



ALTICE N.V.

Public Limited Liability Company

(Naamloze Vennootschap)

SHARE OPTION PLAN

Dated 9 August 2015, as amended on 11 January 2016, 14 March 2016, 28 June 2016,
6 September 2016 and 20 March 2017

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The board of directors (the **Board**) of Altice N.V. (the **Company**) and the general meeting of shareholders of the Company (the **Shareholders**) approved the establishment of a share option plan (the **SOP**) on 7 August 2015, subject to and with effect as of the effective date of the Merger (as defined below) (the **Adoption Date**). The SOP was subsequently amended by the Board on recommendation of the remuneration committee (the **Committee**) on 11 January 2016 and on 14 March 2016, by the general meeting of Shareholders on 28 June 2016 and by the Board on recommendation of the Committee on 25 July 2016, subject to and with effect as from the moment following the extraordinary general meeting of the Company, to be held on 6 September 2016 (the "**EGM**"), when the proposed amendments to the articles of association of the Company, to be resolved upon in the EGM, take effect. The SOP was last amended by the Board on 20 March 2017.

For the avoidance of doubt, the terms of the SOP as amended apply also to Options (as defined below) granted under previous versions of the SOP.

I. Roll over of existing options

Under the share option plan of Altice S.A. dated 13 January 2014 (the **SA SOP**) which came in effect upon the admission to trading of shares in Altice S.A. (the **SA Shares**) on Euronext Amsterdam on 31 January 2014, options giving right to a number of SA Shares representing an aggregate amount of up to €250,000,000 based on an exercise price of €28.25 were issued and allocated to designated individuals, as determined by the Board, active for the Group or, if applicable, any entity controlled by them.

Under the SA SOP, an additional tranche of options giving right to a number of SA Shares representing an aggregate amount of up to €100,000,000 based on an exercise price equal to the price at which the SA Shares will be traded at the issue date of the relevant options was authorised. These options were reserved to new hires, if any, and to promote employees. Options to employees were granted under this tranche in 2014.

A further tranche of options giving right to a number of SA Shares representing an aggregate amount of up to €100,000,000 based on an exercise price equal to the price at which the SA Shares will be traded at the issue date of the relevant options was authorised by a shareholders resolution of Altice S.A. passed on 1 June 2015, which was laid down in a new share option plan replacing the SA SOP (the **Amended and Restated SA SOP**). These options were reserved to new hires, if any, and to promote employees.

The Company as acquiring company and Altice S.A. as disappearing company have entered into a cross-border merger (the **Merger**) pursuant to which a share split of 1:4 was effected. The SOP has replaced the Amended and Restated SA SOP as of the effective date of the Merger. The Company *inter alia* has common shares A in its capital, with a nominal value of one eurocent each (the **Shares**). As a result each option entitling to one SA Share was exchanged for four options (the **Options**), each entitling to one Share, at 25% of the applicable exercise price under the Amended and Restated SA SOP, whereby the applicable vesting dates remained unchanged. In addition, the remaining tranches provided for under the Amended and Restated SA SOP will be part of the SOP.

II. Grant of Options

Each Option will entitle its Holder (as defined below) to acquire one Share, subject to the conditions set forth here below.

The date of grant (the **Grant Date**, which was referred to, before the amendment of the SOP on 28 June 2016, as the **Issue Date**) shall be the date set out in the Grant Notification (as defined below).

The number of Options in issue shall at no time represent more than 10% of the then issued share capital of the Company on a fully diluted basis.

III. Participants

Any employee of the Group is eligible to participate in the SOP (each, a **Participant**). The **Group** means the Company and any of the Company's subsidiaries within the meaning of Section 2:24a of the Dutch Civil Code, meaning any legal entity in which the Company, either on its own or together with its subsidiaries, (i) holds, on its own or through a voting agreement, more than half of the voting rights or (ii) can name or dismiss more than half of the board members.

The general meeting of Shareholders may resolve to grant Options to executive directors of the Board as reward for their employment with or provision of services to Group companies and in that case determines the number and the applicable criteria of such Options, based on a recommendation of the Committee. Non-executive directors of the Board are not eligible for participation in the SOP.

The Board, upon recommendation of the Committee, may grant Options to the other Participants. The Board may, to that effect, grant a power of attorney to one or several of its members to grant Options under the conditions set out in the SOP. Options may be granted to an entity of a Participant as defined in Section VIII A) (ii).

A Participant (including an entity as referred to in the previous paragraph) to whom Options are granted is defined as a **Holder**.

At the discretion of the Board, individuals not being employees of a Group company who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, may be granted Options under the SOP. In such case they, and, if applicable, any entity controlled by them, will be considered as Participant.

IV. Options

A) *Grant Notification*

Each Option shall be evidenced by a written notification (the **Grant Notification**), setting forth the terms and conditions pertaining to such Option. Grant Notifications shall, together and concurrently with the SOP, govern the grant of Options in accordance with local legal and regulatory requirements. The Grant Notification may contain such other provisions as deemed desirable by the Board, including without limitation, procedures to facilitate the payment of withholding taxes in accordance with Section VI. Such Grant Notification shall specify, inter alia, the Grant Date, where applicable the New Vesting Start Date (as defined below), the number of Options, the Exercise Price (as defined below) and the Exercise Period (as defined below) and all such other information or specific terms and conditions as required by the SOP.

B) *Vesting*

Options are subject to vesting conditions. For each Participant, Options will vest as follows:

- a first tranche of 50% of the Options such Participant holds vests on the 2nd anniversary of the Grant Date;

- a second tranche of 25% of the Options such Participant holds vests on the 3rd anniversary of the Grant Date; and
- a third tranche of 25% of the Options such Participant holds vests on the 4th anniversary of the Grant Date.

If the Exercise Price of Options that have already been granted to a Participant has been adjusted downwards, the relevant Options will, if decided by the Board and in deviation of the foregoing, vest as follows:

- a first tranche of 50% of such Options vests on the 2nd anniversary of a date to be determined by the Board (the **New Vesting Start Date**, which was referred to, before the amendment of the SOP on 28 June 2016, as the **Repricing Date**);
- a second tranche of 25% of such Options vests on the 3rd anniversary of the New Vesting Start Date; and
- a third tranche of 25% of such Options vests on the 4th anniversary of the New Vesting Start Date.

Notwithstanding the foregoing:

- the Board may, upon recommendation of the Committee, adjust the start date of the vesting period of any Participant, provided that the Board concurrently grants a benefit to such Participant. The adjusted start date of the vesting period shall be referred to as the New Vesting Start Date;
- all Options will automatically vest in case a change of control occurs. A change of control means, for this purpose, Next Alt S.à r.l., a company controlled by Mr P. Drahi, together with related parties, owning, directly or indirectly, less than 30% of the aggregate nominal value of the issued and outstanding common shares in the capital of the Company; and
- all Options will vest in full or pro-rated for time if the Board, based on a recommendation of the Committee, so decides upon a corporate event (such as, but not limited to, a demerger, a delisting or a special dividend), that affects the current or future value of the Shares.

C) *Cessation of employment, and/or of service agreement*

The SOP does not form part of the Participant's employment or service agreement with the Company or any Group company, and shall not be construed to give any Participant the right to remain in the employ of or provide services to the Company or any Group company.

Participants who leave the Group other than by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands) or if the Board, based on a recommendation of the Committee, so determines, will be considered as good leavers and retain any vested Options. Unvested Options will vest on cessation, but will be pro-rated for time (unless the Board, based on a recommendation of the Committee, determines otherwise). All vested Options must be exercised within a period of 12 months of cessation (unless the Board, based on a recommendation of the Committee, determines otherwise).

Participants who leave the Group by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands) will be considered as bad leavers and forfeit any outstanding unvested Options, unless the Board, based on a recommendation of the Committee, determines otherwise. All vested Options must be exercised

within a period of 12 months of cessation (unless the Board, based on a recommendation of the Committee, determines otherwise).

A grant of an Option under the SOP cannot be considered a guarantee to the Participant that the employment or service relationship of the Participant with the Company or a Group company will continue.

Any benefits derived by the Participant under the SOP shall not be taken into account for the purposes of determining the Participant's contribution or entitlement to benefits under any pension arrangement or for the purposes of determining any other claim for compensation the Participant may have against the Company or against any Group company.

The grant of an Option under the SOP shall not entitle the Participant to receive any other grant under the SOP or to participate in any other plan operated by the Company or any Group company now or in the future.

D) Exercise of the Option

(i) Exercise Price

No consideration is payable for the allocation of the Options.

The exercise price, i.e. the price to be paid by a Holder to acquire one Share (the **Exercise Price**) is equal to the weighted average price at which the Shares are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date of the offer made to and accepted by the employee to join the Group, (ii) the date on which the employee is promoted to a new function within the Group, (iii) for an existing employee within the Group, the date on which the decision was made to grant him additional or new Options, as the case may be.

The Board, upon recommendation of the Committee, may adjust the Exercise Price (at the time of or after the grant of the Options) in a more favorable way for the Participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The Committee may set out in advance certain specified circumstances and conditions under which the Board may adjust the Exercise Price without the recommendation of the Committee referred to in the preceding sentence.

(ii) Exercise Period

Vested Options can be exercised at any time by serving a written exercise notice (the **Exercise Notice**) to the Board until the 10th anniversary of the Grant Date or, if the start of the vesting period has been adjusted, the New Vesting Start Date (the **Exercise Period**). Options not exercised during the Exercise Period will lapse.

Options are deemed to be exercised on the date at which the Exercise Notice is delivered to the Board (the **Exercise Date**).

(iii) *Allotment of Shares*

For the purposes of this Section IV D) (iii):

- **Share Price** means (i) the closing price at which a Share is traded on Euronext Amsterdam on the Exercise Date if the Exercise Notice is received prior to 5.30 p.m. CET on the Exercise Date or (ii) the closing price at which a Share is traded on Euronext Amsterdam on the trading day immediately following the Exercise Date if the Exercise Notice is received later than 5.30 p.m. CET on the Exercise Date;
- **Transaction Value** means the difference between the Share Price and the Exercise Price, multiplied by the number of Options exercised.

Upon receipt by the Company of an Exercise Notice, (i) if the Transaction Value equals or exceeds € 5,000,000, the President and the Vice-President, acting jointly, or (ii) if the Transaction Value is less than €5,000,000, the President, will, at their/his sole discretion, decide to settle the Options through a net share settlement, a standard share settlement or a cash settlement, as follows:

Net share settlement

The relevant Holder shall be awarded, at the choice of the Company, (A) existing treasury Shares or (B) newly issued Shares, as follows:

- (A) in case of existing treasury Shares, a number of such Shares equal to:

$$\frac{N * (SP - EP)}{SP}$$

- (B) in case of newly issued Shares, a number of such Shares equal to:

$$\frac{N * (SP - EP)}{SP} + \frac{N * (SP - EP)}{SP} * 0.01 * \sum_{i=1}^{10} \frac{1}{SP^i}$$

whereby:

N is the number of Options exercised;

EP is the Exercise Price;

SP is the Share Price;

with the number of Shares rounded down to the nearest round number;

and in the case of (B) only, against payment by the relevant Holder to the Company immediately prior to the issuance of the Shares of an amount in cash equal to such rounded down number of Shares times €0.01.

Standard share settlement

The relevant Holder shall be awarded a number of Shares corresponding to the number of Options that he has exercised and for which he has paid the Exercise Price in cash. Such

Shares may be, at the choice of the Company, existing treasury Shares or new Shares issued by the Company.

Cash settlement

The relevant Holder shall receive a cash amount equal to the difference between the Share Price and the Exercise Price, multiplied by the number of Options exercised.

In the case where the President exercises Options with a Transaction Value of less than € 5,000,000, the Vice-President will, at his sole discretion, decide to settle such Options through a net share settlement, a standard share settlement or a cash settlement.

V. Adjustments on Options

A) *Reduction for malus/clawback*

The Board, based on a written and reasoned opinion of the Committee, may, in its absolute discretion, determine at any time prior to the exercise of an Option to:

- cancel Options; and/or
- impose further conditions on the Options.

Such decision can only be taken in the following circumstances:

- a material misstatement of the Company, any Group company or business unit; or
- any act or omission by the Holder which has contributed to serious reputational damage or serious misconduct, fraud or negligence or, undermining the Company's effective risk management;
- if the Option award would be unacceptable according to the criteria of reasonableness and fairness or was based on incorrect financial or other data, as provided under Dutch law.

Furthermore, Dutch law prescribes that, in case the value of the Shares (including rights to subscribe for Shares) granted to executive directors of the Board as part of their remuneration increases during a period in which a public offer is made on the Shares, the remuneration of these executive directors will be reduced by the amount by which the value of the Shares granted to such director has increased. Similar provisions apply in the situation of an intended legal merger or demerger, or if the Company intends to enter into certain transactions that are of such significance to the Company that the Board requires the approval of the general meeting of Shareholders (as provided in Section 2:107a of the Dutch Civil Code).

The above Dutch law rules did not apply to Altice S.A. and the Company will accordingly not apply these rules to any options which were granted to executive directors (in any capacity whatsoever within the Group) under the SA SOP and have been replaced by Options pursuant to Section I and the Shares issued upon exercise of these Options.

B) *Adjustments*

In the event of a variation of the Company's share capital or a demerger, delisting, dividend, special dividend, rights issue or other similar event, which may, in the Board's opinion, based on a recommendation of the Committee, affect the current or future value of shares, the number of Shares subject to an Option and/or the Exercise Price may be adjusted.

VI. Tax and social security

All applicable taxes and (employee) social security contributions in respect of the implementation of the SOP, as well as the vesting, execution and/or transfer of Options or Shares, shall be borne by the Participant.

The Participant (or in the event of his death, his heirs) shall permit the Company and any Group company to withhold and account for a cash amount or number of Shares equal to any wage or income tax, (employee's) social security contributions liability and any other liabilities for which the Company or a Group company (as the case may be) has an obligation to withhold and account.

The SOP is governed by the applicable tax and social security legislation and regulations prevailing at the Adoption Date. If any tax and/or social security legislation or regulations are amended at any time after the Adoption Date and any tax or (employee) social security levies become payable, the costs and risks related thereto shall be borne by the Participant.

For the avoidance of doubt, the provisions of this Section VI shall apply to a Participant's liabilities that may arise on the Grant Date, vesting and exercise of an Option in any jurisdiction.

Any tax, (employee) social security contributions or similar liabilities arising out of the disposal of the Shares and/or the Options shall be the responsibility of the Participant alone.

VII. Costs

Any costs relating to the exercise of Options shall be borne by the Participant. The Participant (or in the event of his death, his heirs) shall permit the Company and any Group company to withhold and account for a cash amount or number of Shares equal to such costs.

VIII. Miscellaneous

A) Form and transfer of Options

Options will be issued in registered form.

Options are not transferable other than:

- (i) by reason of death;
- (ii) by transfer to an entity that is for 100% directly or indirectly owned by the Participant or member of the Participant's Immediate Family. The Immediate Family shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships;
- (iii) pursuant to the terms of a domestic relations order or official marital settlement agreement;
- (iv) by written prior approval from the Board.

B) Amendment to the SOP

Amendments to the SOP can be validly resolved by the Board upon recommendation of the Committee unless such amendments would have the effect of creating a material detriment to the Holders.

C) *Governing law and jurisdiction*

The SOP shall be governed by and shall be construed in accordance with the laws of the Netherlands.

The Company and the Participants irrevocably submit, in respect of any suit, action or proceeding related to the interpretation or enforcement of the SOP, including but not limited to any Grant Notification and any exercise of Options or disposal of the Shares and/or the Options to the exclusive jurisdiction of the courts in the Netherlands.

ISRAELI APPENDIX

This Israeli Appendix (the **Appendix**) to the Share Option Plan (as amended from time to time, the **SOP**) of Altice N.V. (the **Company**) shall apply only to persons who are, or are deemed to be, residents of the State of Israel for Israeli tax purposes.

1. GENERAL

- 1.1. The Board, in its discretion, may, upon recommendation of the Committee, grant Options to eligible Participants and shall determine whether such Options intended to be 102 Options or 3(9) Options. Each Option shall be evidenced by a Grant Notification, which shall expressly identify the Option type, and be in such form and contain such provisions, as the Board shall from time to time deem appropriate.
- 1.2. The SOP shall apply to any Options granted pursuant to this Appendix, provided that the provisions of this Appendix shall supersede and govern in the case of any inconsistency or conflict, either explicit or implied, arising between the provisions of this Appendix and the SOP.
- 1.3. Unless otherwise defined in this Appendix, capitalized terms contained herein shall have the meanings given to them in the SOP.

2. DEFINITIONS

- 2.1. **3(9) Option** means any Option representing a right to purchase Shares granted by the Company to any Participant who is not an Employee pursuant to Section 3(9) of the Ordinance.
- 2.2. **102 Option** means any Option intended to qualify (as set forth in the Option Agreement) and which qualifies under Section 102, provided it is settled only in Shares.
- 2.3. **102 Capital Gain Track Option** means any Option granted by the Company to an Employee pursuant to Section 102(b)(2) or (3) (as applicable) of the Ordinance under the capital gain track.
- 2.4. **102 Non-Trustee Option** means any Option granted by the Company to an Employee pursuant to Section 102(c) of the Ordinance without a Trustee.
- 2.5. **102 Ordinary Income Track Option** means any Option granted by the Company to an Employee pursuant to Section 102(b)(1) of the Ordinance under the ordinary income track.
- 2.6. **102 Trustee Options** means, collectively, 102 Capital Gain Track Options and 102 Ordinary Income Track Options.
- 2.7. **Affiliate** means, for purpose of 102 Trustee Options, an “employing company” within the meaning and subject to the conditions of Section 102(a) of the Ordinance.
- 2.8. **Applicable Law** means any applicable law, rule, regulation, statute, pronouncement, policy, interpretation, judgment, order or decree of any federal, provincial, state or local governmental, regulatory or adjudicative authority or agency, of any jurisdiction, and the rules and regulations of any stock exchange, over-the-counter market or trading system on which the Shares are then traded or listed.

- 2.9. **Controlling Shareholder** is defined in Section 32(9) of the Ordinance.
- 2.10. **Election** is defined in Section 3.2 below.
- 2.11. **Employee** means an “employee” within the meaning of Section 102(a) of the Ordinance (which as of the date of the adoption of this Appendix means (i) an individual employed by an Israeli company being an Affiliate, and (ii) an individual who is serving and is engaged personally (and not through an entity) as an “office holder” by an Affiliate, excluding any Controlling Shareholder).
- 2.12. **ITA** means the Israel Tax Authority.
- 2.13. **Option Agreement** means a written or electronic agreement between the Company and the Participant or a written or electronic notice delivered by the Company, in substantially such form or forms and containing the Options’ terms and conditions, as the Board shall from time to time approve.
- 2.14. **Ordinance** means the Israeli Income Tax Ordinance (New Version), 1961, including the Rules and any other regulations, rules, orders or procedures promulgated thereunder, as may be amended or replaced from time to time.
- 2.15. **Required Holding Period** as defined in Section 3.5.1 below.
- 2.16. **Rules** means the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003.
- 2.17. **Section 102** means Section 102 of the Ordinance.
- 2.18. **Trust Agreement** means the agreement to be signed between the Company, an Affiliate and the Trustee for the purposes of Section 102.
- 2.19. **Trustee** means the trustee appointed by the Board, upon recommendation of the Committee, to hold the Options on behalf and for the benefit of a Participant, and approved by the ITA.
- 2.20. **Withholding Obligations** as defined in Section 5.5 below.

3. 102 OPTIONS

- 3.1. **Tracks**. Options granted pursuant to this Section 3 are intended to be granted as either 102 Capital Gain Track Options or 102 Ordinary Income Track Options. 102 Trustee Options shall be granted subject to the special terms and conditions contained in this Section 3 and the general terms and conditions of the SOP, except for any provisions of the SOP applying to Options under different tax laws or regulations.
- 3.2. **Election of Track**. Subject to Applicable Law, the Company may grant only one type of 102 Trustee Option at any given time to all Participants who are to be granted 102 Trustee Options pursuant to this Appendix, and shall file an election with the ITA regarding the type of 102 Trustee Option it elects to grant before the Grant Date of any 102 Trustee Option (the **Election**). Such Election shall also apply to any other securities received by any Participant 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 expiration of at least 12 months from the end of the year in which the first grant was made in

accordance with the previous Election, or as otherwise provided by Applicable Law. Any Election shall not prevent the Company from granting 102 Non-Trustee Options.

3.3. Eligibility for Options. Subject to Applicable Law, 102 Options may only be granted to Employees. Such 102 Option may either be granted to a Trustee on behalf and for the benefit of a Participant or granted under Section 102 without a Trustee.

3.4. 102 Option Grant Date.

3.4.1. Each 102 Option will be deemed granted on the date determined by the Board, subject to the provisions of the SOP, provided that (i) the Participant has signed all documents required by the Company or pursuant to Applicable Law, and (ii) with respect to any 102 Trustee Option, the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA. The Grant Date shall be the date set out in the Grant Notification.

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

3.5. 102 Trustee Options.

3.5.1. Each 102 Trustee Option, each Share issued pursuant to the grant, exercise or vesting of any 102 Trustee Option and any rights granted thereunder, shall be allocated or issued to and registered in the name of the Trustee and shall be held in trust or controlled by the Trustee for the benefit of the Participant for the requisite period prescribed by the Ordinance or such longer period as set by the Board (the **Required Holding Period**). In the event that the requirements under Section 102 to qualify an Option as a 102 Trustee Option are not met, then the Option may be treated as a 102 Non-Trustee Option or 3(9) Option (as determined by the Company), all in accordance with the provisions of the Ordinance. After the expiration of the Required Holding Period, the Trustee may release such 102 Trustee Options and any such Shares, provided that (i) the Trustee has received an acknowledgment from the ITA that the Participant has paid any applicable taxes due pursuant to the Ordinance, or (ii) the Trustee and/or the Company and/or the Affiliate withhold(s) all applicable taxes and compulsory payments due pursuant to the Ordinance arising from the 102 Trustee Options and/or any Shares issued upon exercise or (if applicable) vesting of such 102 Trustee Options. The Trustee shall not release any 102 Trustee Options or Shares issued upon exercise or (if applicable) vesting thereof prior to the payment in full of the Participant's tax and compulsory

payments arising from such 102 Trustee Options and/or Shares or the withholding referred to in (ii) above.

- 3.5.2. Each 102 Trustee Option shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Options and shall prevail over any term contained in the SOP, this Appendix or the Option Agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in the SOP, this Appendix or the Option Agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Participant. The Participant 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 Participant shall execute any and all documents that the Company and/or the Affiliate and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.
- 3.5.3. During the Required Holding Period, the Participant shall not release from trust or sell, assign, transfer or give as collateral, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Trustee 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, release or other action occurs during the Required Holding Period, it may result in adverse tax consequences to the Participant under Section 102 and the Rules, which shall apply to and shall be borne solely by such Participant. Subject to the foregoing, the Trustee may, pursuant to a written request from the Participant, but subject to the terms of the SOP and this Appendix, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee and the Company, and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, any agreement governing the Shares, the SOP, this Appendix, the Option Agreement and any Applicable Law.
- 3.5.4. If a 102 Trustee Option is exercised or (if applicable) vested, the Shares issued upon such exercise or (if applicable) vesting shall be issued in the name of the Trustee for the benefit of the Participant.
- 3.5.5. Upon or after receipt of a 102 Trustee Option, if required, the Participant may be required to sign an undertaking to release the Trustee from any liability with respect to any action or decision duly taken and executed in good faith by the Trustee in relation to the SOP, this Appendix, or any 102 Trustee Options granted to such Participant hereunder.
- 3.6. 102 Non-Trustee Options. The foregoing provisions of this Section 3 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 applicable Rules. The Board may determine that 102 Non-Trustee Options, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Option and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Option and all accrued rights thereon (if

any) in trust for the benefit of the Participant and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Options, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Option and/or any securities issued or distributed with respect thereto. The Company may choose, alternatively, to require the Participant to provide the Company with a guarantee or other security, to the satisfaction of each of the Trustee and the Company, until the full payment of the applicable taxes.

3.7. The cash settlement specified in Section IV(D)(iii) of the SOP shall not apply to any 102 Trustee Options.

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

- The Participant shall comply with all terms and conditions set forth in Section 102 with regard to the “Capital Gain Track” or the “Ordinary Income Track”, as applicable, and the applicable rules and regulations promulgated thereunder, as amended from time to time;
- The Participant is familiar with, and understands the provisions of, Section 102 in general, and the tax arrangement under the “Capital Gain Track” or the “Ordinary Income Track” in particular, and its tax consequences; the Participant agrees that the 102 Trustee Options and Shares that may be issued upon exercise or (if applicable) vesting of the 102 Trustee Options (or otherwise in relation to the Options), will be held by a trustee appointed pursuant to Section 102 for at least the duration of the “Holding Period” (as such term is defined in Section 102) under the “Capital Gain Track” or the “Ordinary Income Track”, as applicable. The Participant understands that any release of such 102 Trustee Options or Shares from trust, or any sale of the Shares prior to the termination of the Holding Period, as defined above, will result in taxation at the marginal tax rate, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and
- The Participant agrees to the trust deed signed between the Company, his employing company and the trustee appointed pursuant to Section 102.

4. 3(9) OPTIONS

4.1. Options granted pursuant to this Section 4 are intended to constitute 3(9) Options and shall be granted subject to the general terms and conditions of the SOP, except for any provisions of the SOP applying to Options under different tax laws or regulations.

4.2. To the extent required by the Ordinance or the ITA or otherwise deemed by the Board to be advisable, the 3(9) Options and/or any Shares or other securities issued or distributed with respect thereto granted pursuant to the SOP and this Appendix shall be issued to a Trustee nominated by the Board in accordance with the provisions of the Ordinance. In such event, the Trustee shall hold such Options and/or any Shares or other securities issued or distributed with respect thereto in trust, until exercised by the Participant or (if applicable) vested, and the full payment of tax arising

therefrom, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will have been entered into between the Company and the trustee. If determined by the Board, and subject to such trust agreement, the Trustee shall be responsible for withholding any taxes to which a Participant may become liable upon issuance of Shares, whether due to the exercise or (if applicable) vesting of Options.

- 4.3. Shares pursuant to a 3(9) Option shall not be issued, unless the Participant delivers to the Company payment in cash or by bank check or such other form acceptable to the Board of all withholding taxes due, if any, on account of the Participant acquiring Shares under the Option or the Participant provides other assurance satisfactory to the Board of the payment of those withholding taxes.

5. AGREEMENT REGARDING TAXES; DISCLAIMER

- 5.1. If the Board shall so require, as a condition of exercise of an Option or the release of Shares by the Trustee, a Participant shall agree that, no later than the date of such occurrence, the Participant will pay to the Company (or the Trustee, as applicable) or make arrangements satisfactory to the Board and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by Applicable Law to be withheld or paid.
- 5.2. TAX LIABILITY. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY OPTIONS OR THE EXERCISE THEREOF, THE SALE OR DISPOSITION OF ANY SHARES GRANTED HEREUNDER OR ISSUED UPON EXERCISE OR (IF APPLICABLE) VESTING OF ANY OPTION, THE ASSUMPTION, SUBSTITUTION, CANCELLATION OR PAYMENT IN LIEU OF OPTIONS OR FROM ANY OTHER ACTION IN CONNECTION WITH THE FOREGOING (INCLUDING WITHOUT LIMITATION ANY TAXES AND COMPULSORY PAYMENTS, SUCH AS SOCIAL SECURITY OR HEALTH TAX PAYABLE BY THE PARTICIPANT OR THE COMPANY IN CONNECTION THEREWITH) SHALL BE BORNE AND PAID SOLELY BY THE PARTICIPANT, AND THE PARTICIPANT SHALL INDEMNIFY THE COMPANY, THE AFFILIATE AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PAYMENT OR ANY PENALTY, INTEREST OR INDEXATION THEREON. EACH PARTICIPANT 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.
- 5.3. NO TAX ADVICE. THE PARTICIPANT IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING OR DISPOSING OF OPTIONS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE PARTICIPANT ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE PARTICIPANT.
- 5.4. TAX TREATMENT. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY OR RESPONSIBILITY TO THE EFFECT THAT ANY OPTION SHALL QUALIFY WITH ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT, OR BENEFIT FROM ANY PARTICULAR TAX TREATMENT OR TAX ADVANTAGE OF ANY TYPE AND THE COMPANY SHALL BEAR NO LIABILITY IN CONNECTION WITH THE MANNER IN WHICH ANY OPTION IS EVENTUALLY TREATED FOR TAX PURPOSES, REGARDLESS OF WHETHER THE OPTION WAS GRANTED OR WAS INTENDED TO QUALIFY UNDER ANY

PARTICULAR TAX REGIME OR TREATMENT. THIS PROVISION SHALL SUPERSEDE ANY DESIGNATION OF OPTIONS OR TAX QUALIFICATION INDICATED IN ANY CORPORATE RESOLUTION OR OPTION AGREEMENT, WHICH SHALL AT ALL TIMES BE SUBJECT TO THE REQUIREMENTS OF APPLICABLE LAW. THE COMPANY DOES NOT UNDERTAKE AND SHALL NOT BE REQUIRED TO TAKE ANY ACTION IN ORDER TO QUALIFY ANY OPTION WITH THE REQUIREMENTS OF ANY PARTICULAR TAX TREATMENT AND NO INDICATION IN ANY DOCUMENT TO THE EFFECT THAT ANY OPTION IS INTENDED TO QUALIFY FOR ANY TAX TREATMENT SHALL IMPLY SUCH AN UNDERTAKING. NO ASSURANCE IS MADE BY THE COMPANY OR THE AFFILIATE THAT ANY PARTICULAR TAX TREATMENT ON THE GRANT DATE WILL CONTINUE TO EXIST OR THAT THE OPTION WILL QUALIFY AT THE TIME OF EXERCISE OR DISPOSITION THEREOF WITH ANY PARTICULAR TAX TREATMENT. THE COMPANY AND THE AFFILIATE SHALL NOT HAVE ANY LIABILITY OR OBLIGATION OF ANY NATURE IN THE EVENT THAT AN OPTION DOES NOT QUALIFY FOR ANY PARTICULAR TAX TREATMENT, REGARDLESS WHETHER THE COMPANY COULD HAVE TAKEN ANY ACTION TO CAUSE SUCH QUALIFICATION TO BE MET AND SUCH QUALIFICATION REMAINS AT ALL TIMES AND UNDER ALL CIRCUMSTANCES AT THE RISK OF THE PARTICIPANT. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY TO CONTEST A DETERMINATION OR INTERPRETATION (WHETHER WRITTEN OR UNWRITTEN) OF ANY TAX AUTHORITY, INCLUDING IN RESPECT OF THE QUALIFICATION UNDER ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT. IF THE OPTIONS DO NOT QUALIFY UNDER ANY PARTICULAR TAX TREATMENT IT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO THE PARTICIPANT.

- 5.5. The Company or the Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Company or the Affiliate is required by any Applicable Law to withhold in connection with any Options (collectively, **Withholding Obligations**). Such actions may include (i) requiring Participants to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments payable by the Company in connection with the Option or the exercise or (if applicable) vesting thereof; (ii) subject to Applicable Law, allowing the Participants to provide Shares, in an amount that at such time reflects a value that the Board determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Option at a value which is determined by the Board to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Option by or on behalf of a Participant until all tax consequences arising from the exercise of such Option are resolved in a manner acceptable to the Company.
- 5.6. Each Participant shall notify the Company in writing promptly and in any event within ten (10) days after the date on which such Participant first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Options 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 Participant 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.

- 5.7. With respect to 102 Non-Trustee Options, if the Participant ceases to be employed by the Company or any Affiliate, the Participant shall extend to the Company and/or the Affiliate with whom the Participant 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 and the Rules.

6. RIGHTS AND OBLIGATIONS AS A SHAREHOLDER

- 6.1. A Participant shall have no rights as a shareholder of the Company with respect to any Shares covered by an Option until the Participant exercises the Option, pays the exercise price therefor and becomes the record holder of the subject Shares. In the case of 102 Options or 3(9) Options (if such Options are being held by a Trustee), the Trustee shall have no rights as a shareholder of the Company with respect to the Shares covered by such Option until the Trustee becomes the record holder for such Shares for the Participant's benefit, and the Participant shall not be deemed to be a shareholder and shall have no rights as a shareholder of the Company with respect to the Shares covered by the Option until the date of the release of such Shares from the Trustee to the Participant and the transfer of record ownership of such Shares to the Participant (provided however that the Participant shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Participant's benefit, subject to any tax withholding and compulsory payment). 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 on which the Participant or the Trustee (as applicable) becomes the record holder of the Shares covered by an Option, except as provided in the SOP.
- 6.2. With respect to Shares issued upon the exercise or (if applicable) vesting of Options hereunder, any and all voting rights attached to such Shares shall be subject to the provisions of the SOP, and the Participant 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.
- 6.3. 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.
- 6.4. Shares issued pursuant to an Option shall be subject to the Company's Articles of Association, any limitation, restriction or obligation applicable to shareholders included in any shareholders agreement applicable to all or substantially all of the holders of Shares (regardless of whether or not the Participant is a formal party to such shareholders' agreement), any other governing documents of the Company, and all policies, manuals and internal regulations adopted by the Company from time to time, in each case, as may be amended from time to time, including any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, right of first refusal and lock up/market stand-off) or grant of any rights with respect thereto, forced sale and bring along provisions, 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. Each Participant shall execute such separate agreement(s) as may be requested by the Company relating to matters set forth in this Section 6.4. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Option.

7. GOVERNING LAW

- 7.1. This Appendix shall be governed by, construed and enforced in accordance with the laws of the Netherlands, without reference to conflicts of law principles, except that applicable Israeli laws, rules and regulations (as amended) shall apply to any mandatory tax matters arising hereunder.
