROPERTY INDEMNIFICATION/ DEFENSE AND HOLD HARMLESS

20.1 Indemnification by RICOH.

20.1.1 Infringement. RICOH agrees to (a) defend and indemnify LICENSEE, at RICOH's own cost and expense, for any claims, suits or actions based on a claim that Printhead(s) purchased hereunder infringe any patent, copyright, mask work, trade secret or other proprietary right of any third party and (b) pay any damages, costs and expenses (including reasonable attorney's fees) and other sums which may be assessed or may become payable under any final decree or judgment in any such claim, suit or action or under any settlement thereof, provided that (i) LICENSEE shall promptly notify RICOH in writing of any such claim of infringement and furnishes RICOH with all papers received by LICENSEE in connection therewith, (ii) RICOH shall have sole direction and control over the defense and/or settlement of any such claim, suit or proceeding and (iii) LICENSEE shall provide reasonable assistance to RICOH's attorneys in connection with such defense and/or settlement.

20.1.2 RICOH's Options. If the use or sale of the Printhead is enjoined, RICOH shall have the right, at its option to (a) replace or modify the Printhead, (b) procure for LICENSEE the right to continue use of the Printhead, or (c) repurchase the Printhead from LICENSEE and refund the purchase price paid, less a reasonable amount for use, depreciation, damage and obsolescence.

20.1.3 Matters Not Covered/Licensee's Indemnity. RICOH shall have no liability or other obligations under this Section or otherwise with respect to any suit, claim or proceeding brought against LICENSEE to the extent the alleged infringement arises from (a) the Licensed Product without regard to the Printhead; (b) an assembly wherein the Printhead is only a part thereof except to the extent that the suit, claim or proceeding arises solely from the Printhead; (c) modification of the Printhead as originally supplied by RICOH except as agreed to by the parties and contemplated by this Agreement; (d) the use, without regard to the Printhead, of an item (e.g., equipment, apparatus, ink or software) not provided by RICOH; and (e) any marketing sale or use of the Printhead after LICENSEE receives notice of an alleged infringement. Licensee hereby indemnifies RICOH against any loss or liability to the extent arising from a claim of infringement resulting from any of the matters described in (a) through (e) of this Section 20.1.3, provided however, that RICOH (a) promptly notifies LICENSEE in writing, of such suit, claim or proceeding, (b) gives LICENSEE full information and assistance

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required to defend such suit, claim or proceeding, and (c) allows LICENSEE at LICENSEE's expense sole direction and control over the defense and/or settlement of any such claim, suit or proceeding.

20.2 Indemnification by Licensee.

20.2.1 Manufacturing, Marketing and Distribution of Licensed Products. LICENSEE acknowledges and agrees that LICENSEE is responsible for the manufacturing, use, maintenance, sale and other distribution and maintenance of the Licensed Products. At its own expense, LICENSEE shall (a) defend and indemnify RICOH from and against any claims, suits or actions, alleging liability arising from or related to the manufacturing, use, maintenance, sale and other distribution and maintenance of the Licensed Products, except to the extent that such claim, suit, or action arises from the manufacturing, use, maintenance, sale and other distribution and maintenance of the Printhead unless such claim, suit, or action is the result of any modification of the Printhead by LICENSEE not contemplated by this Agreement and agreed to by the parties in which case LICENSEE shall have the duty to defend and indemnify RICOH as is set forth in this Section 20; and (b) pay any damages, costs and expenses (including reasonable attorney's fees) and other sums which may be assessed or may become payable under any final decree or judgment in any such claim, suit or action or under any settlement thereof.

20.2.2 Infringement. LICENSEE shall indemnify, defend and hold RICOH harmless from and against any and all suits, claims or proceedings brought against RICOH alleging, and any and all damages, liabilities, costs and expenses (including but not limited to attorneys' fees) incurred by RICOH as a result of any judgment or adjudication against RICOH in which it is determined that any Licensed Product, or any modifications made by LICENSEE to the Printhead as received from RICOH and not contemplated by this Agreement, or the RICOH Technical Information infringes any patent, copyright, mask work, trade secret or other proprietary right of any third party, provided that RICOH (a) notifies Licensee in writing promptly upon learning of any such claim and tenders to Licensee the opportunity to defend or settle such claim at LICENSEE's expense, (b) cooperates with LICENSEE, at LICENSEE's expense, in defending or settling such a claim, and (c) allows LICENSEE at LICENSEE's expense sole direction and control over the defense and/or settlement of any such claim, suit or proceeding.

20.2.3 Liability. THIS ARTICLE 20 STATES THE ENTIRE LIABILITY OF A PARTY FOR INTELLECTUAL PROPERTY INFRINGEMENT OR AN ALLEGATION THEREOF AND CONSTITUTES THE OTHER PARTY'S SOLE AND EXCLUSIVE REMEDY. IN NO EVENT SHALL A PARTY BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, INCREASED DAMAGES UNDER 35 U.S.C. §284) ARISING OUT OF OR RELATING TO INFRINGEMENT OR AN ALLEGATION THEREOF.

21. TERMINATION/CANCELLATION

21.1 This Agreement may be cancelled by either party at any time if the other party has substantially breached any material provision contained in this Agreement as finally determined by the dispute resolution processes identified in Article 24. Notwithstanding, RICOH shall have the right to cancel this Agreement if LICENSEE fails to cure a breach of an undisputed payment within thirty (30) days of the breach. In no event shall the shareholders, directors, officers or agents of either party be liable for the breach of this

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Agreement; the only remedies for any such breach being the right to cancel the Agreement and pursue a claim for damages against the other contracting party.

21.2 If either party petitions for reorganization under the Bankruptcy Act or is adjudicated a Bankrupt, or if a receiver is appointed for either party's business or if either party makes an assignment for the benefit of creditors or if an involuntary bankruptcy petition is brought against either party and has not been discharged within thirty (30) days of date brought and cannot perform its obligations pursuant to this Agreement, then the other party shall, without further notice, have the immediate right to terminate this Agreement.

21.3 Cancellation of this Agreement by either party shall be without prejudice to any other remedies such party may have.

21.4 Except in the event of an uncured RICOH breach, in the event that either party cancels this Agreement pursuant to this Article and in addition to any other remedies available to such party, LICENSEE shall be obligated to pay for all RICOH Printheads, and may be required to accept delivery of and pay for all Printheads that are on order as of the date of cancellation.

22. GOVERNING LAW

22.1 This Agreement and its validity, construction, and performance, and all of the rights and duties in connection herewith, shall be governed by and construed under the laws of the State of Delaware, without regard to principles of conflicts of law.

23. OTHER COMPLIANCE

Without limiting the generality of the parties' legal compliance obligations, the parties acknowledge applicable European Union (EU) directives including Restriction on Use of Certain Hazardous Substances (RoHS) and related to Registration, Evaluation, Authorization and Restriction on Chemical Substances (REACH). RICOH and the Printheads comply with all such regulations, except where applicable exemptions exist. LICENSEE agrees that it will put only compliant Printheads (as integrated into the Licensed Product) purchased hereunder on the market in EU countries, taking into account any applicable exceptions.

24. ARBITRATION; GOVERNING LAW; COSTS & ATTORNEYS' FEES.

24.1 **Arbitrable Matters.** Any controversy or claim arising out of or relating in any way to this Agreement or its breach, but excluding matters (i) relating to validity, enforceability or infringement of patents, or (ii) for which injunctive or equitable relief is sought by a party to enforce a term hereof, in all cases if not otherwise settled by the parties, shall be finally settled by binding, expedited arbitration in accordance with the Arbitration Rules of the International Chamber of Commerce. In the event that the Arbitration Rules of the International Chamber of Commerce do not cover a question arising during the arbitration, then Article 24.4 hereof shall apply.

24.2 **Process/Situs/Power of Arbitrator.** A party shall commence an arbitration proceeding by giving written notice of the other party, which notice shall also designate the matters to be arbitrated, in accordance with the Arbitration Rules of the International Chamber of Commerce. The arbitration proceedings shall be conducted in (and, with respect to such arbitration only, the parties consent to personal jurisdiction and venue in)

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New York City. The arbitration shall be carried on by a single arbitrator selected in accordance with the Arbitration Rules of the International Chamber of Commerce, and all hearings shall be before and transcribed by a certified court reporter certified in the jurisdiction in which the arbitration is pending. The arbitration shall be conducted entirely in the English language. Until a determination hereunder, the parties shall not cease to perform under this Agreement, and shall share the payment of the expenses of the arbitrator and the court reporter. The arbitrator shall have no power or jurisdiction to grant any party any remedy or relief inconsistent with the terms of this Agreement. The arbitrator shall have the power and jurisdiction to determine what issues are arbitrable under this Agreement.

24.3 **Arbitrator's Award; Effect.** The arbitrator's award shall be in writing, and shall include detailed Findings of Fact and Conclusions of Law. The arbitrator's award shall be rendered within sixty (60) days after the conclusion of the arbitration proceedings (i.e., after the matter is deemed submitted to the arbitrator). Judgment upon the arbitration award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration award shall have the same force and effect as if the award and decision were made and entered by a trial court (e.g., Federal District Court). Any award or judgment shall include reasonable attorneys' fees to the prevailing party.

24.4 **Governing Law.** For purposes of arbitration, this Agreement and its validity, construction, and performance, and all of the rights, duties and obligations of the parties undertaken hereunder and in connection herewith, shall be governed by and construed under the laws of the State of Delaware, without regard to principles of conflicts of law or rules of discovery or the equivalent.

24.5 **Attorneys' Fees, Costs.** In any suit, action, arbitration or other proceeding between the parties relating in whole or in part to this Agreement, the prevailing party shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses (including attorneys' fees) incurred in the proceeding.

25. GENERAL PROVISIONS

25.1 **Attorneys' Fees, Costs.** In any suit, action, arbitration or other proceeding between the parties relating in whole or in part to this Agreement, the prevailing party shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses (including attorneys' fees) incurred in the proceeding.

25.2 **Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party shall assign this Agreement or any rights or duties hereunder without the advance written consent of the other party, which consent shall not be unreasonably withheld. Any assignment or purported assignment to which written consent is not given shall be void.

25.3 **Notices.** All notices, writings, or documents for delivery by either party to the other shall be deemed sufficiently given if delivered (a) personally, (b) by an internationally recognized overnight courier; (c) via PDF or facsimile transmission with confirmation by mail; or (d) sent by registered mail (postage prepaid), and if addressed to the party at the addresses set out below. Any notice so given shall be deemed to have been received on the date on which it was delivered, or the date on which it was transmitted if by facsimile or PDF, or on the fifth (5th) business day following the day of mailing thereof if by registered mail.

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LICENSEE		RICOH	
Address:	2 Holtzman Street, Science Park, Rehovot, Israel	Address:	2390-A Ward Avenue Simi Valley, CA 93065
Attention:	Rami Strul	Attention:	Joseph Ryan
Telephone:	+972-8-9314342	Telephone:	+1-805-578-4117
Facsimile:	+972-8-9314315	Facsimile:	+1-805-578-4299
Email:	ramis@objet.co.il	Email:	joseph.ryan@rpsa.ricoh.com

25.4 **Section Headings.** The section headings in this Agreement are for reference purposes only, and shall not held to explain, modify or aid in the interpretation or construction of the provisions hereof.

25.5 **Non-Waiver of Default.** Any waiver by either party of the breach or default of any of the terms or conditions of this Agreement by the other party contemporaneous or subsequent breach or default, whether the same as or similar to will not be considered as a continuing waiver or a waiver of any other prior, or different from, the breach or default waived.

25.6 **Invalidity/Enforceability.** If any term or provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the remainder of this

Agreement shall not be affected thereby, and each term and provision shall be valid and enforceable to the fullest extent permitted by law.

25.7 No Agency. Nothing contained in this Agreement shall be construed or deemed hereby to create a principal/agent relationship between the parties nor any form of partnership or joint venture. RICOH and Licensee each acknowledge and agree that they are at all times and for all purposes hereunder independent contractors and that neither of them is authorized to take any action in the name of or on behalf of the other and that neither shall do so.

25.8 Export Laws and Regulations. Each party will comply with, and neither party shall commit any act or request the other party to commit any act which would violate either, the letter and/or spirit of the export control laws or regulations of the United States, Europe, or other applicable export control laws, rules or regulations, and neither party shall fail to take any action reasonable within its capacity to ensure compliance with such laws, rules or regulations, as applicable.

Each party represents and warrants that it shall not, directly or indirectly, export, re-export, or transship Printhead(s), technology or software (i) in violation of any applicable U.S. export control laws and regulations or applicable export control laws promulgated and administered by the government of any country having jurisdiction over the parties or the transaction(s) contemplated herein and (ii) for the purposes of disturbing international peace and security.

RICOH shall have the right to refuse to accept LICENSEE's orders for Printheads or to deliver Printheads to fulfill any previously accepted order from LICENSEE, if RICOH determines and notifies LICENSEE, in good faith, that such proposed sale or other disposition of the Printhead(s) poses an unreasonable risk of (i) violation of any applicable export control law or regulation or (ii) disturbing international peace and security.

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In the event RICOH refuses to deliver Printheads to fulfill previously accepted orders from LICENSEE as set forth in the paragraph immediately preceding, or the necessary export or re-export authorizations are not obtained within a reasonable period of time, RICOH, at its option, may cancel the order or contract, without penalty.

LICENSEE shall not use, sell, transfer or otherwise make available any goods/technology to be supplied by RICOH and/or its information under this Agreement to any firm(s), any corporation(s), and/or any person(s) that are related to the research and development of unlawful manufacturing and use of ordinary, nuclear, chemical, biological weapons and/or missile technology.

25.9 Force Majeure. RICOH shall not be liable for delays in delivery or failure to manufacture due to causes beyond its reasonable control, including acts of God, acts or omissions of LICENSEE, acts or omissions of civil or military authority, fire, strikes, flood, epidemics, quarantine, restrictions, riots, war, terrorist acts or delays in transportation, inability to obtain necessary labor, materials or manufacturing facilities, or due to other causes beyond its reasonable control. In the event of any such delay, the delivery date shall be extended for a period equal to the duration of the delay.

25.10 Modifications. No alteration, amendment, variation, supplementation, modification or waiver of any of the terms or provisions of this Agreement shall be binding or effective for any purpose unless made pursuant to an instrument in writing signed by authorized representatives of both parties; provided, however, that waiver by either party hereto of compliance by the other party with any provision hereof or of any breach or default by such other party need be signed only by the party waiving such provision, breach or default.

25.11 Limitation of Liability. IN NO EVENT SHALL A PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL OREXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOSS OF REVENUES OR PROFITS OR LOSS OF USE OR DATA, ARISING OUT OF OR CONNECTED IN ANY WAY WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY IT, EXCEPT AS SET FORTH IN SECTION 19.6 ABOVE.

25.12 Counterparts. This Agreement may be executed in a number of identical counterparts each of which for all purposes shall be deemed an executed original. This Agreement may also be executed separately by all or any of the parties and all of such Agreements shall collectively be deemed as an original executed Agreement by all of the parties.

25.13 Entire Agreement. This Agreement, including Appendices A, B, and C sets forth the entire Agreement and understanding between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous communications and agreements between them, written or oral, and is intended to be a complete and exclusive statement of the terms of the agreement between them. The parties acknowledge that they have not relied upon any representation whatsoever of the other which is not contained in this Agreement.

25.14 In any suit, action, or other proceeding between the parties relating in whole or in part to this Agreement, the prevailing party shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses (including attorneys' fees) incurred in the proceeding.

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25.15 Except with respect to the Printheads, RICOH gives no guarantees and is under no obligation to ensure that the Licensed Product will successfully comply with any regulatory standards.

25.16 LICENSEE and RICOH agree to abide by all federal, state and local laws and standards applicable to this Agreement and the transactions contemplated hereunder.

25.17 RICOH and LICENSEE each acknowledge that neither of them is authorized to take any action in the name of or on behalf of the other.

25.18 Each of the parties hereto are separate and independent legal entities. Nothing herein contained shall be construed or deemed hereby to create a principal/agent relationship between the parties nor any form of partnership or joint venture.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in duplicate by their duly authorized representatives as of the date(s) below written.

RICOH PRINTING SYSTEMS AMERICA, INC.

By: /s/ Hiroyuki Kajiyama
(Authorized Signature)

Name: Hiroyuki Kajiyama
(Type or Print)

Title: President & CEO

OBJET GEOMETRIES LTD.

By: /s/ David Reis
(Authorized Signature)

Name: David Reis
(Type or Print)

Title: CEO

APPENDIX A**LICENSED PRODUCTS & FIELDS OF USE**

The LICENSED PRODUCT shall be a fully integrated, self-contained, stand-alone machine, system or apparatus for producing three-dimensional objects from the accumulation of overlaid droplets of a curable medium, liquid at room temperature, including at least one PRINthead, provided, however, a machine, system or apparatus shall not be excluded from meeting the “fully integrated, self-contained, stand-alone” limitation of the term “LICENSED PRODUCT” solely because the source of the data input is external thereto and not part thereof.

The FIELD OF USE shall mean and include only the producing of solid (including wholly or partially hollow), three-dimensional objects capable of being free-standing, as typically produced in the field of rapid prototyping and manufacturing, such as models, tools and prototypes, including the accumulation of at least two (2) consecutive layers of overlaid droplets of a curable medium liquid at room temperature. For avoidance of doubt, Field of Use does not include deposition of droplets onto a substrate to which droplets must remain bonded, including, for example, depositing layers onto printed circuit boards, integrated circuits, financial instruments, labels, textiles, and business forms.

APPENDIX B**SPECIFICATIONS for Gen3E1 and Gen3E3 Printheads**

The Specifications shall be as agreed to in writing by the parties from time to time. Until replaced by the parties, the Specifications shall be those specifications for the Gen3E1 and Gen3E3 printheads last supplied by RICOH to LICENSEE prior to the date hereof.

APPENDIX C**PRICING [***]**

1. Pricing. RPSA agrees to sell to LICENSEE, and LICENSEE agrees to purchase the Gen3E1 and Gen3E3 Printheads in accordance with the pricing and the terms and conditions stated below:

Gen3E1 96 Channel Printhead

Monthly Purchase Volume						
P/N 337931-002	\$	[***]	\$	[***]	\$	[***]
Monthly Purchase Volume						
P/N 337931-002	\$	[***]	\$	[***]	\$	[***]
Monthly Purchase Volume						
P/N 337931-002	\$	[***]	\$	[***]	\$	[***]

- Notwithstanding the pricing in the above table, the pricing for 2011 is based upon a yearly purchase volume commitment of [***] Gen3E1 Printheads at the price of \$[***] per Printhead.
- Non-wet coating option is an additional \$[***] per Gen3E1 Printhead.

Gen3E3 192 Channel Printhead

Monthly Purchase Volume						
P/N 338516-001	\$	[***]	\$	[***]	\$	[***]

- Notwithstanding the pricing in the above table, the pricing for 2011 is based upon a yearly purchase volume commitment of [***] Gen3E3 Printheads at the price of \$[***] per Printhead.
- Non-wet coating option is an additional \$[***] per Gen3E3 Printhead.

The pricing schedule for subsequent years shall be based upon the yearly purchase volume commitment from LICENSEE and submitted to RICOH ninety (90) days prior to the expiration of the current year. The monthly purchase volume schedule above shall be used to determine pricing for subsequent years.

Monthly purchase volumes are part number specific and cannot be combined for additional discounts.

- All pricing is in U.S. Dollars, FOB RICOH's dock, Simi Valley, CA 93065

***CONFIDENTIAL TREATMENT REQUESTED

***	2011	2012	2013 and beyond
***	***	***	***

***CONFIDENTIAL TREATMENT REQUESTED

APPENDIX D FINANCIAL INFORMATION

Financial Information (in 000's)			
	FY2008 Audited	FY2009 Audited	FY2010 Unaudited
Cash and Equivalents			
Trade Accts Receivable			
Inventory			
Total Current Assets			
Total Trade Accts Payable			
Total Current Liabilities			
Shareholder/Bank Loans			
Total Liabilities			
Total Net Sales			
Total Pretax Income			

Subsidiaries of the Registrant

ENTITY	JURISDICTION OF INCORPORATION OR ORGANIZATION
Objet Inc.	Delaware
Objet AP Limited	Hong Kong
Objet Shanghai Ltd.	China
Objet GMBH	Germany

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form F-1 of our report dated March 22, 2012 relating to the financial statements of Objet Ltd. (formerly Objet Geometries Ltd.), which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Kesselman & Kesselman
Certified Public Accountants
A member of PricewaterhouseCoopers International Limited

March 22, 2012

Tel Aviv, Israel

QuickLinks

[Exhibit 23.1](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)



CONSENT OF Wohlers Associates, Inc.

We hereby consent to the inclusion in the Registration Statement on Form F-1 of Objet Ltd., (formerly known as Objet Geometries Ltd.), and any amendments thereto (the "Registration Statement"), of references to information contained in the attachment hereto marked Annex A. We further consent to the inclusion of this consent as an exhibit to such Registration Statement and to all references to us contained in such Registration Statement, including in the prospectus under the heading "Experts." No changes will be made to the information in Annex A without the written consent of Wohlers Associates, Inc.

By:

Name: Terry Wohlers
Principal Consultant & President
Wohlers Associates, Inc.

28 March 2011

Wohlers Associates, Inc. • 970-225-0086 • Fax 970-225-2027 • wohlersassociates.com
OakRidge Business Park • 1511 River Oak Drive • Fort Collins, Colorado 80525 USA

Annex A:

Inkjet-Based Technology

According to Wohlers Associates, inkjet-based technology has several characteristics that offer competitive benefits, including the following:

- **Flexible rubber and plastic-like materials:** Inkjet-based technology is currently unique in its ability to print parts made of soft, flexible, rubber-like materials in an office environment. Such materials enable a unique user experience that simulates many end products and is specifically useful in simulating gaskets, seals, hinges, shoe soles, tires and many other soft-touch applications.
- **Multi-material printing:** Inkjet-based technology is currently the only technology that allows the application of two materials jetted simultaneously. This opens up new applications for 3D printing, which are appealing for consumer products. For example, consumer device parts, such as keypad buttons in mobile phones and other electronic products, require a particular tactile feel for the consumer. Using multi-material printing, prototypes of such parts can be printed with two different materials, including a softer material that is used for keypads.
- **Composite materials:** Composite materials allow parts to more closely simulate the actual material of the final end product. Inkjet is currently the only technology that enables on-demand mixing of two separate materials into a new material whose properties are distinct from either one of the individual materials. For example, a user can control the flexibility of a product, such as a shoe sole, with a specific user defined composite material mix of hard and soft materials.
- **Transparency:** Inkjet-based technology is currently unique in its ability to offer transparent material printing in an office environment system. Transparency is a desired feature in the design and engineering industry, and is applicable in automotive, consumer products and consumer electronics. The main applications are lighting components, tubing and piping, package optimization and fluid analysis. Furthermore, the combination of transparency with inkjet technology's multi-material ability creates an

opportunity for new applications of 3D printing. One example of the use of transparency is for the creation of educational models for medicine, where a model of a skull can be created with a transparent material with individual opaque parts within the skull, such as teeth, nerves, and blood vessels.

- **Accuracy:** Inkjet-based technology offers highly accurate printing by depositing photopolymer in layers as thin as 16 microns and at 600 dots per inch (dpi) in the horizontal plane. This allows inkjet-based printers to create accurate parts with a smooth surface finish. Accuracy is a critical attribute for many industrial applications.

Consent of Director Nominee

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to my being named as a prospective director of Objet Ltd. in its Registration Statement on Form F-1 and in all amendments thereto that may be filed with the Securities and Exchange Commission from and after the date hereof.

/s/ Neri Oxman
Neri Oxman

Date: June 7, 2011

Consent of Director Nominee

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to my being named as a prospective director of Objet Ltd. in its Registration Statement on Form F-1 and in all amendments thereto that may be filed with the Securities and Exchange Commission from and after the date hereof.

/s/ Adina Shorr

Adina Shorr

Date: June 7, 2011

Consent of Director Nominee

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to my being named as a prospective director of Objet Ltd. in its Registration Statement on Form F-1 and in all amendments thereto that may be filed with the Securities and Exchange Commission from and after the date hereof.

/s/ Eyal Desheh
Eyal Desheh

Date: June 7, 2011

Consent of Director Nominee

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to my being named as a prospective director of Objet Ltd. in its Registration Statement on Form F-1 and in all amendments thereto that may be filed with the Securities and Exchange Commission from and after the date hereof.

/s/ Dov Ofer

Dov Ofer

Date: June 7, 2011
